Greif Reports First Quarter 2024 Results

February 28, 2024

DELAWARE, Ohio, Feb. 28, 2024 (GLOBE NEWSWIRE) -- Greif, Inc. (NYSE: GEF, GEF.B), a global leader in industrial packaging products and services, today announced first quarter 2024 results.

First Quarter Financial Highlights include (all results compared to the first quarter of 2023 unless otherwise noted):

- Net income of $67.2 million or $1.17 per diluted Class A share decreased compared to net income of $89.9 million or $1.54 per diluted Class A share. Net income, excluding the impact of adjustments(1), of $72.8 million or $1.27 per diluted Class A share increased compared to net income, excluding the impact of adjustments, of $61.9 million or $1.06 per diluted Class A share.
- Adjusted EBITDA(2) of $128.0 million decreased by $36.5 million compared to Adjusted EBITDA of $164.5 million.
- Net cash provided by operating activities decreased by $28.4 million to $4.5 million. Adjusted free cash flow(3) decreased by $40.6 million to a use of $48.2 million.
- Total debt of $2,291.8 million increased by $62.5 million. Net debt(4) increased by $44.2 million to $2,112.5 million. Our leverage ratio(5) increased to 2.53x from 2.20x sequentially, and increased from 2.11x in the prior year quarter.

CEO Commentary

“Greif once again has produced solid financial results in a challenging operating environment,” said Ole Rosgaard, President and Chief Executive Officer of Greif. “Our team continues to navigate this extended slow demand environment, while making structural improvements to the business under our Build to Last Strategy. We will continue to focus on controlling what we can control while we invest for the future as we approach closing the Ipackchem acquisition and advance other exciting strategic initiatives.”

Build to Last Mission Progress

Our customer satisfaction index (CSI)(6) is a key metric we utilize to ensure continued customer service excellence, with a long-term goal of a CSI score greater than 95.0. Our consolidated CSI score was 93.3 at the end of the first quarter 2024. The CSI score for the Paper Packaging & Services business segment was 92.7 and for the Global Industrial Packaging segment was 94.0. We thank our customers for their continued feedback, which is critical to helping us achieve our vision to be the best performing customer service company in the world, and we are proud to continue to earn positive feedback from our customers during a difficult global operating environment.

We were pleased to announce in January the initial launch of our new customer digital portal. This digital platform was developed in collaboration with our customers and is designed to drive Legendary Customer Service through an enhanced customer experience and streamlined order interface. The portal is currently available for customers serviced from several of our US-based facilities, with the intention to make further enhancements and deploy it in U.S. operations and then globally.

As part of our ongoing efforts to Protect Our Future, we announced in January a partnership with Ionkraft, a German-based startup that has developed a unique, chemically inert and fully recyclable barrier technology for plastic containers. This partnership is designed to explore a game-changing innovation in packaging that will enable us to better serve our broad customer base in the Agrochemical industry and other industries.

(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 and equipment, net, (gain) loss on disposal of businesses, net, and fiscal year-end change costs.

(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 and equipment, net, plus (gain) loss on disposal of businesses, net, plus fiscal year-end change costs.

(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) CSI, an internal metric, is designed to enhance our customer’s experience.

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 2023 unless otherwise noted)

Net sales are impacted mainly by the volume of primary products[7] sold, selling prices and 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 2024 as compared to the prior year quarter for the business segments with manufacturing operations. Net sales from Lee Container, Centurion Container, ColePak and Reliance's primary products are not included in the table below, but will be included in their respective segments starting in the upcoming second quarter for Lee Container, third quarter for Centurion Container and first quarter of fiscal 2025 for ColePak and Reliance.

Net Sales Impact - Primary Products	Global Industrial Packaging	Paper Packaging & Services
Currency Translation	(2.1)%	—%
Volume	(6.4)%	(3.3)%
Selling Prices and Product Mix	(2.5)%	(9.5)%
Total Impact of Primary Products	(11.0)%	(12.8)%

Global Industrial Packaging

Net sales decreased by $19.2 million to $686.6 million primarily due to lower volumes and lower average selling prices, partially offset by the full-quarter contribution from recent acquisitions.

Gross profit increased by $10.0 million to $135.3 million. The increase in gross profit was primarily due to lower raw material costs, partially offset by the same factors that impacted net sales and higher labor costs.

Operating profit increased by $5.0 million to $50.9 million primarily due to the same factors that impacted gross profit and lower integration costs, partially offset by higher SG&A expenses. Adjusted EBITDA decreased by $0.9 million to $70.9 million primarily due to higher SG&A expenses and higher foreign currency translation losses, partially offset by the same factors that impacted gross profit.

Paper Packaging & Services

Net sales decreased by $45.6 million to $514.6 million primarily due to lower volumes and lower average selling prices, partially offset by the full-quarter contribution from recent acquisitions.

Gross profit decreased by $39.8 million to $84.4 million. The decrease in gross profit was primarily due to the same factors that impacted net sales, partially offset by lower transportation and manufacturing costs.

Operating profit decreased by $92.3 million to $16.8 million primarily due to the same factors that impacted gross profit and the $54.6 million gain from the divestiture of Tama Paperboard, LLC during the first quarter of 2023. Adjusted EBITDA decreased by $35.2 million to $55.5 million primarily due to the same factors that impacted gross profit.

Tax Summary

During the first quarter, we recorded an income tax rate of negative 107.3 percent and a tax rate excluding the impact of adjustments of negative 85.1 percent resulting from one-time discrete tax benefits of $48.1 million related to the recognition of deferred tax assets due to the onshoring of certain non-U.S. intangible property. Note that the application of FIN 18 frequently causes fluctuations in our quarterly effective tax rates. For fiscal 2024, we expect our tax rate to range between 6.0 to 10.0 percent and our tax rate excluding adjustments to range between 8.0 to 12.0 percent.

Dividend Summary

On February 26, 2024, the Board of Directors declared quarterly cash dividends of $0.52 per share of Class A Common Stock and $0.78 per share of Class B Common Stock. Dividends are payable on April 1, 2024, to stockholders of record at the close of business on March 18, 2024.

(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 deterioration of product demand in the past year and the degree of uncertainty in the forward looking macro-economic environment, we continue to be unable to determine the trajectory of product demand for the remainder of the fiscal year. As a result, we are providing only a low-end guidance estimate that is based on the continuation of demand trends we observed in the past year and the current price/cost factors in the Paper Packaging and Services business segment. The low-end guidance estimate does not factor in any contribution from the proposed acquisition of Ipackchem.

(in millions)	Fiscal 2024 Low-End Guidance Estimate Reported at Q1
Adjusted EBITDA	$610

Adjusted free cash flow	$200

Note: Fiscal 2024 net income guidance, 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: gains or losses on the disposal of businesses or properties, plants and equipment, net; non-cash asset impairment charges due to unanticipated changes in the business; restructuring-related activities; acquisition and integration related costs; and ongoing initiatives under our Build to Last strategy. No reconciliation of the 2024 low-end guidance of Adjusted EBITDA, a non-GAAP financial measure which excludes restructuring charges, acquisition and integration related costs, non-cash asset impairment charges, (gain) loss on the disposal of properties, plants, equipment and businesses, net, and fiscal year-end change costs, 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 2024 low-end guidance of adjusted free cash flow to fiscal 2024 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 2024 results on February 29, 2024, at 8:30 a.m. Eastern Time (ET). Participants may access the call using the following online registration link: https://register.vevent.com/register/BI84fb37f183b64627b68c23a0fc68bd49. 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 February 29, 2024. 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. 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. 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.

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 continuing consolidation of our customer base and suppliers may intensify pricing pressure, (v) we operate in highly competitive industries, (vi) our business is sensitive to changes in industry demands and customer preferences, (vii) raw material, price fluctuations, global supply chain disruptions and increased inflation may adversely impact our results of operations, (viii) energy and transportation price fluctuations and shortages may adversely impact our manufacturing operations and costs, (ix) we may encounter difficulties or liabilities arising from acquisitions or divestitures, (x) we may incur additional rationalization costs and there is no guarantee that our efforts to reduce costs will be successful, (xi) several operations are conducted by joint ventures that we cannot operate solely for our benefit, (xii) certain of the agreements that govern our joint ventures provide our partners with put or call options, (xiii) our ability to attract, develop and retain talented and qualified employees, managers and executives is critical to our success, (xiv) our business may be adversely impacted by work stoppages and other labor relations matters, (xv) 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, (xvi) our business depends on the uninterrupted operations of our facilities, systems and business functions, including our information technology and other business systems, (xvii) a cyber-attack or a security breach involving 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, (xviii) 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, (xix) we have a significant amount of goodwill and long-lived assets which, if impaired in the future, would adversely impact our results of operations, (xx) changing climate, global climate change regulations and greenhouse gas effects may adversely affect our operations and financial performance, (xxi) we may be unable to achieve our greenhouse gas emission reduction targets by 2030, (xxii) legislation/regulation related to environmental and health and safety matters and corporate social responsibility could negatively impact our operations and financial performance, (xxiii) product liability claims and other legal proceedings could adversely affect our operations and financial performance, and (xxiv) 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

(in millions, except per share amounts)	Three months ended January 31, 2024	2023
Net sales	$ 1,205.8	$ 1,271.0
Cost of products sold	984.2	1,019.4
Gross profit	221.6	251.6
Selling, general and administrative expenses	145.8	139.4
Acquisition and integration related costs	2.6	7.5
Restructuring charges	5.7	2.4
Non-cash asset impairment charges	1.3	0.5
(Gain) loss on disposal of properties, plants and equipment, net	(2.7)	—
(Gain) loss on disposal of businesses, net	—	(54.6)
Operating profit	68.9	156.4
Interest expense, net	24.2	22.8
Other (income) expense, net	9.1	3.3
Income before income tax expense and equity earnings of unconsolidated affiliates, net	35.6	130.3
Income tax expense	(38.2)	37.7
Equity earnings of unconsolidated affiliates, net of tax	(0.5)	(0.5)
Net income	74.3	93.1
Net income attributable to noncontrolling interests	(7.1)	(3.2)
Net income attributable to Greif, Inc.	$ 67.2	$ 89.9
Basic earnings per share attributable to Greif, Inc. common shareholders:		
Class A common stock	$ 1.17	$ 1.55
Class B common stock	$ 1.75	$ 2.31
Diluted earnings per share attributable to Greif, Inc. common shareholders:		
Class A common stock	$ 1.17	$ 1.54
Class B common stock	$ 1.75	$ 2.31
Shares used to calculate basic earnings per share attributable to Greif, Inc. common shareholders:		
Class A common stock	25.5	25.7
Class B common stock	21.3	21.7
Shares used to calculate diluted earnings per share attributable to Greif, Inc. common shareholders:		
Class A common stock	25.6	25.8
Class B common stock	21.3	21.7

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

(in millions)	January 31, 2024	October 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 179.3	$ 180.9
Trade accounts receivable	639.2	659.4
Inventories	368.5	338.6
Other current assets	202.3	190.2
	1,389.3	1,369.1
Long-term assets		
Goodwill	1,704.1	1,693.0
Intangible assets	773.5	792.2
Operating lease right-of-use assets	298.0	290.3

Other long-term assets	232.7	253.6
	3,008.3	3,029.1
Properties, plants and equipment	1,571.5	1,562.6
	$ 5,969.1	$ 5,960.8
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 468.0	$ 497.8
Short-term borrowings	18.2	5.4
Current portion of long-term debt	88.3	88.3
Current portion of operating lease liabilities	55.3	53.8
Other current liabilities	252.9	294.0
	882.7	939.3
Long-term liabilities		
Long-term debt	2,185.3	2,121.4
Operating lease liabilities	246.1	240.2
Other long-term liabilities	493.7	548.3
	2,925.1	2,909.9
Redeemable noncontrolling interests	124.9	125.3
Equity		
Total Greif, Inc. equity	1,992.5	1,947.9
Noncontrolling interests	43.9	38.4
Total equity	2,036.4	1,986.3
	$ 5,969.1	$ 5,960.8

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

	Three months ended January 31,	
(in millions)	**2024**	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 74.3	$ 93.1
Depreciation, depletion and amortization	60.4	55.1
Asset impairments	1.3	0.5
Deferred income tax expense (benefit)	(49.2)	0.7
Other non-cash adjustments to net income	17.6	(41.1)
Operating working capital changes	(27.6)	6.3
Decrease in cash from changes in other assets and liabilities	(72.3)	(81.7)
Net cash provided by (used in) operating activities	4.5	32.9
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of companies, net of cash acquired	—	(301.9)
Purchases of properties, plants and equipment	(55.6)	(49.3)
Proceeds from the sale of properties, plant and equipment and businesses, net of impacts from the purchase of acquisitions	5.0	106.1
Payments for deferred purchase price of acquisitions	(1.2)	(21.7)
Other	(1.8)	(2.3)
Net cash provided by (used in) investing activities	(53.6)	(269.1)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds (payments) on long-term debt, net	74.1	303.2
Dividends paid to Greif, Inc. shareholders	(29.7)	(28.9)
Payments for share repurchases	—	(17.8)
Tax withholding payments for stock-based awards	(6.8)	(12.4)
Other	(1.5)	(4.6)
Net cash provided by (used in) financing activities	36.1	239.5
Effects of exchange rates on cash	11.4	10.6
Net increase (decrease) in cash and cash equivalents	(1.6)	13.9
Cash and cash equivalents, beginning of period	180.9	147.1
Cash and cash equivalents, end of period	$ 179.3	$ 161.0

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

(in millions)	Three months ended January 31, 2024	2023
Net sales:		
Global Industrial Packaging	$ 686.6	$ 705.8
Paper Packaging & Services	514.6	560.2
Land Management	4.6	5.0
Total net sales	$ 1,205.8	$ 1,271.0
Gross profit:		
Global Industrial Packaging	$ 135.3	$ 125.3
Paper Packaging & Services	84.4	124.2
Land Management	1.9	2.1
Total gross profit	$ 221.6	$ 251.6
Operating profit:		
Global Industrial Packaging	$ 50.9	$ 45.9
Paper Packaging & Services	16.8	109.1
Land Management	1.2	1.4
Total operating profit	$ 68.9	$ 156.4
EBITDA[(8)]:		
Global Industrial Packaging	$ 67.3	$ 64.2
Paper Packaging & Services	51.7	142.5
Land Management	1.7	2.0
Total EBITDA	$ 120.7	$ 208.7
Adjusted EBITDA[(9)]:		
Global Industrial Packaging	$ 70.9	$ 71.8
Paper Packaging & Services	55.5	90.7
Land Management	1.6	2.0
Total adjusted EBITDA	$ 128.0	$ 164.5

(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 and equipment, net, plus (gain) loss on disposal of businesses, net, plus fiscal year-end change costs.

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

(in millions)	Three months ended January 31, 2024	2023
Net income	$ 74.3	$ 93.1
Plus: Interest expense, net	24.2	22.8
Plus: Income tax expense	(38.2)	37.7
Plus: Depreciation, depletion and amortization expense	60.4	55.1
EBITDA	$ 120.7	$ 208.7
Net income	$ 74.3	$ 93.1
Plus: Interest expense, net	24.2	22.8
Plus: Income tax expense	(38.2)	37.7
Plus: Other (income) expense, net	9.1	3.3
Plus: Equity earnings of unconsolidated affiliates, net of tax	(0.5)	(0.5)
Operating profit	$ 68.9	$ 156.4

Less: Other (income) expense, net	9.1	3.3
Less: Equity earnings of unconsolidated affiliates, net of tax	(0.5)	(0.5)
Plus: Depreciation, depletion and amortization expense	60.4	55.1
EBITDA	$ 120.7	$ 208.7
Plus: Restructuring charges	5.7	2.4
Plus: Acquisition and integration related costs	2.6	7.5
Plus: Non-cash asset impairment charges	1.3	0.5
Plus: (Gain) loss on disposal of properties, plants and equipment, net	(2.7)	—
Plus: (Gain) loss on disposal of businesses, net	—	(54.6)
Plus: Fiscal year-end change costs	0.4	—
Adjusted EBITDA	$ 128.0	$ 164.5

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

	Three months ended January 31,	
(in millions)	**2024**	**2023**
Global Industrial Packaging		
Operating profit	50.9	45.9
Less: Other (income) expense, net	9.5	3.6
Less: Equity earnings of unconsolidated affiliates, net of tax	(0.5)	(0.5)
Plus: Depreciation and amortization expense	25.4	21.4
EBITDA	$ 67.3	$ 64.2
Plus: Restructuring charges	0.9	2.1
Plus: Acquisition and integration related costs	2.6	5.0
Plus: Non-cash asset impairment charges	—	0.5
Plus: (Gain) loss on disposal of properties, plants and equipment, net	(0.1)	—
Plus: Fiscal year-end change costs	0.2	—
Adjusted EBITDA	$ 70.9	$ 71.8
Paper Packaging & Services		
Operating profit	16.8	109.1
Less: Other (income) expense, net	(0.4)	(0.3)
Plus: Depreciation and amortization expense	34.5	33.1
EBITDA	$ 51.7	$ 142.5
Plus: Restructuring charges	4.8	0.3
Plus: Acquisition and integration related costs	—	2.5
Plus: Non-cash asset impairment charges	1.3	—
Plus: (Gain) loss on disposal of properties, plants and equipment, net	(2.5)	—
Plus: (Gain) loss on disposal of businesses, net	—	(54.6)
Plus: Fiscal year-end change costs	0.2	—
Adjusted EBITDA	$ 55.5	$ 90.7
Land Management		
Operating profit	1.2	1.4
Plus: Depreciation and depletion expense	0.5	0.6
EBITDA	$ 1.7	$ 2.0
Plus: (Gain) loss on disposal of properties, plants and equipment, net	(0.1)	—
Adjusted EBITDA	$ 1.6	$ 2.0
Consolidated EBITDA	$ 120.7	$ 208.7
Consolidated adjusted EBITDA	$ 128.0	$ 164.5

[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 and equipment, net, plus (gain) loss on disposal of businesses, net, plus fiscal year-end change costs. 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.

GAAP TO NON-GAAP RECONCILIATION
ADJUSTED FREE CASH FLOW[11]
UNAUDITED

(in millions)	Three months ended January 31, 2024	Three months ended January 31, 2023
Net cash provided by operating activities	$ 4.5	$ 32.9
Cash paid for purchases of properties, plants and equipment	(55.6)	(49.3)
Free cash flow	$ (51.1)	$ (16.4)
Cash paid for acquisition and integration related costs	2.6	7.5
Cash paid for integration related ERP systems and equipment[12]	0.3	1.3
Adjusted free cash flow	$ (48.2)	$ (7.6)

[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, 2024	$ 35.6	$ (38.2)	$ (0.5)	$ 7.1	$ 67.2	$ 1.17	(107.3)%
Restructuring charges	5.7	1.4	—	—	4.3	0.08	
Acquisition and integration related costs	2.6	0.6	—	—	2.0	0.03	
Non-cash asset impairment charges	1.3	0.3	—	—	1.0	0.02	
(Gain) loss on disposal of properties, plants and equipment, net	(2.7)	(0.7)	—	—	(2.0)	(0.04)	
Fiscal year-end change costs	0.4	0.1	—	—	0.3	0.01	
Excluding adjustments	$ 42.9	$ (36.5)	$ (0.5)	$ 7.1	$ 72.8	$ 1.27	(85.1)%
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	7.5	1.8	—	—	5.7	0.09	

related costs							
Non-cash asset impairment charges	0.5	0.1	—	—	0.4	0.01	
(Gain) loss on disposal of 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%

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, 2024**	**October 31, 2023**	**January 31, 2023**
Total debt	$ 2,291.8	$ 2,215.1	$ 2,229.3
Cash and cash equivalents	(179.3)	(180.9)	(161.0)
Net debt	$ 2,112.5	$ 2,034.2	$ 2,068.3

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 1/31/2024**	**Trailing Twelve Months Ended 10/31/2023**	**Trailing Twelve Months Ended 1/31/2023**
Net income	$ 360.3	$ 379.1	$ 468.5
Plus: Interest expense, net	97.7	96.3	66.9
Plus: Debt extinguishment charges	—	—	25.4
Plus: Income tax expense	41.9	117.8	139.2
Plus: Depreciation, depletion and amortization expense	235.9	230.6	212.3
EBITDA	$ 735.8	$ 823.8	$ 912.3
Plus: Restructuring charges	22.0	18.7	11.9
Plus: Acquisition and integration related costs	14.1	19.0	14.6
Plus: Non-cash asset impairment charges	21.1	20.3	9.1
Plus: Non-cash pension settlement charges	3.5	3.5	—
Plus: (Gain) loss on disposal of properties, plants and equipment, net	(5.2)	(2.5)	(6.7)
Plus: (Gain) loss on disposal of businesses, net	(9.4)	(64.0)	(56.0)
Plus: Fiscal year-end change costs	0.4	—	—
Adjusted EBITDA	$ 782.3	$ 818.8	$ 885.2
Credit agreement adjustments to EBITDA[13]	5.0	23.7	21.7
Credit agreement EBITDA	$ 787.3	$ 842.5	$ 906.9

Adjusted net debt *(in millions)*	**For the Period Ended 1/31/2024**	**For the Period Ended 10/31/2023**	**For the Period Ended 1/31/2023**
Total debt	$ 2,291.8	$ 2,215.1	$ 2,229.3
Cash and cash equivalents	(179.3)	(180.9)	(161.0)
Net debt	$ 2,112.5	$ 2,034.2	$ 2,068.3
Credit agreement adjustments to debt[14]	(122.6)	(177.4)	(150.5)
Adjusted net debt	$ 1,989.9	$ 1,856.8	$ 1,917.8
Leverage ratio	**2.53x**	**2.20x**	**2.11x**

[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
PROJECTED 2024 GUIDANCE RECONCILIATION
ADJUSTED FREE CASH FLOW
UNAUDITED

(in millions)		**Fiscal 2024 Low-End Guidance Estimate**
Net cash provided by operating activities	$	346.8
Cash paid for purchases of properties, plants and equipment		(169.0)
Free cash flow	$	177.8
Cash paid for acquisition and integration related costs		17.0
Cash paid for integration related ERP systems and equipment		4.0
Cash paid for fiscal year-end change costs		1.2
Adjusted free cash flow	$	200.0

Source: Greif Inc