Greif Reports First Quarter 2023 Results

March 1, 2023

DELAWARE, Ohio, March 1, 2023 /PRNewswire/ -- Greif, Inc. (NYSE: GEF, GEF.B), a global leader in industrial packaging products and services, today announced first quarter 2023 results.

First Quarter Financial Highlights include (all results compared to the first quarter of 2022 unless otherwise noted):

- Net income of $89.9 million or $1.54 per diluted Class A share increased compared to net income of $10.3 million or $0.18 per diluted Class A share. Net income, excluding the impact of adjustments(1), of $61.9 million or $1.06 per diluted Class A share decreased compared to net income, excluding the impact of adjustments, of $75.6 million or $1.28 per diluted Class A share.
- Adjusted EBITDA(2) of $164.5 million decreased by $32.3 million compared to Adjusted EBITDA of $196.8 million.
- Net cash provided by operating activities increased by $10.5 million to $32.9 million. Adjusted free cash flow(3) increased by $11.2 million to a use of $7.6 million.
- Total debt decreased by $67.5 million to $2,229.3 million. Net debt(4) decreased by $108.8 million to $2,068.3 million. Our leverage ratio(5) increased to 2.11x from 1.73x sequentially, which is within our targeted leverage ratio range of 2.0x - 2.5x, but decreased from 2.39x in the prior year quarter.

Strategic Actions and Announcements

- Completed previously announced acquisition of Lee Container Corporation. Our Greif team, including our newly welcomed colleagues, is progressing ahead of schedule on planned integration, and we reaffirm our expectation to fully realize expected synergies of at least $6.0 million.
- Announced a definitive agreement to increase Greif's current 9% ownership interest in Centurion Container LLC, a leader in the North American IBC reconditioning industry, to an 80% stake in an all-cash transaction for $145.0 million, subject to customary purchase price adjustments for cash and debt, as well as customary closing conditions, including regulatory clearances. Greif has been a joint venture partner of Centurion since 2020 and is expanding our ownership as part of our ongoing commitment to grow in high margin, highly sustainable resin-based products.

CEO Commentary

"I am very proud of our team's execution in first quarter 2023 despite multiple headwinds: destocking, lower customer demand and continued inflationary pressures," said Ole Rosgaard, Chief Executive Officer of Greif. "The pace and severity of these headwinds progressed rapidly during the quarter and pressured results in both business segments. Despite these challenges, our teams around the world demonstrated resiliency in rapidly adapting to these changing conditions while continuing to deliver on our Build to Last strategy and making meaningful progress towards our long-term strategic missions."

Build to Last Mission Progress

Customer satisfaction surveys are a key component of our mission to deliver Legendary Customer Service. Our consolidated CSI(6) score was 95.0 at the end of the first quarter 2023, which is Greif's aspirational target. We look forward to building upon this achievement and continuing our focus on delivering exceptional service to our customers.

During the quarter, Greif recognized 122 of our global facilities for an accident-free year in 2022, with over 10 million safe hours worked. The safety of our people is our number one priority and the foundation of Creating Thriving Communities. We are very proud of our global Greif team for a record year of safety excellence.

Additionally, during the quarter we published our 2030 Sustainability Targets, highlighting our commitment to advancing a circular economy, reducing greenhouse gas emissions, and championing diversity, equity & inclusion initiatives. Protecting Our Future is critical to the future success of Greif. More information on our 2030 targets is available at our sustainability homepage at https://www.greif.com/sustainability/ and will be a part of our 14th annual sustainability report, publicly available in April 2023.

(1) Adjustments that are excluded from net income before adjustments and from earnings per diluted Class A share before adjustments are restructuring charges, acquisition and integration related costs, non-cash asset impairment charges, (gain) loss on disposal of properties, plants, equipment and businesses, net.

(2) Adjusted EBITDA is defined as net income, plus interest expense, net, plus income tax expense, plus depreciation, depletion and amortization expense, plus restructuring charges, plus acquisition and integration related costs, plus non-cash asset impairment charges, plus (gain) loss on disposal of properties, plants, equipment and businesses, net.

(3) Adjusted free cash flow is defined as net cash provided by operating activities, less cash paid for purchases of properties, plants and equipment, plus cash paid for acquisition and integration related costs, plus cash paid for integration related Enterprise Resource Planning (ERP) systems and equipment.

(4) Net debt is defined as total debt less cash and cash equivalents.

(5) Leverage ratio for the periods indicated is defined as net debt divided by trailing twelve month EBITDA, each as calculated under the terms of the Company's Second Amended and Restated Credit Agreement dated as of March 1, 2022, filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2022 (the "2022 Credit Agreement").

(6) Customer satisfaction index (CSI) tracks a variety of internal metrics designed to enhance the customer experience in dealing with Greif.

Note: A reconciliation of the differences between all non-GAAP financial measures used in this release with the most directly comparable GAAP financial measures is included in the financial schedules that are a part of this release. These non-GAAP financial measures are intended to supplement and should be read together with our financial results. They should not be considered an alternative or substitute for, and should not be considered superior to, our reported financial results. Accordingly, users of this financial information should not place undue reliance on these non-GAAP financial measures.

Segment Results (all results compared to the first quarter of 2022 unless otherwise noted)

Net sales are impacted mainly by the volume of primary products(7) sold, selling prices, product mix and the impact of changes in foreign currencies against the U.S. Dollar. The table below shows the percentage impact of each of these items on net sales for our primary products for the first quarter of 2023 as compared to the prior year quarter for the business segments with manufacturing operations. Net sales from Lee Container's primary products are not included in the table below, but will be included in the Global Industrial Packaging segment starting in the first quarter of fiscal 2024.

Net Sales Impact - Primary Products	**Global Industrial Packaging**	**Paper Packaging & Services**
Currency Translation	(3.2) %	(0.1) %
Volume	(13.8) %	(17.0) %
Selling Prices and Product Mix	(3.7) %	10.6 %
Total Impact of Primary Products	(20.7) %	(6.5) %

Global Industrial Packaging

Net sales decreased by $243.3 million to $705.8 million primarily due to approximately $89.4 million of prior year net sales attributable to the Flexible Products & Services business, negative foreign currency translation impacts, and lower volumes and selling prices.

Gross profit decreased by $51.8 million to $125.3 million. The decrease in gross profit was primarily due to the same factors that impacted net sales, partially offset by lower raw material, transportation, labor, utility and maintenance costs.

Operating profit increased by $14.9 million to $45.9 million primarily due to the $62.4 million non-cash impairment charge during the first quarter of 2022 for the Flexible Products & Services business divestiture, partially offset by the same factors that impacted gross profit. Adjusted EBITDA decreased by $42.4 million to $71.8 million primarily due to the same factors that impacted gross profit, partially offset by lower SG&A expenses.

Paper Packaging & Services

Net sales decreased by $49.8 million to $560.2 million primarily due to lower volumes, partially offset by higher published containerboard and boxboard prices.

Gross profit increased by $13.4 million to $124.2 million. The increase in gross profit was primarily due to higher published containerboard and boxboard prices and lower raw material, transportation, and labor costs, partially offset by lower volumes and higher manufacturing costs.

Operating profit increased by $70.8 million to $109.1 million primarily due to the same factors that impacted gross profit and the $54.6 million gain from the divestiture of the Tama, Iowa mill in the Paper Packaging & Services segment during the first quarter of 2023. Adjusted EBITDA increased by $10.2 million to $90.7 million primarily due to the same factors that impacted gross profit.

Tax Summary

During the first quarter, we recorded an income tax rate of 28.9 percent and a tax rate excluding the impact of adjustments of 24.9 percent. Note that the application of FIN 18 frequently causes fluctuations in our quarterly effective tax rates. For fiscal 2023, we expect our tax rate and our tax rate excluding adjustments to be towards the high-end of our 23.0 to 27.0 percent range.

Dividend Summary

On February 28, 2023, the Board of Directors declared quarterly cash dividends of $0.50 per share of Class A Common Stock and $0.75 per share of Class B Common Stock. Dividends are payable on April 1, 2023, to stockholders of record at the close of business on March 17, 2023.

(7) Primary products are manufactured steel, plastic and fibre drums; new and reconditioned intermediate bulk containers; linerboard, containerboard, corrugated sheets and corrugated containers; and boxboard and tube and core products.

Company Outlook

Given the significant deterioration of product demand in the past two quarters and the degree of uncertainty in the forward looking macro-economic environment, we are unable to determine the trajectory of product demand for the remainder of our fiscal year. As a result, we are providing only a low-end guidance estimate that is based on the continuation of demand trends reflected in the recent two quarters and February, modified by normal lifts related to agricultural, construction, and other seasonal end markets. In addition, we have factored in the impact of potential negative price trends in our paper business that could result from extended negative demand trends. Lastly, the low-end guidance estimate does not factor in any contribution from the recently announced potential Centurion transaction or other near-term actionable opportunities in our M&A pipeline, which, if closed and depending on timing, could add an additional $20 million to $40 million of Adjusted EBITDA to fiscal 2023.

(in millions, except per share amounts)	**Fiscal 2023 Low-End Guidance Estimate Reported at Q1**
Adjusted EBITDA	$740
Adjusted free cash flow	$370

Note: Fiscal 2023 net income, the most directly comparable GAAP financial measure to Adjusted EBITDA is not provided in this release due to the potential for one or more of the following, the timing and magnitude of which we are unable to reliably forecast: restructuring-related activities; acquisition and integration related costs; non-cash pension settlement charges; non-cash asset impairment charges due to unanticipated changes in the business; gains or losses on the disposal of businesses or properties, plants and equipment, net. No reconciliation of the 2023 low-end guidance estimate of Adjusted EBITDA, a non-GAAP financial measure which excludes restructuring charges, acquisition and integration costs, non-cash asset impairment charges, non-cash pension settlement charges, and (gain) loss on the disposal of properties, plants, equipment and businesses, net, is included in this release because, due to the high variability and difficulty in making accurate forecasts and projections of some of the excluded information, together with some of the excluded information not being ascertainable or accessible, we are unable to quantify certain amounts that would be required to be included in net income, the most directly comparable GAAP financial measure, without unreasonable efforts. A reconciliation of the 2023 low-end guidance estimate of adjusted free cash flow to fiscal 2023 forecasted net cash provided by operating activities, the most directly comparable GAAP financial measure, is included in this release.

Conference Call

The Company will host a conference call to discuss first quarter 2023 results on March 2, 2023, at 8:30 a.m. Eastern Time (ET). Participants may access the call using the following online registration link: https://register.vevent.com/register/BIc53b9201ca324e28ad2e22c45b0142bc. Registrants will receive a confirmation email containing dial in details and a unique conference call code for entry. Phone lines will open at 8:00 a.m. ET on March 2, 2023. A digital replay of the conference call will be available two hours following the call on the Company's web site at http://investor.greif.com.

Investor Relations contact information

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About Greif

Greif is a global leader in industrial packaging products and services and is pursuing its vision: to be the best performing customer service company in the world. The Company produces steel, plastic and fibre drums, intermediate bulk containers, reconditioned containers, jerrycans and other small plastics, containerboard, uncoated recycled paperboard, coated recycled paperboard, tubes and cores and a diverse mix of specialty products. The Company also manufactures packaging accessories and provides filling, packaging and other services for a wide range of industries. In addition, Greif manages timber properties in the southeastern United States. The Company is strategically positioned in over 35 countries to serve global as well as regional customers. Additional information is on the Company's website at www.greif.com.

Forward-Looking Statements

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words "may," "will," "expect," "intend," "estimate," "anticipate," "aspiration," "objective," "project," "believe," "continue," "on track" or "target" or the negative thereof and similar expressions, among others, identify forward-looking statements. All forward-looking statements are based on assumptions, expectations and other information currently available to management. Such forward-looking statements are subject to certain risks and uncertainties that could cause the Company's actual results to differ materially from those forecasted, projected or anticipated, whether expressed or implied. The most significant of these risks and uncertainties are described in Part I of the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2022. The Company undertakes no obligation to update or revise any forward-looking statements.

Although the Company believes that the expectations reflected in forward-looking statements have a reasonable basis, the Company can give no assurance that these expectations will prove to be correct. Forward-looking statements are subject to risks and uncertainties that could cause the Company's actual results to differ materially from those forecasted, projected or anticipated, whether expressed in or implied by the statements. Such risks and uncertainties that might cause a difference include, but are not limited to, the following: (i) historically, our business has been sensitive to changes in general economic or business conditions, (ii) our global operations subject us to political risks, instability and currency exchange that could adversely affect our results of operations, (iii) the current and future challenging global economy and disruption and volatility of the financial and credit markets may adversely affect our business, (iv) the COVID-19 pandemic could continue to impact any combination of our business, financial condition, results of operations and cash flows, (v) the continuing consolidation of our customer base and suppliers may intensify pricing pressure, (vi) we operate in highly competitive industries, (vii) our business is sensitive to changes in industry demands and customer preferences, (viii) raw material, price fluctuations, global supply chain disruptions and increased inflation may adversely impact our results of operations, (ix) energy and transportation price fluctuations and shortages may adversely impact our manufacturing operations and costs, (x) we may not successfully implement our business strategies, including achieving our growth objectives, (xi) we may encounter difficulties or liabilities arising from acquisitions or divestitures, (xii) we may incur additional rationalization costs and there is no guarantee that our efforts to reduce costs will be successful, (xiii) several operations are conducted by joint ventures that we cannot operate solely for our benefit, (xiv) certain of the agreements that govern our joint ventures provide our partners with put or call options, (xv) our ability to attract, develop and retain talented and qualified employees, managers and executives is critical to our success, (xvi) our business may be adversely impacted by work stoppages and other labor relations matters, (xvii) we may be subject to losses that might not be covered in whole or in part by existing insurance reserves or insurance coverage and general insurance premium and deductible increases, (xviii) our business depends on the uninterrupted operations of our facilities, systems and business functions, including our information technology and other business systems, (xix) a security breach of customer, employee, supplier or Company information and data privacy risks and costs of compliance with new regulations may have a material adverse effect on our business, financial condition, results of operations and cash flows, (xx) we could be subject to changes to our tax rates, the adoption of new U.S. or foreign tax legislation or exposure to additional tax liabilities, (xxi) full realization of our deferred tax assets may be affected by a number of factors, (xxii) we have a significant amount of goodwill and long-lived assets which, if impaired in the future, would adversely impact our results of operations, (xxiii) our pension and postretirement plans are underfunded and will require future cash contributions and our required future cash contributions could be higher than we expect, each of which could have a material adverse effect on our financial condition and liquidity, (xxiv) changing climate, global climate change regulations and greenhouse gas effects may adversely affect our operations and financial performance, (xxv) we may be unable to achieve our greenhouse gas emission reduction targets by 2030, (xxvi) legislation/regulation related to environmental and health and safety matters and corporate social responsibility could negatively impact our operations and financial performance, (xxvii) product liability claims and other legal proceedings could adversely affect our operations and financial performance, (xxviii) we may incur fines or penalties, damage to our reputation or other adverse consequences if our employees, agents or business partners violate, or are alleged to have violated, anti-bribery, competition or other laws.

The risks described above are not all-inclusive, and given these and other possible risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. For a detailed discussion of the most significant risks and uncertainties that could cause our actual results to differ materially from those forecasted, projected or anticipated, see "Risk Factors" in Part I, Item 1A of our most recently filed Form 10-K and our other filings with the Securities and Exchange Commission.

All forward-looking statements made in this news release are expressly qualified in their entirety by reference to such risk factors. Except to the limited extent required by applicable law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

GREIF, INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
UNAUDITED

	Three months ended January 31,	
(in millions, except per share amounts)	**2023**	**2022**
Net sales	$ 1,271.0	$ 1,564.3
Cost of products sold	1,019.4	1,274.6
Gross profit	251.6	289.7
Selling, general and administrative expenses	139.4	151.6
Restructuring charges	2.4	3.5
Acquisition and integration related costs	7.5	1.6
Non-cash asset impairment charges	0.5	62.4
(Gain) loss on disposal of properties, plants and equipment, net	—	(1.4)
(Gain) loss on disposal of businesses, net	(54.6)	—
Operating profit	156.4	72.0
Interest expense, net	22.8	17.1
Other (income) expense, net	3.3	2.0
Income before income tax expense and equity earnings of unconsolidated affiliates, net	130.3	52.9
Income tax expense	37.7	35.6
Equity earnings of unconsolidated affiliates, net of tax	(0.5)	(1.3)
Net income	93.1	18.6
Net income attributable to noncontrolling interests	(3.2)	(8.3)
Net income attributable to Greif, Inc.	$ 89.9	$ 10.3
Basic earnings per share attributable to Greif, Inc. common shareholders:		
Class A common stock	$ 1.55	$ 0.17
Class B common stock	$ 2.31	$ 0.25
Diluted earnings per share attributable to Greif, Inc. common shareholders:		
Class A common stock	$ 1.54	$ 0.18
Class B common stock	$ 2.31	$ 0.25
Shares used to calculate basic earnings per share attributable to Greif, Inc. common shareholders:		
Class A common stock	25.7	26.6
Class B common stock	21.7	22.0

Shares used to calculate diluted earnings per share attributable to Greif, Inc. common shareholders:		
Class A common stock	25.8	26.8
Class B common stock	21.7	22.0

GREIF, INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEETS
UNAUDITED

(in millions)	January 31, 2023	October 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 161.0	$ 147.1
Trade accounts receivable	674.2	749.1
Inventories	441.1	403.3
Other current assets	195.2	199.9
	1,471.5	1,499.4
Long-term assets		
Goodwill	1,540.8	1,464.5
Intangible assets	695.9	576.2
Operating lease assets	240.9	254.7
Other long-term assets	233.1	220.1
	2,710.7	2,515.5
Properties, plants and equipment	1,508.4	1,455.0
	$ 5,690.6	$ 5,469.9
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 464.0	$ 561.3
Short-term borrowings	4.6	5.7
Current portion of long-term debt	80.8	71.1
Current portion of operating lease liabilities	47.4	48.9
Other current liabilities	283.7	360.9
	880.5	1,047.9
Long-term liabilities		
Long-term debt	2,143.9	1,839.3
Operating lease liabilities	196.9	209.4
Other long-term liabilities	571.8	563.2
	2,912.6	2,611.9
Redeemable noncontrolling interests	15.3	15.8
Equity		
Total Greif, Inc. equity	1,845.4	1,761.3
Noncontrolling interests	36.8	33.0
Total equity	1,882.2	1,794.3
	$ 5,690.6	$ 5,469.9

GREIF, INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

	Three months ended January 31,	
(in millions)	**2023**	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 93.1	$ 18.6
Depreciation, depletion and amortization	55.1	59.4
Asset impairments	0.5	62.4
Other non-cash adjustments to net income	(40.4)	19.2
Operating working capital changes	6.3	(58.1)
Decrease in cash from changes in other assets and liabilities,	(81.7)	(79.1)
Net cash (used) provided by operating activities	32.9	22.4
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of companies, net of cash acquired	(301.9)	—
Purchases of properties, plants and equipment	(49.3)	(44.5)
Proceeds from the sale of properties, plant and equipment and businesses, net of impacts from the purchase of acquisitions:	106.1	8.2
Payments for deferred purchase price of acquisitions	(21.7)	(4.7)
Other	(2.3)	(4.8)

Net cash (used) provided by investing activities	(269.1)	(45.8)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds on long-term debt, net	303.2	84.0
Dividends paid to Greif, Inc. shareholders	(28.9)	(27.2)
Payments for share repurchases	(17.8)	—
Tax withholding payments for stock-based awards	(12.4)	—
Other	(4.6)	(2.8)
Net cash (used) provided by financing activities	239.5	54.0
Effects of exchange rates on cash	10.6	(18.6)
Net increase (decrease) in cash and cash equivalents	13.9	12.0
Cash and cash equivalents, beginning of period	147.1	124.6
Cash and cash equivalents, end of period	$ 161.0	$ 136.6

GREIF, INC. AND SUBSIDIARY COMPANIES
FINANCIAL HIGHLIGHTS BY SEGMENT
UNAUDITED

	Three months ended January 31,	
(in millions)	**2023**	**2022**
Net sales:		
Global Industrial Packaging	$ 705.8	$ 949.1
Paper Packaging & Services	560.2	610.0
Land Management	5.0	5.2
Total net sales	$ 1,271.0	$ 1,564.3
Gross profit:		
Global Industrial Packaging	$ 125.3	$ 177.1
Paper Packaging & Services	124.2	110.8
Land Management	2.1	1.8
Total gross profit	$ 251.6	$ 289.7
Operating profit:		
Global Industrial Packaging	$ 45.9	$ 31.0
Paper Packaging & Services	109.1	38.3
Land Management	1.4	2.7
Total operating profit	$ 156.4	$ 72.0
EBITDA(8):		
Global Industrial Packaging	$ 64.2	$ 51.0
Paper Packaging & Services	142.5	76.2
Land Management	2.0	3.5
Total EBITDA	$ 208.7	$ 130.7
Adjusted EBITDA(9):		
Global Industrial Packaging	$ 71.8	$ 114.2
Paper Packaging & Services	90.7	80.5
Land Management	2.0	2.1
Total adjusted EBITDA	$ 164.5	$ 196.8

(8) EBITDA is defined as net income, plus interest expense, net, plus income tax expense, plus depreciation, depletion and amortization. However, because the Company does not calculate net income by segment, this table calculates EBITDA by segment with reference to operating profit by segment, which, as demonstrated in the table of Consolidated EBITDA, is another method to achieve the same result. See the reconciliations in the table of Segment EBITDA.

(9) Adjusted EBITDA is defined as net income, plus interest expense, net, plus income tax expense, plus depreciation, depletion and amortization expense, plus restructuring charges, plus acquisition and integration related costs, plus non-cash asset impairment charges, plus (gain) loss on disposal of properties, plants, equipment and businesses, net.

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
CONSOLIDATED ADJUSTED EBITDA
UNAUDITED

	Three months ended January 31,	
(in millions)	**2023**	**2022**
Net income	$ 93.1	$ 18.6
Plus: Interest expense, net	22.8	17.1
Plus: Income tax expense	37.7	35.6
Plus: Depreciation, depletion and amortization expense	55.1	59.4
EBITDA	$ 208.7	$ 130.7

Net income	$ 93.1	$ 18.6
Plus: Interest expense, net	22.8	17.1
Plus: Income tax expense	37.7	35.6
Plus: Other expense (income), net	3.3	2.0
Plus: Equity earnings of unconsolidated affiliates, net of tax	(0.5)	(1.3)
Operating profit	$ 156.4	$ 72.0
Less: Other expense (income), net	3.3	2.0
Less: Equity earnings of unconsolidated affiliates, net of tax	(0.5)	(1.3)
Plus: Depreciation, depletion and amortization expense	55.1	59.4
EBITDA	$ 208.7	$ 130.7
Plus: Restructuring charges	2.4	3.5
Plus: Acquisition and integration related costs	7.5	1.6
Plus: Non-cash asset impairment charges	0.5	62.4
Plus: (Gain) loss on disposal of properties, plants, equipment, and businesses, net	(54.6)	(1.4)
Adjusted EBITDA	$ 164.5	$ 196.8

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
SEGMENT ADJUSTED EBITDA(10)
UNAUDITED

	Three months ended January 31,	
(in millions)	**2023**	**2022**
Global Industrial Packaging		
Operating profit	45.9	31.0
Less: Other (income) expense, net	3.6	1.9
Less: Equity earnings of unconsolidated affiliates, net of tax	(0.5)	(1.3)
Plus: Depreciation and amortization expense	21.4	20.6
EBITDA	$ 64.2	$ 51.0
Plus: Restructuring charges	2.1	2.1
Plus: Acquisition and integration related costs	5.0	—
Plus: Non-cash asset impairment charges	0.5	62.4
Plus: (Gain) loss on disposal of properties, plants, equipment and businesses, net	—	(1.3)
Adjusted EBITDA	$ 71.8	$ 114.2
Paper Packaging & Services		
Operating profit	109.1	38.3
Less: Other (income) expense, net	(0.3)	0.1
Plus: Depreciation and amortization expense	33.1	38.0
EBITDA	$ 142.5	$ 76.2
Plus: Restructuring charges	0.3	1.4
Plus: Acquisition and integration related costs	2.5	1.6
Plus: (Gain) loss on disposal of properties, plants, equipment and businesses, net	(54.6)	1.3
Adjusted EBITDA	$ 90.7	$ 80.5
Land Management		
Operating profit	1.4	2.7
Plus: Depreciation and depletion expense	0.6	0.8
EBITDA	$ 2.0	$ 3.5
Plus: (Gain) loss on disposal of properties, plants, equipment and businesses, net	—	(1.4)
Adjusted EBITDA	$ 2.0	$ 2.1
Consolidated EBITDA	$ 208.7	$ 130.7
Consolidated adjusted EBITDA	$ 164.5	$ 196.8

(10) Adjusted EBITDA is defined as net income, plus interest expense, net, plus income tax expense, plus depreciation, depletion and amortization expense, plus restructuring charges, plus acquisition and integration related costs, plus non-cash asset impairment charges, plus (gain) loss on disposal of properties, plants, equipment and businesses, net. However, because the Company does not calculate net income by segment, this table calculates adjusted EBITDA by segment with reference to operating profit by segment, which, as demonstrated in the table of consolidated adjusted EBITDA, is another method to achieve the same result.

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
ADJUSTED FREE CASH FLOW(11)
UNAUDITED

	Three months ended January 31,	
(in millions)	**2023**	**2022**

Net cash provided by operating activities	$ 32.9	$ 22.4
Cash paid for purchases of properties, plants and equipment	(49.3)	(44.5)
Free cash flow	$ (16.4)	$ (22.1)
Cash paid for acquisition and integration related costs	7.5	1.6
Cash paid for integration related ERP systems and equipment[12]	1.3	1.7
Adjusted free cash flow	$ (7.6)	$ (18.8)

[11] Adjusted free cash flow is defined as net cash provided by operating activities, less cash paid for purchases of properties, plants and equipment, plus cash paid for acquisition and integration related costs, plus cash paid for integration related ERP systems and equipment.

[12] Cash paid for integration related ERP systems and equipment is defined as cash paid for ERP systems and equipment required to bring the acquired facilities to Greif's standards.

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
NET INCOME, CLASS A EARNINGS PER SHARE AND TAX RATE BEFORE ADJUSTMENTS
UNAUDITED

(in millions, except for per share amounts)	**Income before Income Tax (Benefit) Expense and Equity Earnings of Unconsolidated Affiliates, net**	**Income Tax (Benefit) Expense**	**Equity Earnings**	**Non-Controlling Interest**	**Net Income (Loss) Attributable to Greif, Inc.**	**Diluted Class A Earnings Per Share**	**Tax Rate**
Three months ended January 31, 2023	$ 130.3	$ 37.7	$ (0.5)	$ 3.2	$ 89.9	$ 1.54	28.9 %
Restructuring charges	2.4	0.6	—	0.1	1.7	0.03	
Acquisition and integration related costs	7.5	1.8	—	—	5.7	0.09	
Non-cash asset impairment charges	0.5	0.1	—	—	0.4	0.01	
(Gain) loss on disposal of properties, plants, equipment and businesses, net	(54.6)	(18.8)	—	—	(35.8)	(0.61)	
Excluding adjustments	$ 86.1	$ 21.4	$ (0.5)	$ 3.3	$ 61.9	$ 1.06	24.9 %
Three months ended January 31, 2022	$ 52.9	$ 35.6	$ (1.3)	$ 8.3	$ 10.3	$ 0.18	67.3 %
Restructuring charges	3.5	0.8	—	—	2.7	0.05	
Acquisition and integration related costs	1.6	0.4	—	—	1.2	0.02	
Non-cash asset impairment charges	62.4	—	—	—	62.4	1.05	
(Gain) loss on disposal of properties, plants, equipment and businesses, net	(1.4)	(0.3)	—	(0.1)	(1.0)	(0.02)	
Excluding adjustments	$ 119.0	$ 36.5	$ (1.3)	$ 8.2	$ 75.6	$ 1.28	30.7 %

The impact of income tax expense and non-controlling interest on each adjustment is calculated based on tax rates and ownership percentages specific to each applicable entity.

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
NET DEBT
UNAUDITED

(in millions)	**January 31, 2023**	**October 31, 2022**	**January 31, 2022**
Total debt	$ 2,229.3	$ 1,916.1	$ 2,296.8
Cash and cash equivalents	(161.0)	(147.1)	(119.7)
Net debt	$ 2,068.3	$ 1,769.0	$ 2,177.1

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
LEVERAGE RATIO
UNAUDITED

Trailing twelve month credit agreement EBITDA *(in millions)*	**Trailing Twelve Months Ended 1/31/2023**	**Trailing Twelve Months Ended 10/31/2022**	**Trailing Twelve Months Ended 1/31/2022**
Net income	$ 468.5	$ 394.0	$ 400.9
Plus: Interest expense, net	66.9	61.2	84.6
Plus: Debt extinguishment charges	25.4	25.4	—

Plus: Income tax expense		139.2		137.1		99.1
Plus: Depreciation, depletion and amortization expense		212.3		216.6		234.5
EBITDA	$	912.3	$	834.3	$	819.1
Plus: Restructuring charges		11.9		13.0		23.5
Plus: Acquisition and integration related costs		14.6		8.7		8.7
Plus: Non-cash asset impairment charges		9.1		71.0		70.0
Plus: Incremental COVID-19 costs, net		—		—		2.7
Plus: (Gain) loss on disposal of properties, plants, equipment, and businesses, net		(62.7)		(9.5)		(6.4)
Plus: Timberland gains, net		—		—		(95.7)
Adjusted EBITDA	$	885.3	$	917.5	$	822.5
Credit agreement adjustments to EBITDA(13)		21.7		(17.7)		33.1
Credit agreement EBITDA	$	907.0	$	899.8	$	855.6

Adjusted net debt *(in millions)*		**For the Period Ended 1/31/2023**		**For the Period Ended 10/31/2022**		**For the Period Ended 1/31/2022**
Total debt	$	2,229.3	$	1,916.1	$	2,296.8
Cash and cash equivalents		(161.0)		(147.1)		(119.7)
Net debt	$	2,068.3	$	1,769.0	$	2,177.1
Credit agreement adjustments to debt(14)		(150.5)		(214.2)		(130.7)
Adjusted net debt	$	1,917.8	$	1,554.8	$	2,046.4
Leverage ratio		**2.11x**		**1.73x**		**2.39x**

(13) Adjustments to EBITDA are specified by the 2022 Credit Agreement and include certain timberland gains, equity earnings of unconsolidated affiliates, net of tax, certain acquisition savings, deferred financing costs, capitalized interest, income and expense in connection with asset dispositions, and other items.

(14) Adjustments to net debt are specified by the 2022 Credit Agreement and include the European accounts receivable program, letters of credit, and balances for swap contracts.

GREIF, INC. AND SUBSIDIARY COMPANIES
2023 LOW-END GUIDANCE ESTIMATE RECONCILIATION
ADJUSTED FREE CASH FLOW
UNAUDITED

(in millions)		**Fiscal 2023 Low-End Guidance Estimate**
Net cash provided by operating activities	$	523.3
Cash paid for purchases of properties, plants and equipment		(204.0)
Free cash flow	$	319.3
Cash paid for acquisition and integration related costs		20.0
Cash paid for integration related ERP systems and equipment		9.0
Cash paid for taxes related to Tama, Iowa mill divestment		21.7
Adjusted free cash flow	$	370.0

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