CENVEO, INC MANUFACTURING, US

CREDIT REPORT 13 December 2017

SUMMARY CAPITAL STRUCTURE (USD m) at 30 September 2017	Coupon	Maturity	Face Amount Outstanding	Price	Market Amount	Yield	Est Annual Interest	FY18E Leverage at Face	FY18E Leverage at Market
USD 190m Cenveo ABL Facility[1]	L + 2%-2.5%	15-Jun-21	131	100	131		5	1.1x	1.1x
USD 50m Secured Notes[1,2]	4.000%	10-Dec-21	50	71	36	4.0%	2	1.5x	1.4x
USD 540m Senior Priority Secured Notes	6.000%	1-Aug-19	540	73	393	27.9%	32	6.0x	4.7x
Other Debt including Capital Leases on Equipment	8.500%		23	100	23		2	6.2x	4.8x
USD 250m Junior Priority Secured Notes	8.500%	15-Sep-22	241	17	40	71.3%	20	8.2x	5.2x
Cenveo Senior Secured Debt			**985**		**622**		**62**	**8.2x**	**5.2x**
USD 105m Senior Unsecured Notes	6.000%	15-May-24	105	83	86	9.7%	6	9.1x	5.9x
Consolidated Debt			**1,089**		**708**		**68**	**9.1x**	**5.9x**
Cash	-		6	-	6				
Net Debt			**1,083**		**702**			**9.0x**	**5.8x**
Equity Capitalization			9	1 Per Share	9				
Enterprise Value			**1,091**		**710**		**EV Multiple**	**9.1x**	**5.9x**
	2018E Adjusted EBITDA		**120**	**2018E Revenue**	**1,275**				

Source: Company SEC Filings, Debtwire, MarketAxess, and Markit
Bank of America, N.A. is the administrative agent for the USD 190m revolving credit facility
(1) ABL and 4% secured notes each have a springing maturity of 2 May 2019, if more than USD 10m of the 6% senior priority secured notes due 1 August 2019 remain outstanding at that time.
(2) USD 50m 4% secured notes are held by Allianz.

SUMMARY

Print-related products manufacturer Cenveo finds itself under pressure from a number of bondholder groups, which are attempting to maximize value as the company's operating results continue to underperform in the face of increased digitization, industry overcapacity and price pressure. In the current environment, there is concern among bondholders that they do not have the luxury of waiting for management to address the 6% senior secured notes due in 2019.

Recently reported 3Q17 results, with net sales declining 13.9% and adjusted EBITDA falling 35.6%, reflect a struggling business. Cenveo provided initial 2018 guidance of a low- to mid-single digit decline in net sales, which reflects the continuation of a soft environment. Even the estimate that 2018 adjusted EBITDA will increase by USD 5m-USD 15m is tempered by the forecast of over USD 54m of expect cost savings during the year. The weak performance eats up most of those cost savings.

In our valuation/recovery analysis on page 2, we think that a restructuring fully covers the company's ABL and 4% senior secured notes due 2021. We believe that valuing Cenveo's 6% senior secured notes due 2019 is more complicated, as these notes appear to be the fulcrum security, although in some cases they would be fully covered, leaving the company's 8.5% junior secured notes as the fulcrum.

Despite a recent trade at 82.5, in no scenario do we see the 6% unsecured notes due in 2024 as receiving any recovery, although with Allianz holding a large position in the 6% unsecured notes, as well as large positions across the capital structure, there is the possibility that negotiations could result in some minimal value to these 6% notes.

Noteworthy to mention is that in early November, the company announced that it had been awarded the multi-year 2020 Census printing and mailing contract. This USD 61m contract is one of the largest printing and mailing contracts ever awarded by the US Government Publishing Office, and should provide some much needed help over the next three years.

CASH FLOWS -- 2017-2018 Mid-point Values	4Q17	2017	2018E
Cash at Beginning of Period	**6**	**6**	**34**
Estimated EBITDA	28	113	120
Estimated Cash Interest	(4)	(70)	(68)
Estimated Capex	(5)	(25)	(13)
2017 Est. Levered Free Cash Flow	**18**	**18**	**40**
Cash Restructuring	(7)	(10)	(13)
Cash Taxes/Cash Pension	1	0	(3)
Net Asset Sales	30	30	0
Debt (Repayment)/Borrowed	(25)	10	(25)
Change in Optg Assets/Liabilities	10	(19)	1
Projected Year-end Cash	**34**	**34**	**35**

Source: *Debtwire* estimates, Company filings

ISSUER SUMMARY USDm	FY15	FY16	9M17
	31-Dec-15	31-Dec-16	30-Sep-17
Revenue	1,742	1,660	1,011
Adj. EBITDA	158	144	85
Adj. EBITDA Margin	*9.1%*	*8.7%*	*8.4%*
Interest Expense	(101)	(86)	(58)
Capex	(26)	(41)	(20)
Levered FCF	**31**	**17**	**7**
Cash and Equivalents	8	6	6
Revolver Availability	124	80	30
Liquidity	**132**	**86**	**36**

Source: Company Filings

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CENVEO EV WATERFALL						
	EBITDA (USD m)					
Multiple	$90	$100	$110	$120	$130	$140
5.00	448	498	548	598	648	698
5.50	493	548	603	658	713	768
6.00	538	598	658	718	778	838
6.50	583	648	713	778	843	908
7.00	628	698	768	838	908	978
7.50	672	747	822	897	972	1,047
5%	Administrative Fees					
5.00	22	25	27	30	32	35
5.50	25	27	30	33	36	38
6.00	27	30	33	36	39	42
6.50	29	32	36	39	42	45
7.00	31	35	38	42	45	49
7.50	34	37	41	45	49	52
	Residual for Cenveo Senior Secured Debt					
5.00	426	473	521	568	616	663
5.50	469	521	573	625	678	730
6.00	511	568	625	682	739	796
6.50	554	615	677	739	801	862
7.00	596	663	729	796	862	929
7.50	639	710	781	853	924	995
$174	% Coverage for ABL					
5.00	244%	271%	299%	326%	353%	380%
5.50	269%	298%	328%	358%	388%	418%
6.00	293%	326%	358%	391%	424%	456%
6.50	317%	353%	388%	424%	459%	494%
7.00	342%	380%	418%	456%	494%	532%
7.50	366%	407%	448%	489%	529%	570%
	Residual for Cenveo's ABL and 4% Senior Secured Notes					
5.00	251	299	346	394	441	489
5.50	294	346	399	451	503	555
6.00	337	394	451	508	565	622
6.50	379	441	503	564	626	688
7.00	422	488	555	621	688	754
7.50	464	536	607	678	749	821
$540	% Coverage for Cenveo's 6% Senior Secured Notes					
5.00	47%	55%	64%	73%	82%	91%
5.50	54%	64%	**74%**	**83%**	93%	103%
6.00	62%	73%	**83%**	**94%**	105%	115%
6.50	70%	82%	**93%**	**105%**	116%	127%
7.00	78%	90%	103%	115%	127%	140%
7.50	86%	99%	112%	126%	139%	152%
	Residual for Cenveo's Junior Priority Notes					
5.00	-	-	-	-	-	-
5.50	-	-	-	-	-	15
6.00	-	-	-	-	25	82
6.50	-	-	-	24	86	148
7.00	-	-	15	81	148	214
7.50	-	-	67	138	209	281
$241	% Coverage for Cenveo Junior Priority Notes					
5.00	-	-	-	-	-	-
5.50	-	-	-	-	-	6%
6.00	-	-	-	**-**	10%	34%
6.50	-	-	-	**10%**	36%	61%
7.00	-	-	6%	34%	61%	89%
7.50	-	-	28%	57%	87%	116%

Source: *Debtwire*

VALUATION/RECOVERY ANALYSIS

Our valuation analysis utilizes EBITDA based on corporate guidance, and enterprise value (EV)/EBITDA multiples based on Cenveo historical, and current peer group, multiple levels.

We start with an EBITDA estimate of USD 120m, which is the midpoint of Cenveo's 2018 EBITDA guidance of USD 115m-USD 125m, which the company provided on its last earnings call, as discussed on page 3. We then expanded the possible EBITDA range to USD 90m-USD 140m, to include other possible amounts of 2018 EBITDA .

For our valuation, we applied an EV/EBITDA multiple range of 5.0x-7.5x, which represents values within Cenveo's seven-year average. However, we highlight the multiple range of 5.5x-6.5x, which corresponds to the peer group average EBITDA multiple based on next-12-month (NTM) EBITDA and 2018 estimates, as shown in the COMPS table below.

As shown, our analysis suggests that Cenveo's ABL and 4% senior secured notes receive a full recovery.

The recovery for the 6% senior secured notes, based on an EBITDA of USD 120m or less, and an EV/EBITDA multiple of approximately 6.3x, implies a less than full recovery.

If Cenveo is able to surpass its 2018 EBITDA guidance, and if using historical EV/EBITDA multiples, the 6% senior secured notes would receive a full recovery, and the company's 8.5% junior priority secured notes becomes the fulcrum security.

We see no recovery for Cenveo's 6% unsecured notes, but acknowledge that Allianz, as a large holder of these notes, as well as other notes in the capital structure (see page 6), could angle for equity participation in a negotiated settlement.

CENVEO TRADING MULTIPLES									
For Year Ending		30-Dec-11	31-Dec-12	31-Dec-13	31-Dec-14	31-Dec-15	30-Dec-16	7-Dec-17	7-Year Avg.
TEV/LTM EBITDA	**Average**	**7.95x**	**6.71x**	**7.13x**	**9.38x**	**9.72x**	**7.98x**	**8.12x**	**8.14x**
	High	8.72x	7.71x	8.35x	9.91x	10.40x	8.75x	9.02x	8.98x
	Low	6.80x	6.38x	6.42x	8.16x	8.72x	7.52x	7.55x	7.37x
	Close	6.98x	6.62x	8.31x	9.59x	8.73x	7.59x	9.00x	8.12x
TEV/NTM EBITDA	**Average**	**6.04x**	**5.97x**	**6.42x**	**7.22x**	**8.01x**	**7.63x**	**7.46x**	**6.96x**
	High	6.30x	6.71x	7.37x	8.39x	9.16x	8.77x	10.02x	8.10x
	Low	5.80x	5.72x	5.76x	6.48x	7.09x	6.87x	6.75x	6.35x
	Close	5.95x	6.07x	7.34x	8.35x	8.76x	7.21x	9.99x	7.67x

Source: S&P CapIQ

COMPS, USD m														
Company (USDm)	Enterprise Value	LTM EBITDA	LTM EBITDA Multiple	Net Leverage	NTM EBITDA	NTM EBITDA Multiple	2018E EBITDA	2018E EBITDA Multiple	LTM Revenue	LTM Revenue Multiple	NTM Revenue	NTM Revenue Multiple	2018E Revenue	Revenue Multiple
Ennis Inc. (NYSE: EBF)*	445	59	7.6x	na	62	7.2x	69	6.4x	365	1.2x	377	1.2x	392	1.1x
Multi-Color Corp (NASDAQ: LABL)*	1,980	159	12.4x	2.9x	290	6.8x	302	6.6x	953	2.1x	1,620	1.2x	1,713	1.2x
Quad/Graphics (NYSE: QUAD)	2,230	469	4.8x	2.2x	437	5.1x	437	5.1x	4,166	0.5x	4,002	0.6x	3,963	0.6x
R.R. Donnelley & Sons (NYSE: RRD)	2,665	449	5.9x	4.5x	476	5.6x	480	5.6x	6,935	0.4x	6,920	0.4x	6,878	0.4x
Transcontinental (TSX: TCL.A)*	1,810	317	5.7x	0.5x	306	5.9x	306	5.9x	1,565	1.2x	1,470	1.2x	1,470	1.2x
Peer Average			**7.3x**			**6.1x**		**5.9x**		**1.1x**		**0.9x**		**0.9x**
Cenveo (NASDAQ: CVO)	**1,091**	**120**	**9.1x**	**9.0x**	**120**	**9.1x**	**120**	**9.1x**	**1,473**	**0.7x**	**1,275**	**0.9x**	**1,275**	**0.9x**

Source: *Debtwire*, S&P CapIQ
Note: Ennis FY18 ends February 2019; Multi-Color FY19 ends March 2019; and Transcontinental FY18 ends October 2018

REVIEW OF 3Q17 RESULTS

Net sales decreased 13.9% YoY in 3Q17 to USD 329.5m from USD 382.7m in 3Q16. Cenveo continued to experience slower sales from its direct mail customers, impacting both its print and envelope segments. The 3Q17 gross profit margin fell to 15.8% from 17.7% for 3Q16.

Operating income fell USD 20.7m in 3Q17 to negative (USD 0.5m) from USD 20.2m in 3Q16. Operating income fell due to a lower gross profit attributed to lower sales volume, and a USD 7.7m asset impairment charge. Lower selling, general and administrative expenses, as well as benefits from the company's 2017 Profitability Improvement Plan (PIP) partially offset the declines. Adjusted operating income, which adds back restructuring charges, was USD 9.5m for 3Q17 versus USD 22.5m for 3Q16.

Adjusted EBITDA for 3Q17 was a reported USD 24.3m, declining from USD 37.8m in 3Q16. For the 9M17 period, Cenveo reported adjusted EBITDA of USD 84.6m, falling from USD 102.5m for the 9M16 period.

Cenveo restated its 9M17 and 9M16 operating results, as it accounted for its Office Products Business as a discontinued operation over those time periods. In November, Cenveo sold its Office Products Business for USD 37.8m. The expectation was this unit would generate USD 120m in net sales and USD 9m of adjusted EBITDA in the company's 2017 initial guidance. For the financial tables in this report, not all quarterly and annual numbers have been adjusted to reflect the November sale of this unit.

PROJECTIONS

Cenveo management provided FY2017 and FY2018 guidance. Our estimates for 4Q17, FY17 and FY18 are based on management's guidance.

Cenveo estimated FY2017 net sales of USD 1.315bn-USD 1.330bn. With restated 9M17 net sales of USD 1bn, we estimated 4Q17 net sales of USD 315m.

The company's estimated FY2017 adjusted EBITDA is USD 110m-USD 115m. With restated 9M17 adjusted EBITDA of USD 84.6m, we estimated 4Q17 adjusted EBITDA of USD 24m.

The estimate for the savings in 2017 from the PIP is USD 29.1m, increasing to USD 54m in 2018, with an estimated annual run rate of USD 65m thereafter.

Further company estimates for FY17 include:

Cash interest of USD 70m;

Capex of USD 25m;

Cash restructuring expenses of USD 10m; and

Adjusted free cash flow of USD 5m-USD 10m (excluding changes in working capital).

For 2018, Cenveo's initial guidance is:

Net sales of USD 1.25bn-USD 1.30bn;

Adjusted EBITDA of USD 115m-USD 125m;

Cash interest of USD 65m-USD 70m;

Capex of USD 10m-USD 15m;

Cash restructuring expenses of USD 10m-USD 15m;

Cash taxes and pension expenses of zero to USD 5m;

Adjusted free cash flow of USD 25m (excluding changes in working capital, estimated to be a USD 5m-USD 10m source of cash);

Management expects some revenue in 2018 and 2019 from the USD 61m census printing and mailing contract, but most revenue will fall in 2020.

FY15 =53 weeks; FY13, FY14 & FY16 = 52 weeks		Restated											
Income Statement (USDm)	**2014**	**2015**	**2016**	**1Q16**	**2Q16**	**3Q16**	**4Q16**	**1Q17**	**2Q17**	**3Q17**	**4Q17E**	**2017E**	**2018E**
Net Sales	**1,761**	**1,742**	**1,660**	**433**	**410**	**383**	**435**	**354**	**355**	**330**	**315**	**1,353**	**1,275**
Cost of Sales	(1,491)	(1,451)	(1,387)	(362)	(341)	(315)	(369)	(292)	(298)	(278)	(265)	(1,133)	(1,059)
Gross Profit	**270**	**291**	**273**	**71**	**69**	**68**	**66**	**61**	**57**	**52**	**50**	**221**	**216**
Gross Margin	*15.3%*	*16.7%*	*16.5%*	*16.4%*	*16.7%*	*17.7%*	*15.2%*	*17.4%*	*16.1%*	*15.8%*	*15.9%*	*16.3%*	*16.9%*
SG&A	(196)	(187)	(180)	(47)	(45)	(44)	(43)	(45)	(40)	(41)	(40)	(166)	(142)
SG&A Margin	*11.1%*	*10.7%*	*10.8%*	*10.9%*	*10.9%*	*11.5%*	*10.0%*	*12.6%*	*11.3%*	*12.5%*	*12.7%*	*12.3%*	*11.1%*
Amortization of Intangible Assets	(9)	(8)	(6)	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(5)	(5)
Restructuring and Other Charges	(22)	(13)	(12)	(5)	(1)	(2)	(4)	(8)	(4)	(10)	(5)	(28)	(13)
Operating Income (Loss)	**43**	**84**	**76**	**17**	**22**	**20**	**17**	**7**	**11**	**(0)**	**4**	**22**	**57**
Operating Margin	*2.4%*	*4.8%*	*4.6%*	*3.9%*	*5.3%*	*5.3%*	*4.0%*	*2.1%*	*3.2%*	*-0.1%*	*1.2%*	*1.6%*	*4.4%*
Adjustments	96	74	68	18	17	18	15	21	19	25	20	85	64
Depreciation	44	42	41	10	10	10	11	10	11	10	11	42	40
Amortization of Intangible Assets	9	8	6	2	1	1	1	1	1	1	1.2	5	5
Stock-Based Compensation	2	2	1	1	0	0	0	0	0	0	0	1	1
Restructuring and Other Charges	22	16	12	4	3	4	1	8	5	10	5	27	13
Integration, Acquisition and Other Charges	19	7	7	1	2	2	2	1	2	3	3	9	5
Adjusted EBITDA, as per Management	**139**	**158**	**144**	**35**	**37**	**38**	**34**	**31**	**30**	**24**	**24**	**110**	**120**
Adjusted LTM EBITDA	**139**	**158**	**144**	**158**	**159**	**154**	**144**	**140**	**133**	**119**	**110**	**110**	**120**
Adjusted EBITDA Margin	7.9%	9.1%	8.7%	8.1%	9.1%	9.9%	7.7%	8.8%	8.5%	7.4%	7.6%	8.1%	9.4%
Interest Expense, net	(107)	(101)	(86)	(24)	(22)	(1)	(39)	(19)	(20)	(19)	(20)	(78)	(68)
Income Tax (Expense)/Benefit	(4)	(4)	(4)	5	(2)	(7)	(0)	0	6	1	(1)	6	5
Net Income (Loss)	**(84)**	**(31)**	**68**	**11**	**48**	**9**	**(0)**	**(9)**	**(2)**	**(28)**		**(39)**	**(75)**
Ratio Analysis													
Net Sales year/year	10.9%	-1.1%	-4.7%	0.7%	-0.8%	-8.8%	-9.3%	-18.2%	-13.4%	-13.9%	-27.5%	-18.5%	-22.1%
Net Sales qtr/qtr	-	-	-	-9.6%	-5.2%	-6.7%	13.5%	-18.6%	0.3%	-7.2%	-4.4%		
Gross Profit Margin	15.3%	16.7%	16.5%	16.4%	16.7%	17.7%	15.2%	17.4%	16.1%	15.8%	15.9%	16.3%	16.9%
Adjusted Operating Profit Margin	3.7%	5.5%	5.3%	5.1%	5.5%	5.9%	4.8%	4.4%	4.4%	2.9%	2.8%	3.7%	5.4%
Interest Coverage (Adjusted EBITDA/Interest Expense)	1.3x	1.6x	1.7x	1.5x	1.7x	38.3x	0.9x	1.6x	1.5x	1.2x	1.2x	1.4x	1.8x
Total Leverage Ratio (Face Value/Adjusted EBITDA)	8.9x	8.5x	7.3x	7.2x	6.5x	7.0x	7.3x	7.6x	8.1x	9.1x	9.7x	9.7x	8.7x

Source: *Debtwire*, Company Filings

SEGMENT REVIEW

Envelope: Net sales fell 14.6% YoY to USD 156.5m, and operating income dropped 52.2% YoY to USD 7.7m. We calculated 3Q17 adjusted EBITDA of USD 12.6m versus USD 20.8m for 3Q16. This segment continued to experience weakness in its direct mail business, driven by softness from its financial institutions due to lower customer acquisition mailings, and by lower sales volumes from wholesale and generic transactional envelopes.

Print: Net sales declined 14.4% YoY to USD 109.4m, and the segment had an operating loss of (USD 3.3m) compared to 3Q16 operating income of USD 5.4m. The reported operating loss included non-recurring charges, such as an impairment charge of USD 6.2m. Excluding these charges, this segment would have reported positive operating income of USD 3.3m. We calculated 3Q17 adjusted EBITDA of USD 7.7m versus USD 10.4m for 3Q16. This segment suffered from lower sales volumes in its commercial print group due to lower demand, primarily from direct mail products.

Label: Net sales fell 11.2% YoY to USD 63.6m, and reported operating income was at USD 4m versus USD 6.8m in 3Q16. During 3Q17, the company took charges, including a USD 1.5m impairment charge, which when excluded from the quarter, would have resulted in operating income of USD 6.2m. We calculated 3Q17 adjusted EBITDA of USD 7.8m versus USD 8.4m for 3Q16. The Label segment suffered from lower customer demand in its custom label products, and to product mix changes in prescription labels.

Management noted that it is seeing inflationary pressures in some of its input costs, including uncoated freesheet, coated paper, thermal paper and freight. In the thermal paper market, costs have increased due to mill closures, higher input costs and a dye shortage due to a facility closure in China.

SEGMENT BREAKDOWN

Segment Breakdown (USDm)	2014	2015	2016	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17
Net Sales										
Envelope	930	909	865	229	212	183	240	202	181	156
Print	508	511	493	132	121	128	113	112	106	109
Label	324	322	301	79	77	72	74	68	68	64
Total	**1,761**	**1,742**	**1,660**	**441**	**410**	**383**	**427**	**382**	**355**	**330**
Operating Income (Loss)										
Envelope	30	66	61	18	17	16	10	14	10	8
Print	17	15	18	3	2	5	7	(5)	2	(3)
Label	38	40	31	5	12	7	7	9	6	4
Corporate	(42)	(37)	(33)	(9)	(9)	(8)	(7)	(9)	(7)	(9)
Total	**43**	**84**	**76**	**17**	**22**	**20**	**17**	**10**	**11**	**(0)**
Restructuring Charges and Other Charges										
Envelope	(14)	(4)	(3)	(1)	(0)	(0)	(2)	(1)	(2)	(1)
Print	(3)	(7)	(2)	(0)	(1)	(0)	(1)	(7)	(2)	(7)
Label	(0)	(0)	(5)	(4)	0	(0)	(1)	0	(1)	(2)
Corporate and Integration, Acquisition and Other Charges	(26)	(14)	(11)	(1)	(3)	(5)	(2)	(2)	(3)	(4)
Total	**(44)**	**(25)**	**(21)**	**(6)**	**(4)**	**(6)**	**(5)**	**(9)**	**(7)**	**(14)**
Adjusted Operating Income (Loss)										
Envelope	44	70	63	18	17	17	11	16	12	8
Print	20	22	20	4	2	6	8	2	3	3
Label	38	40	35	9	12	7	8	9	8	6
Corporate	(16)	(24)	(22)	(8)	(6)	(3)	(5)	(7)	(4)	(5)
Total	**86**	**108**	**97**	**23**	**26**	**26**	**22**	**19**	**18**	**13**
Depreciation and Intangible Amortization										
Envelope	20	20	19	5	5	4	5	5	5	4
Print	21	17	18	4	5	4	5	5	5	4
Label	7	9	7	2	1	2	2	2	2	2
Corporate	5	3	3	1	1	1	1	1	1	1
Total	**53**	**50**	**47**	**12**	**12**	**11**	**12**	**12**	**12**	**11**
Adjusted EBITDA										
Envelope	63	90	82	23	22	21	16	20	16	13
Print	41	39	38	8	7	10	12	6	8	8
Label	46	49	42	11	13	8	9	11	9	8
Corporate	(11)	(20)	(18)	(7)	(5)	(2)	(4)	(6)	(3)	(4)
Total	**139**	**158**	**144**	**35**	**37**	**38**	**34**	**31**	**30**	**24**

Source: Company Filings

CASH FLOW AND BALANCE SHEET

Cenveo reported cash used in continuing operating activities of USD 5m in 3Q17, compared to cash provided from continuing operations of less than USD 100,000. The primary reason for the decline in cash flows was lower operating performance and 3Q17 pension and post-retirement contributions of USD 5.5m, compared to USD 200,000 in 3Q16.

Capital expenditures in 3Q17 were USD 5.8m, and cash flows related to financing activities reflect net borrowing on the company's ABL due to seasonal build.

On 30 September, Cenveo had approximately USD 30m of availability on its ABL. On 7 November, this rose to USD 43m, and management estimates that by year-end, ABL availability should be USD 60m.

At 30 September, Cenveo had total debt of USD 1.1bn, with approximately USD 131m drawn on the company's ABL. We estimate that the company will repay USD 25m of the ABL during 4Q17.

Based on Cenveo's guidance of 2017 adjusted EBITDA of USD 110m-USD 115m (midpoint of USD 112.5m), we calculate a leverage ratio of 9.7x.

Cash Flow Statement (USDm)	2014	2015	2016	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17E	2017E	2018E
Funds from Operations	18	51	51	13	12	8	18	11	11	5	10	37	37
Changes in Operating Assets and Liabilities	(11)	(35)	(1)	(24)	2	(8)	28	(17)	(5)	(10)	10	(23)	1
Cash Provided by Optg Activities of Continuing Operations	6	16	49	(11)	15	0	46	(6)	6	(5)	20	14	38
Cash (Used in)/Provided by Optg Activities of Discontinued Optns	18	16	(11)	(9)	(2)	12	(13)			(3)	1	(2)	
Net Cash Provided by Operating Activities	**24**	**32**	**39**	**(20)**	**13**	**12**	**34**	**(6)**	**6**	**(9)**	**21**	**11**	**38**
Capital Expenditures	(32)	(26)	(41)	(7)	(10)	(12)	(12)	(8)	(6)	(6)	(5)	(25)	(13)
Free Cash Flow	**(8)**	**6**	**(2)**	**(27)**	**2**	**1**	**21**	**(14)**	**(1)**	**(15)**	**16**	**(14)**	**26**
Net Cash Used in Investing Activities of Continuing Optns	(31)	(17)	(31)	(7)	(0)	(12)	(12)	(7)	(6)	(6)	28	9	(13)
Net Cash Used in Investing Activities of Discontinued Optns	(3)	(2)	96	95	(2)	(1)	4			(0)	1	1	
Net Cash Provided by/(Used in) Investing Activities	**(33)**	**(19)**	**65**	**87**	**(2)**	**(12)**	**(8)**	**(7)**	**(6)**	**(6)**	**29**	**10**	**(13)**
Net Cash Used in Financing Activities of Continuing Optns	13	(15)	(109)	(69)	(19)	4	(25)	12	2	16	(23)	2	(25)
Net Cash Used in Financing Activities of Discontinued Optns	(1)	(0)	(0)	(0)									
Net Cash Used in Financing Activities	**12**	**(16)**	**(109)**	**(69)**	**(19)**	**4**	**(25)**	**12**	**2**	**16**	**(23)**	**2**	**(25)**
Effect of Exchange Rate Changes on Cash	0	(1)	0	0	0	(0)	(0)	0	(0)	(0)		0	
Net cash change	**3**	**(4)**	**(5)**	**(2)**	**(9)**	**4**	**1**	**(2)**	**2**	**1**	**27**	**23**	**1**
Cash at Beginning of the Period	11	15	11	11	9	0	5	6	4	6	6	11	33
Cash at End of the Period	15	11	6	9	0	5	6	4	6	6	33	33	34
Less Cash and Cash Equivalents of Discontinued Operations	(2)	(3)											
Cash and Equivalents of Continuing Operations at End of Period	13	8	6	9	0	5	6	4	6	6			
Cash Interest Paid	(95)	(91)	(79)	(29)	(14)	(29)	(8)	(29)	(6)	(31)	(4)	(70)	(68)
Cash Income Taxes (Payments), net of Refunds	(2)	(1)	(5)	(1)	(2)	(1)		(0)	1	(2)		(1)	(3)

Source: Company SEC Filings

FINANCIAL SUMMARY

FY15 =53 weeks; FY13, FY14 & FY16 = 52 weeks		Restated											
Balance Sheet (USDm)	**2014**	**2015**	**2016**	**1Q16**	**2Q16**	**3Q16**	**4Q16**	**1Q17**	**2Q17**	**3Q17**	**4Q17E**	**2017E**	**2018E**
Current Assets	27-Dec-14	2-Jan-16	31-Dec-16	2-Apr-16	2-Jul-16	1-Oct-16	31-Dec-16	1-Apr-17	1-Jul-17	30-Sep-17	30-Dec-17	30-Dec-17	1-Jan-19
Cash and Cash Equivalents	13	8	6	9	5	5	6	4	7	6	33	33	34
Accounts Receivable, net	253	254	234	236	213	223	234	198	192	173	170	170	170
Inventories, net	119	122	102	116	112	112	102	111	111	91	80	80	75
Prepaid and Other Current Assets	47	47	42	39	37	39	42	34	39	38	40	40	40
Assets of Discontinued Operations, Current	53	49								60	-	-	-
Total Current Assets	**484**	**479**	**383**	**399**	**366**	**379**	**383**	**347**	**349**	**368**	**323**	**323**	**319**
Non-Current Assets													
Property, Plant and Equipment, net	228	211	208	207	208	209	208	206	199	191	190	190	185
Goodwill	176	175	175	175	175	175	175	175	175	174	174	174	173
Other Intangible Assets, net	138	130	125	129	128	126	125	123	122	108	108	108	107
Other Assets, net	24	24	22	19	24	23	22	22	24	22	22	22	23
Assets of Discontinued Operations, Long-term	87	63	-	1			-		-	7			
Total Assets	**1,136**	**1,082**	**913**	**931**	**901**	**912**	**913**	**873**	**869**	**870**	**817**	**817**	**806**
Current Liabilities													
Current Maturities of Long-Term Debt	4	5	32	109	78	57	32	9	7	9	9	9	9
Accounts Payable	213	200	176	166	157	172	176	150	142	153	155	155	160
Accrued Compensation and Related Liabilities	35	32	25	31	25	23	25	24	21	19	20	20	22
Other Current Liabilities	85	89	83	69	67	62	83	61	69	51	62	62	65
Liabilities of Discontinued Operations, Current	24	22	-	2	0	0	-	-	-	24			
Total Current Liabilities	**361**	**349**	**315**	**377**	**326**	**314**	**315**	**244**	**239**	**255**	**246**	**246**	**256**
Long-Term Debt (Balance Sheet)	**1,207**	**1,203**	**987**	**1,011**	**967**	**987**	**987**	**1,025**	**1,032**	**1,050**	**1,025**	**1,025**	**1,000**
Net Debt (Total Debt less Cash & Cash Equivalents)	**1,232**	**1,331**	**1,048**	**1,134**	**1,029**	**1,077**	**1,048**	**1,064**	**1,064**	**1,083**	**1,031**	**1,031**	**1,005**
Total Debt (Face Value)	**1,244**	**1,339**	**1,054**	**1,143**	**1,034**	**1,081**	**1,054**	**1,068**	**1,071**	**1,089**	**1,064**	**1,064**	**1,039**
Other Long-Term Liabilities	201	200	200	197	203	193	200	199	193	183	180	180	185
Total Liabilities	1,768	1,752	1,502	1,585	1,496	1,494	1,502	1,469	1,465	1,489	1,451	1,451	1,441
Shareholders' Deficit	(633)	(670)	(589)	(654)	(596)	(582)	(589)	(596)	(596)	(619)	(634)	(634)	(635)

Source: Company Filings

BUSINESS DESCRIPTION

Envelope: As the largest envelope manufacturer in North America, this segment represented 47.9% of Cenveo's 9M17 adjusted sales. The company offers direct mail products used for customer solicitations, and transactional envelopes used for billing and remittances. Cenveo also produces a broad line of specialty and stock envelopes, sold through wholesalers, distributors, and national catalogs for the office product markets and office product superstores. Key industries served include financial, cable and telecom, and travel and leisure.

Print: As a leading commercial printer in North America, this segment represented 32.3% of 9M17 adjusted sales. The company primarily caters to the consumer products, automotive, travel and leisure, and telecommunications industries. Print products include car brochures, annual reports, direct mail products, advertising literature and brand marketing materials.

Label: As a leading label manufacturer and one of the largest North American prescription label manufacturers for retail pharmacy chains, this segment represented 19.8% of 9M17 adjusted sales. Cenveo produces a diverse line of custom labels for a broad range of industries including manufacturing, warehousing, packaging, food and beverage, and health and beauty. Key industries served include prescription drugs, logistics and retailers.

The company competes in the print-related industry, which is highly fragmented with excess capacity. The primary raw materials are paper, ink, film, offset plates and chemicals. At 30 September 2017, Cenveo had 42 manufacturing facilities, with most being leased.

The company is incorporated in Colorado, with its principal office in Stamford, Connecticut.

SEASONALITY

The envelope market has higher sales in the third and fourth quarters, due to back-to-school campaigns and holiday purchases.

Print products have seasonal variations, due to consumer holiday catalogs and automobile brochures in July-October. Educational and scholastic print are lower in the summer.

The custom label business shows seasonal sales increases during the first half of the year, due to the company's product catalog release to trade channel customers and spring advertising campaigns. The prescription label business has higher net sales during cold and flu season in 4Q and 1Q of the year.

DEBT REFINANCING ACTIONS

Extended the maturity of the ABL to 2021 from 2017, with a springing maturity in 2019 prior to the maturity of the USD 540m 6% senior priority secured notes due August 2019, and reduced the capacity of the ABL to USD 190m from USD 240m;

Exchanged approximately USD 149m 11.5% senior notes due 2017 for USD 105m of new 6% senior unsecured notes due 2024, plus warrants to purchase 16.6% of common stock;

Issued USD 50m of new 4% secured notes due 2021; and

Repurchased USD 37.5m 7% senior exchange notes due 2017 at a discount, and issued common stock representing 3.3% of common stock.

INTERESTED PARTIES			
Involved Parties	**Financial Advisor**	**Legal Counsel**	**Significant Holders**
Cenveo Inc.	Rothschild	Kirkland & Ellis	-
4% Secured Notes due 2021			Allianz
6% Secured Notes due 2019	Ducera	Stroock & Stroock	Allianz, Main Street Capital, Fideltiy, HMS Adviser, State Steet
8.5% Junior Priority Notes due 2022	Moelis	Akin Gump	Northeast Investors Trust, SEI Investments, Allianz,
6% Unsecured Notes due 2024			Allianz

Source: *Debtwire*

RECENT *DEBTWIRE COVERAGE*

LEGAL ANALYSIS: Cenveo-Snapshot of lien priorities – 12 December 2017

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RESEARCH: Cenveo 3Q17 Analyst Snapshot – 9 November 2017

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