

LEVI STRAUSS & CO.

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

FOR THE FOURTH QUARTER AND FISCAL YEAR OF 2018

The following information relates to non-GAAP financial measures, and should be read in conjunction with the investor call held on February 5, 2019, discussing the company's financial condition and results of operations as of and for the quarter and fiscal year ended November 25, 2018.

Free cash flow:

	Year Ended	
	November 25, 2018	November 26, 2017
	(Dollars in millions)	
Most comparable GAAP measure:		
Net cash provided by operating activities	\$ 420.4	\$ 525.9
Non-GAAP measure:		
Net cash provided by operating activities	\$ 420.4	\$ 525.9
Purchases of property, plant and equipment	(159.4)	(118.6)
(Payments) proceeds on settlement of forward foreign exchange contracts not designated for hedge accounting	(20.0)	(5.8)
Payment of debt extinguishment costs	—	(21.9)
Repurchase of common stock, including shares surrendered for tax withholdings on equity exercises	(56.0)	(25.1)
Dividend to stockholders	(90.0)	(70.0)
Free cash flow	\$ 95.0	\$ 284.5

Net debt:

	November 25, 2018	November 26, 2017
		(Dollars in millions)
Most comparable GAAP measure:		
Total debt, excluding capital leases	\$ 1,052.2	\$ 1,077.3
Non-GAAP measure:		
Total debt, excluding capital leases	\$ 1,052.2	\$ 1,077.3
Cash and cash equivalents	(713.1)	(633.6)
Net debt	\$ 339.1	\$ 443.7

Adjusted EBIT and Adjusted EBITDA:

(Dollars in millions)	Three Months Ended		Year Ended	
	November 25, 2018	November 26, 2017	November 25, 2018	November 26, 2017
	(Unaudited)			
Most comparable GAAP measure:				
Net income	\$ 97.3	\$ 117.2	\$ 285.3	\$ 284.6
Non-GAAP measure:				
Net income	\$ 97.3	\$ 117.2	\$ 285.3	\$ 284.6
Income tax expense	38.1	21.7	214.8	64.2
Interest expense	9.7	16.3	55.3	68.6
Loss on early extinguishment of debt	—	—	—	22.8
Other (income) expense, net	(17.3)	(5.4)	(18.3)	27.0
Restructuring and related charges, severance and asset impairment charges, net	1.4	7.2	5.4	13.4
Pension and postretirement benefit plan curtailment and net settlement (gains) losses,	—	—	(0.1)	0.3
Adjusted EBIT	\$ 129.2	\$ 157.0	\$ 542.4	\$ 480.9
Depreciation and amortization			120.2	117.4
Adjusted EBITDA			\$ 662.6	\$ 598.3

Net revenues in constant currency:

	Three Months Ended			Year Ended		
	November 25, 2018	November 26, 2017	% Increase	November 25, 2018	November 26, 2017	% Increase
	(Dollars in millions)					
Net revenues:						
Total revenues						
As reported	\$ 1,591.8	\$ 1,465.7	8.6%	\$ 5,575.4	\$ 4,904.0	13.7%
Impact of foreign currency	—	(32.0)	*	—	44.0	*
Constant-currency	\$ 1,591.8	\$ 1,433.7	11.0%	\$ 5,575.4	\$ 4,948.0	12.7%
Americas						
As reported	\$ 922.9	\$ 855.3	7.9%	\$ 3,042.7	\$ 2,774.0	9.7%
Impact of foreign currency	—	(6.8)	*	—	(7.3)	*
Constant-currency	\$ 922.9	\$ 848.5	8.8%	\$ 3,042.7	\$ 2,766.7	10.0%
Europe						
As reported	\$ 420.9	\$ 373.6	12.7%	\$ 1,646.2	\$ 1,312.3	25.4%
Impact of foreign currency	—	(14.3)	*	—	49.9	*
Constant-currency	\$ 420.9	\$ 359.3	17.1%	\$ 1,646.2	\$ 1,362.2	20.8%
Asia						
As reported	\$ 248.0	\$ 236.8	4.7%	\$ 886.5	\$ 817.7	8.4%
Impact of foreign currency	—	(10.9)	*	—	1.4	*
Constant-currency	\$ 248.0	\$ 225.9	9.8%	\$ 886.5	\$ 819.1	8.2%

* Not meaningful

Leverage ratio:

	<u>November 25, 2018</u>	<u>November 26, 2017</u>
	(Dollars in millions)	
Total debt, excluding capital leases	\$ 1,052.2	\$ 1,077.3
LTM Adjusted EBITDA	\$ 662.6	\$ 598.3
Leverage ratio	<u>1.6</u>	<u>1.8</u>