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**Greif, Inc. NYSE: GEF**

# **Analyst/Investor Day**

**Wednesday, December 11, 2024 1:30 PM GMT**

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# Call Participants

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# Presentation

## **Bill D'Onofrio**

*Vice President of Investor Relations & Corporate Development*

Welcome, everyone, to Greif's 2024 Investor Day. My name is Bill D'Onofrio. I lead Corporate Development and Investor Relations for Greif. I want to thank all of you for being here today. I also want to thank everyone who's joining us live from the video webcast.

A few things before we get started. First, for those of you in the room, please see this slide for the emergency exits. In case of an emergency, those exits are located directly outside the doors in the back of the room. Please also refer to this slide regarding forward-looking statements and Regulation G. Today's presentation is currently available on Greif's Investor Relations website. And today's presentation has 2 sections. Each section will be followed with the Q&A session.

Before I hand it off to Ole, we wanted to play a short video for you on Greif.

[Presentation]

## **Ole G. Rosgaard**

*President, CEO & Director*

I've already said good morning to most of you, but I'll say it again, good morning. It's really nice to see so many familiar faces here again. One thing we always focus on in Greif is to control the controllables, focus on what we can control. One thing we unfortunately can't control is the weather, and I'm very sorry about that. But we are truly thrilled by having you here today, and we really appreciate you taking the time to come here and be with us this morning. And I promise you, you won't be disappointed.

And I'll jump straight in. Greif is a global leader. We are well positioned for growth and for creating long-term shareholder value. Our target is to reach an enterprise-wide EBITDA margin of 18% and a free cash flow conversion in excess of 50%. As some of you know, we are very disciplined in the way we work. We are disciplined in capital allocation, pursuing value-accretive opportunities across the board.

We're also disciplined in operational excellence, something we will cover later and that strengthens our earnings power. And then finally, we have a track record of consistently delivering synergies from M&A. As I said, I promise you an exciting morning. We will provide you with deeper insights into our business, into our built-to-last strategy.

Paddy will talk about how we have optimized our SBU structure and how that is a strong growth platform for us. Tim will talk to you about how we grow our top line and also how we grow our bottom line towards 18% margin. And then Kim will review with you how we work with best-in-class processes consistently across the enterprise and how we work with tools like Gemba and Lean Six Sigma.

And then Bala will host a fireside chat with Vivian and Tina where they will discuss supply chain and importantly, AI and how we deploy technology across the enterprise. And then finally, Larry will connect the dots from a financial perspective.

The leaders you will meet today are exceptional world-class leaders. And on behalf of the team, we are really excited being here. We're excited to engage with you in Q&A and to hear your perspectives on the market and on us. Between us, we hold centuries of relevant experience, and I'm proud and honored to be working alongside this team.

On our investor side that Bill referred to earlier, in the back of the deck, you will see a bio of each team member. So we won't spend too much time on that. Also with us today are the heads of the 7 new SBUs that we have established. And I'll just ask them to stand up so you can identify them. And they also look forward to engaging with you during the breaks. Thank you.

We also have a refreshed Board of Directors. We have a very strong Board with a wealth of relevant experience. Our Board is forward thinking, it's well governed and it's completely aligned to long-term shareholder value.

Our Board is diverse. We have a lot of experience from leading global public companies. In fact, we have 2 Board members with us here today. We have Bruce Edwards, who is our Chairman, and we have John McNamara. And they also look forward to engaging with you during the breaks.

Our overall objective is to double down on growth. It's basically to double the size of the company. We are working on world-class engagement of our people. And that's something you will hear again and again today that I'll refer to, our people. Our people are the most important asset we have.

And having an engaged and top motivated organization is really important in meeting our financial objectives. That in turn leads to exceptional customer service. We are leveraging an optimized business model to drive growth and expanding margins.

We have deployed digital tools to create and aid customer service, and we have modernized our Greif business system. You will have heard about the Greif Business System in the past. But under Kim's leadership, we have modernized the Greif Business System into what we today call GBS 2.0. As I said, we are disciplined in capital allocation. We are focusing on growth, on margin expansion and free cash flow.

If you look at the right side of this slide, you see our 4 new reporting segments. Underneath those reporting segments, we have 7 SBUs. And let me give you some background to this. When we launched our Build to Last strategy, and back then, we had our 2 SBUs, we had Paper Packaging & Services and we had Global Industrial Packaging, GIP, so PPS and GIP.

And we realized that if we wanted to double the size of the company, we could not continue acquiring companies and then stick them into these 2 SBUs. In other words, had we continue to do that, we will go mile-wide and in steep. We want to go mile-deep instead.

So -- and also in the old organization, each of these SBUs were organized on geographies. So you would have a leader in a geography. And that leader was managing steel drum manufacturing, plastic drum manufacturing and so on and so forth. It's very different making a steel drum to making tube and cores, to making plastic drums, to making IBCs or jerrycans, it's different technologies that you employ to make that.

So what we did is we split the business up in manufacturing technologies. And have -- and now have subject matter experts run each of these verticals -- sorry, horizontals. And they operate globally. What we then did was we ran the pilot in North America for about a year, and we were very pleased with the results that we got out of that so that we then spend another year preparing this and planning this.

And then recently, we have reorganized Greif into these 7 SBUs. In other words, we have moved our eggs from 2 baskets to 7 baskets. We have also extracted our commercial organization out of the original legacy SBUs, PPS and GIP, and transitioned the commercial organizations into one organization led by Tim Bergwall.

And our commercial organization is now centrally led and locally executed. And that's something Tim will review with you later as well. Doing this enable us to promote talents and those are the talents you will also see here today, they are very entrepreneurial. We had created a very transparent business with a lot of accountability and the all incentives are completely aligned to growth in these businesses.

I often hear that our business is complex, but at its core, it's actually very simple. And this is how more than 14,000 of my colleagues, they see it. It starts with our purpose. We create packaging solutions for life's essentials. And let me give you an example of what that is.

If you think back home, you're standing in front of your fridge, the materials that your fridge has been made of, whether it's the installation or the liquids or the coating on the fridge, have at some point been stored and transport in our packaging.

When you open the fridge, you see peanut butter, you see orange juice. You may have medicine there and multi vitamins, clean water and so on and so on and so on, tomato ketchup. All of that have, at some point, been installed and transported in our packaging until somebody bought the bulk packaging and converted the materials into the retail packaging that you buy.

The soles in the shoes have been made of chemicals that at some point have been stored and shipped in our packaging. So you see we touch all aspects of life. Next is our vision to be the best customer service company in the world. And then we have our values and our values is what drive our behavior, the behavior of our more than 14,000 colleagues towards our purpose and our vision. It's custom focus, it's people focus and it's a bias for action.

We talk a lot about Build to Last. So our Build to Last strategy is all of the above, but it's also four strategic missions that we always refer to. I'm not going to double-click on these, but if I did, you will see a lot of detail. But in essence, the four missions are aligned.

The first one, creating thriving communities, is aligned to our people is how we take care of our people, how we develop our people, how we engage our people. The second one is all about our customers, delivering legendary customer service.

The third one is all about circularity. We are a sustainable business that feeds into the circular economy and supports the circular economy. And then finally, we have a lot of activities ongoing in terms of ensuring our financial strength so we can keep growing and keep being healthy.

Talking about people. I thought I would just share this with you because people and values are such an important part of our strategy. The awards you see here are to me more than just recognition. They are a testament to our culture. They highlight how engaged, how motivated our people are and how they, in unison, works towards our vision and purpose, engagement, motivation and a sense of belonging is critical if you want to achieve being the best customer service company in the world.

We operate in many end-use segments that reduces risk and cyclability. We have a broad customer base. That also reduces risk and cyclability. We have deep partnerships with our customers, partnerships that we have developed over decades. No single customer represents a little bit over 3% of our revenue.

And we have an NPS, a Net Promoter Score of 70, which is absolutely best-in-class. It's world-class. That creates a very wide moat for us and makes our business extremely sticky.

As I said, our aim is to double down on growth to reach \$1 billion of EBITDA by 2027 organically. So have a free cash flow of at least \$500 million and reach an EBITDA margin of at least 18%.

On the left here, you see our actual financial performance over the last 3 strategy cycles. They clearly demonstrate our capabilities. They clearly demonstrate how we have created growth and shareholder value even though we faced a pandemic and we are currently in an industrial recession.

So how did we deliver such impressive results you may ask. Well, in the period from 2015, '16 to 2021, we actually divested or closed businesses amounting to a total revenue of \$1 billion. That's a lot. In the same period, we increased our EBITDA by more than 200%.

Then in 2022, we were here 2.5 years ago, launching our Build to Last strategy, creating a very efficient growth platform. And to prove the strength of our strategy, we have just delivered the best financials in our 147-year history. We have a clear path to double down on growth. We have an optimized organization for growth. We are modernizing and we are digitizing and we are truly building a business to last.

When we were here 2.5 years ago, I was standing here and I was explaining how we were going to reshape our portfolio towards less cyclical and higher margin segments, which was -- which happens to be in polymers. That's exactly what we have done. It's exactly what we have done and what we will continue to do. We will continue down this path of growth into less cyclical and high-growth end markets where we can earn a premium margin.

Now as I have demonstrated, we're already very good, but we want to be great, we want to be the greatest. We are not fixing anything broken, but we have high ambitions. So we want to enhance our cost base. So at our recent earnings call, we announced that we will be taking \$100 million of cost out over the next 3 years. That will come out from a combination of SG&A, network optimization and operating efficiency gains.

Our new optimized organization, coupled with our OpEx tool will enable us to do so. Let me explain how the new organization works. So we have the 7 SBUs I explained based on manufacturing technologies. Paddy who you will meet in a few minutes is responsible -- overall responsible for those 7 SBUs. His focus is on enhancing, improving and transforming these SBUs.

Tim, as Chief Commercial Officer, is responsible for everything commercial for the new global commercial organization, focusing on top and bottom line growth and margin enhancements. They are linked to the Greif Business Systems led by Kim, who is responsible for all our processes, for processes that always are best-in-class, processes that are executed with discipline, whether you are in Singapore, Shanghai or in Hazelton in New Jersey.

Together, they work cross functionally also with our other enabling functions, accelerating growth. And in a few minutes, they will demonstrate how they create value in this improved business model.

Our growth advantages are: we have leading global positions; we have stickiness and high barriers to entry; we have a very broad portfolio, as you've seen outside this morning. We have world-class customer service that drives loyalty, that drives increased share of wallet towards premium margins; and we have proven leadership with deep commitments and with incentives that are clearly aligned to growth.

I talk a lot about customer service. So let me just connect the dots for you and ask you a question. Have you ever been to a store, call somebody or dealt with a vendor where they couldn't care less about you, there was no smiles, they let you wait, that they weren't interested in you at all. So when that happened, what did you do? You probably went home, and you told your family, you told your friends, don't ever deal with this vendor, don't ever go to this store. And you certainly won't go there again.

You probably also tried the opposite dealing with a vendor or gone to a store to buy something and the service you got from you walked through the door was just out of this world. You were met with smiles, nothing was too difficult. They were basically carrying you through the whole process and you walked out of there with this really good feeling. What did you do? You probably went home and you told your family and your friends, "Hey, I just had a great experience. You should go there one day."

And what were you prepared to do? You were probably prepared to pay a little bit extra for that service that you received in that store. That's exactly our philosophy. That's what we do. But you cannot provide that world-class service if you don't work with engaged and highly motivated people. And that's why we talk about that all the time.

That's why we have metrics for engagement for how we work with our team of people, with our organization. Because without that, they cannot provide our customers with that world-class service. It's absolutely critical. We also recently have introduced technology into, this technological advances that further reinforces this position of being the best customer service company in the world.

So just like in this example I just gave, it drives our customers towards loyalty, it increases our share of wallet, and it gives us the right to sell at premium margins, just like you are prepared to pay a little bit extra. So when we come to our customers and we ask for a fair price increase, we get less pushback from that customer.

So in other words, it's very simple. Motivated people provides world-class customer service, which grows your volume and helps you achieve premium margins. Talk about growth, our runway for growth is significant. We have made some intentional choices of where we want to grow. And in particular, it's in polymer-based premium products, where the end segment is growing with or in excess of GDP.

When we go into those markets and those end segments, we have -- we can see that the total addressable market is about \$60 billion. That's a lot of money. But when we then look at those markets with our discipline, our choices and our selection criteria, then we end up with around \$18 billion total addressable market in the market that we have selected.

That's still a very, very long runway. And we're already on this path with our enhanced organization, with our built-to-last strategy, we are accelerating down this runway. Now we also have a metal solutions and a fiber solution business. We are still focused on those businesses. They are great businesses. We're very happy with them. Being #1 in steel drums in the world means that we don't -- we can't really grow there, but we have an exceptional position that we need to maintain.

So of course, we are investing in those businesses. That's more like automation, it's improvements, it's getting more efficient. It's driving cash flow. I mentioned that the \$1 billion we want to achieve over the next 3 years in EBITDA is organic. I also mentioned that we want to double the size of Greif. M&A is our accelerator.

Using lessons from the past, I mentioned that we've divested or sold businesses worth, I think it was about 100 -- \$1 billion over the period from '15 to roughly 2020. There was a lot of lessons learned in there, and we have used those to create a best-in-class playbook that we have been executing with discipline since then.

We have been reviewing hundreds and hundreds of potential targets, and we have declined hundreds of potential targets. We still have a significant pipeline of suitable M&A targets. We have made 5 acquisitions in the past 24 months, and we have made 2 divestitures, all to shape our portfolio towards the business that I described earlier. With the new organization, with the optimized organization, we are in an ideal position to quickly integrate any acquisition that we choose to make.

As I mentioned, the Greif Business System is not new. But under Kim's leadership, we have vastly improved it into the Greif Business System 2.0 or GBS 2.0, as we like to call it. Every day, we are chasing perfection. We are chasing perfection, but we chase perfection knowing that we will never catch it. We will never catch perfection. But in the process of trying to catch perfection, we become best-in-class. And that's our philosophy.

We are leveraging our scale, our best-in-class processes across the enterprise. Kim will present to you how we are working with tools like Gemba and especially Lean Six Sigma, and we have graduated hundreds of yellow, green and black belts across our enterprise. Our approach is what we call the aggregation of marginal gains.

Now this is not a philosophy that Ole Rosgaard has come up with. The phrase was actually coined by a British cycling coach called Richard Brailsford (sic) [ Dave Brailsford ]. He was the head of the British cycling team over a number of years. And under his leadership, the British cycling team won 8 Olympic gold metals, 30 Olympic metals, 49 Paralympic metals and 59 World Championships. It's almost unheard of.

And what he deployed was basically or essentially the aggregation of marginal gains. And I'll give you one example. You've all heard of Tour de France, it's the hardest bike race in the world. I've been biking for about 2.5 years now, I started 2.5 years ago. And when you see a hill, and then you go, it's tough sometimes when you go and do 100 miles.

So what he did, in this example, he had hundreds and hundreds of marginal gains. One example was a pillow, a simple pillow. Now I travel a lot. I stay in a lot of hotel rooms. And so many of you probably do the same. And some nights are good. Some nights, you don't really get any sleep because the pillow is too hard or it's too soft.

Now there's always something wrong. He knew that because he had also stayed in a lot of hotel rooms. So he had a team driving ahead of the athletes every single day going into the hotel room where the athlete was going to sleep, take out the pillow, the hotel pillow, and install the athletes' own pillow. So the athlete slept on the same personal pillow every single night. And then he had hundreds of other examples like that.

And when you add them up, when you aggregated them, they helped him win so many wins. So our Lean Six Sigma program, whether it's a green belt or yellow belt, they have projects they're working on. A green belt will have what we call an A3 project that will yield, let's say, \$100,000 in savings once deployed. That's our pillow. And like he had lots of other things, we have a lot of projects, we have a lot of pillows in our business.

That's the aggregation of marginal gains. We lead with circularity in every solution we offer. We help our customers reach their sustainability goal. Once we have provided our customers with packaging for their packaging needs, they fill their products in our products, they sell it to their customer.

When their customer is finished with the product, we go back and we collect it. We either clean it, or we process it and then we use the material that we have collected to make new products, whether it's paper or whether it's plastic. That's how we work with circularity. And we have a very large collection network globally where we recover and we recycle.

We have decades of sustainability focus. In fact, most of you probably know that we've been publishing sustainability reports for the past 15 years. We also have top-tier ESG scores from various rating agencies, clearly demonstrating our global leadership in sustainability.

As I started with, I will also end with this slide. We are well positioned to capture growth. We are transitioning from being very good to wanting to be great. We are a global market leader. Our Build To Last platform is driving growth towards 18% EBITDA margin, and we want to be #1 or #2 in everything we do. We have a strong, steady cash flow, and our target is to get to a conversion in excess of 50% across the enterprise with discipline in capital allocation, and M&A is our accelerator.

So in other words, we are well positioned for sustained, robust growth. And I just want to end up by reminding you of one thing, I've talked about legendary customer service, that also applies to our investors and the investment community, i.e., you, you are also our customers.

And with that, I will pass you over to Paddy. Thanks.

**Patrick G. Mullaney**  
*Senior VP & Chief Business Unit Officer*

Good morning all, and welcome. Thank you for taking time out of your schedules to join us today, either in the room here in person or on our webcast. My name is Paddy Mullaney. I've been in Greif since 2017. And prior to joining Greif, I led a flexibles packaging business, dealing with markets such as flavors and fragrances, pharmaceutical and health care, beverage, food and tobacco.

I've got over 30 years experience in the packaging space in different sectors. As I say, I joined Greif in 2017, initially led the Rigids business in EMEA and Europe, subsequently, the Global Industrial Packaging business, as you know, GIP, and now I'm leading the SBUs, as Ole has referenced earlier. Today, I'm going to talk to you about this new structure and how it drives growth in our business.

But before we get into the structure itself, I just want to draw your attention to four really important points. With this structure, it enhances our ability to serve our customer needs. It does that because it gives us insight into the global markets, and it gives us insight into our customer needs on a global basis. It also enables us to leverage our strengths and our capabilities to put at the disposal of meeting those customer requirements.

Secondly, it enables us to move into high-growth markets with higher-margin products. Thirdly, from a capital perspective, it enables disciplined capital deployment with reduced redundancy and duplication. And fourthly and finally, it allows us to integrate our acquisitions in a much more efficient way.

When you wrap all that together, we end up with a more simplified business model, which enhances our customer service capabilities, it pushes us forward in terms of growth and it puts capital to work in the most effective way possible.

Now let's turn to the businesses themselves. So we always have a saying at Greif that we're driven by the market dynamics and the customer needs. And with that in mind, we've set up 7 SBUs that go-to-market offering customized polymer solutions, durable metal solutions, sustainable fiber solutions and integrated solutions. What's key here, this is the key point, this is based on customers, markets and technologies and not on geographies.

At a very high level, this structure allows us to leverage our strengths, our capabilities and our scale. It allows us to take advantages of the synergies that we got across our wide network. And it really gives us a great opportunity to come up with optimum solutions, which we can put at the disposal of our customers.

It also enables us to go to market quicker and in a more entrepreneurial manner as we will talk about later, and Tim will cover that in his section also. In doing so, we derisk our customers' businesses. And also with this new structure, we're giving customers access to our full suite of capabilities across our global network.

Two final points. This structure is very much aligned to our value over volume approach, which has been our MO for a number of years, and it will contribute to the profitable growth going forward. And secondly, all of these businesses are organized in a cross-functional manner. And what that means is that every function within the business has an opportunity and a responsibility to contribute to the profitable growth of each individual SBU.

These businesses have scale. They have got a diversified customer portfolio of long tenure. All of these businesses are participating in attractive end markets, and we're winning share in those markets, as we'll share with you as well, and they also have global reach.

But when you look at these businesses, please think about them as being very effective in operating independently. But the real strength comes when you combine the capabilities across the different SBUs, and that sets us apart in the market.

This new structure does indeed build on some of the points that Ole has shared in terms of core strengths of Greif down the years, legendary customer service, reliability, capabilities, dependability and trust. And while we have performed at high levels down the years, you may ask, why the change?

This new structure does allow us to optimize our global footprint going forward. It will help us enormously in terms of enhancing our margins across our portfolio of business. And as I mentioned earlier, it will increase our speed to market. It will also give us an innovation opportunities across our business. And with the swift commercialization of those opportunities, we'll end up in a stronger position. And Tim will talk about this in his section following mine.

I'm going to share with you an example now of a customer that we have been doing business with for a number of years. But it really brings home or at least I hope it does, the opportunities that we are able to avail through knowing our customers in quite some detail. This is a customer in the Agchem and pharma space. We've been dealing with them, as I say, for a number of years.

Back in 2019, we were doing a sizable amount of business on our metals business with this customer. But through getting to know the customer in quite some detail, understanding their needs, we identified opportunities where we will be able to help them grow their business on a global scale. We're able to garnish all of the capabilities within our Greif family, if you like, of our 14,000-plus colleagues, get the skill sets together in order to put the optimized solution offering to our customer.

Customer, by the way, in 2019, continue to give us good NPS scores then as they do today. But that customer now is in our top 5 customized polymer solutions customers but it wasn't 5 years ago. So a great example, and maybe in the Q&A, you've got further questions on this. Great example how we can deploy knowledge across our -- and leverage the skills across our network in order to build business and grow business.

So I'll pause there for a second, covered why this new structure is important to us, given some insight on the structure itself but let's just step back out and look at what are the secular trends impacting our business. None of these will be a surprise to you. We are a business that is positively impacted by population growth.

Food safety and productivity is all around us, and Ole has given some examples or references in his comments. We've been setting up our business and aligning to this over the last number of years, and we'll continue to do that. Sustainability and multiuse packaging, I don't need to tell anybody in the room that, that is going to grow at an accelerated rate, and we have touched on this back in our last Investor Day also.

We see a lot of customers that are moving business around their global network. We're ideally placed in order to help them do that. Working alongside with ourselves, they don't have to go through requalification. So if they want to take their block of business and move it from EMEA to APAC, we can do that with them, we can accelerate it and customers highly value that and they're giving us business as a result of it.

And finally, on industrial expansion, that's also helping our business. But when all is said and done, we want to grow in higher growth markets. I'm not saying we're going to ignore our legacy markets. Far from it, we have really strong positions in those markets, and we'll continue to work those as hard as we've done in the past.

But our core focus is on growing in these markets, such as food and beverage, pharma and medical, flavors and fragrances and Agchem. And the recent acquisition of IPACKCHEM helps us accelerate along that path as it relates to the IPACKCHEM space.

None of these markets is new to us. We already have positions in these markets. We already have good customer stickiness within these markets. But from here forward, it's about growing that. It's about scaling that. And we believe that this structure helps us to do that.

Okay. I'm now going to turn to the customized polymers -- the different solutions groups, and I'm going to start with customized polymer solutions. So as you may have seen outside this morning, customized polymer solutions is made up of our large and medium plastics, made up of our small plastics and it's made up of our IBCs.

We've been working hard on building this business over the last number of years. In IBCs, for the last 8 years, we've been building both on new IBCs and on the recycled IBC side of the business. And in small plastics, we have -- in the last 3 to 4 years, we've done a number of acquisitions.

So as I said to you back 2.5 years ago, for those of you that were in the room at that time, our intention was to grow our IBC business, our new IBC business and our reconditioning IBC business. We have done what we set out to do. We're not finished, but we've made good progress.

We've opened up new facilities, places like the U.K., Turkey and more recently, Malaysia on the new IBCs. We've done a number of acquisitions on the reconditioning side of the business, acquiring physicians in Europe, in Italy, in the U.K. and in the U.S. with Centurion, which has been a -- forms a large part of our network globally, not just in the U.S.

On the small plastics, we've continued to build out with 3 main acquisitions: Lee, Reliance in Canada, Reliance Products and more recently, IPACKCHEM. We've also invested organically in the business. So it's not just about the acquisitional growth. We've invested in our own network, and we've also invested in technologies.

And why is that important? Because the result of the work that we have been doing on the small plastics now puts us in a position where we are a leader when it comes to barrier technologies. And that's really important in plastics, when you are putting solutions, opportunities and proposals forward to our customer base.

All of these businesses are positively impacted by those secular trends that I mentioned earlier, and there is further opportunities for growth going forward. I'm going to show you now a small video which kind of hopefully gives you a little bit of insight into our business on small plastics and then we'll come back and we'll talk about the other solutions group.

[Presentation]

**Patrick G. Mullaney**  
*Senior VP & Chief Business Unit Officer*

Okay. We now turn to our durables metals business, and this is our largest SBU. We've been in this business for 100 years. So we should know what we're doing. It remains a fantastic business. It's driven by and aligned to those positive secular trends that I mentioned earlier, but it's also a cash -- great cash generator.

So what happens in our business? On a day-to-day basis, we derisk our customers' business. We're taking care of handling their dangerous goods. We're supplying day in, day out at the highest possible standards, investing in our business.

We're making sure that we are aligned with our customer needs on not just a local but on a global basis. When challenges arrive and they invariably do and they have, whether it's supply chain crisis, whether it's pandemics, we stand up where others have failed. And by the way, customers have told us that. That's not something that I'm just making up.

The -- that may sound easy to you and say, well, that's all in a normal day's work. Well, actually, it's very difficult to do that. And we make that possible by pulling together all components of our organization both resources, most importantly, skills and technologies and the insights and experience that exists across our network, and we deploy that at our customers' problems.

So overall, when you think about our durables metals business, think about it as a business that has got a fantastic track record. We'll continue to invest in it going forward, and Andreas Fassbender supported by Kim and our team will continue to do that so that we can improve our margins. But it is a great business, it's reliable and it's got further runway to go.

Now turning to our sustainable fibers business. Our sustainable fibers business is made up of our containerboard business, our URB and our CRB businesses. These businesses go to market by providing a range fiber grades and constructs in a way that is agile, in a way that is fast and it's also aligned with the customer needs throughout the seasons.

What you've got to keep in mind about our sustainable fibers business is that this is an integrated business. We can see right from our input raw materials into our mills down to our conversion sites, and we can see the margins at each stage in that process.

I don't need to tell you. When you've got access to that level of insight, it gives you a very good opportunity to work on improving those margins. So if we look at our URB business, this is a business, again, that has taken raw material inputs from our integrated solutions businesses into our mills and it's got a fantastic network of downstream conversion capabilities, serving very attractive end markets.

We've invested in this business, and Larry will also talk about it in his section. As part of our M&A, we've invested in this business, both organically and through an M&A. It's also got a very strong innovations culture, and we see that benefiting our business going forward.

Our CRB business, please think about that as more niche. We're a small player in that market. But what is important about our CRB business, it takes all of the innovation capabilities across our network and puts it into the manufacturing of really intelligent products, and there's a number of those out in the foyer, where we are using specialist coatings and such like, which again, is heavily linked to our integrated solutions business.

Moving to our containerboard businesses, business which has got a number of mills and downstream conversion capabilities. I can tell you that the downstream conversion capabilities in our containerboard business led by John Grinnell, is best-in-class. And it's also -- it's a compelling reason for us to invest in that business. I want to show you an example shortly in the next slide, which will evidence that.

But really, the teams, both John Grinnell and Gaylord Benner, leading the 2 SBUs in our fibers business, have done an excellent job of negating the cyclical changes that can impact those businesses and I only see further progress going forward.

So turning to an example of where we're investing not just on the polymer side of the business, but also on the -- we're investing in our fiber business. So you will know that we opened up our recent business in Dallas. Why did we do that? We did it because there's a real demand from the market.

Customers are asking us, "Do you have capability? Can you put capability into that space? Can you leverage what you already have in our other 6 facilities and deploy it in the Dallas area?" We're more than happy to do that because we have got good customer support.

So that facility is now up and running, and it's going to plan. I don't know if that's a question that may be on your minds or not, it's going to plan, and it will only get as we go forward. This is an example of where we're investing across our network.

Moving to our final solutions group. This is integrated solutions. Integrated solutions is made up of 3 separate businesses: caps and closures, paints, linings and adhesives and recycled materials groups. What I want you to keep in mind here is that these businesses, integrated solutions sells internally to other Greif solutions businesses, SBUs and they sell externally to the market.

The percentage of internal to external sales differs across the 3 business units. But what's really important is these businesses can deploy their skills and expertise to help create solutions, whether it's on the metals business or whether it's on the polymers business in order to best serve our customers' needs. That cross-business bond is extremely important, okay?

So first of all, our caps and closures business, we're the leader in industrial caps and closures globally, not consumer caps and closures. This business is highly innovative and I've spoken -- had contact and discussions with some of you earlier this morning, it looks easy, but I tell you it's not easy.

So it's really important where we can that customers combine our caps and closures business with their polymers or with their steel business because that gives us a compelling reason why customers should and need to do business with us. We're investing in this business for growth, both organically, but we would also -- we're keen to grow the business through acquisition going forward.

Our next business is our paints, linings and adhesives business. So this is connected both with our metals business, in terms of the paint and the linings that goes in the drums, but it's also connected with our fibers business. So you may ask, well, what's the connection?

So on our fibers business, and I've explained giving some insight into the scope of our business on fiber, you need adhesives in that business in order to make it work. So here, we take the skills that are from integrated solutions on our PLA business, under Gerard de Vries. And we deploy that and works very closely with John's business and with Gaylord's business to come up with the right solutions for our customers.

Now when you go to a customer and you say, "Well, listen, I'm selling adhesives". He says, "Okay, but there are other main adhesives, pure-play adhesive companies out there selling adhesives also." That may be the case. But guess what? They haven't been through the pain points that we have been through in developing those products. So that's a compelling reason why you should consider taking your adhesives from us.

Then the third part of that business is the recycled materials group. As I referenced earlier on, in the fiber business, we get input raw material, recycled material as input into our mills or into our polymers business. Our recycled materials group know exactly where all those opportunities lie and then team up with the other solutions groups.

But I want you to take away when you think about integrated solutions, it's not a jack of all trades, far from it. This is an extremely focused business, but it's the sum of the parts that's more than the individuals, and integrated solutions makes that possible by teaming up with the other solutions groups.

So how does that all roll up in terms of how we can grow and scale our business? We believe with this new structure, it positions us perfectly for growth in our target markets. It allows us to transition over into those high-growth markets with higher-margin products much more quickly and it allows us -- we will continue to focus on the basics of running a business, driving costs out, and Ole has made reference to that, and Larry will cover it in his section as well.

We never lose sight of those basics, i.e., take your cost down, manage your margin, et cetera. You put all that together and Kim will talk about this in her section also, you put all of that together, it gives us a fantastic opportunity to go after that 18% EBITDA target that we talk so frequently about and a free cash flow conversion of 50%.

Before I hand you over to Tim, I'm just going to sum up. So from this point forward, when you think about Greif in this new structure, yes, we've been effective in the old structure. We have delivered. We've delivered on our promises. But with this new structure, it's about the future, okay?

So this gives -- this new structure gives us a line of sight on those market opportunities. It certainly allows us to play to our strengths, our technologies, our scale and scope on a global basis. And we do, with this structure, have a platform to be successful in those higher growth markets. Thank you very much for your engagement. I look forward to your Q&A in the upcoming sessions.

And now I'm going to hand you to Tim Bergwall, Chief Commercial Officer.

**Timothy L. Bergwall**  
*Senior VP & Chief Commercial Officer*

Thank you. Thanks, everybody. Good job, Paddy. Good morning. I'm Tim Bergwall. I've been with -- in the packaging business about 35 years. I've been with Greif over 20. And for the last 10 years, I've been running our paper packaging businesses.

So today, I'm in the role of Chief Commercial Officer really spending my time and energy around go-to-market strategy and execution of growth plans. So what I'd like to do this morning is really talk about the customers. I'll spend a lot of time on what's our value proposition, what are typical customer pain points, and I'll talk about how we're organized to capture growth.

Starting with our journey. Ole mentioned this. I mean we used to be fairly siloed in the way that we went to market. We had a number of independent businesses, very little cross-selling. We had different strategies. And even going into customers, you'd bump into several Greif reps. So not uncommon that we had multiple Greif people calling on the same buyer, not good, right? Not capitalizing on our scale, a lot of opportunity.

Today, it is one Greif organization for sales and marketing. I'll talk a little bit about that structure in a minute, but we're certainly taking advantage of our scale now, making sure that we're coordinated and have better coverage across our markets and our customer base.

Where we're going in the future is all about focusing on some specific end-use markets and trying to grow with an eye on margin and a lot about value over volume. That is clearly a mindset. I spent a lot of my time on that in the paper business, and I'm going to bring that to the broader group.

So I will go into this in a little bit more detail. But really, when I look at the future, it's not about selling everything to everybody. It's about being very, very targeted, okay?

All right. So I'm going to start with the commercial operating system. Why is this important? This is a group of leaders that are all working together with a common set of goals. And I'd like to start by talking about the left-hand side.

This is all about targeting, targeting the right markets, starts with strategic marketing. We do segmentation workshops. We understand where is their margin, what are the growth rates, where are the regions that we want to focus on. From there, they work on insights. They help train our people.

From there, we go into marketing. They help us promote it. We go specifically into deep value propositions that resonate with those customers. And then lastly, we go into pricing. That pricing function is global and it's centralized.

A couple of things that are really important there. Number one, we use some pretty good tools to evaluate what we're charging for like customers around the world. So we know if there's a product or a solution, what are we charging for that? Then we go to the field with a range and then the field, the account managers will do a market-backed pricing scenario to extract as much as they can.

The other thing that they do in this group, and this is really, really important is they have margin list of all the thousands of items that we run every week and every month. We rank those based on margin, and we send out low-margin items to the whole enterprise, right?

This is now the job of the account manager and the sales manager to address those. So get them out, reprice them, get rid of them, whatever it is. I can tell you, we run thousands and thousands of items across those 250 plants every day. And the real magic in this is understanding where you're making money and where you're not. And if you're not making money, you got to do something about it.

So this is not an integrated model where we run a bunch of things and we make money at the mill as an example. It's about making money at plant level. So I'm really keen on this. I've spend a lot of my time. We now have that as an automated function. So it happens automatically, which is really nice.

The right-hand side is an extension of that. It's about driving sales effectiveness.

It's certainly account management, how are we covering the market, how we organized, Paddy and Ole talked about that. We're not organized based on substrate. We're organized based on the way the customer buys. And the customers buy across those solution groups. So that's how we're organized. So think about an account manager, and they've got responsibility for the customer and for the account.

And then we have a product management team that helps us with expertise so we understand the solutions more effectively, okay?

And the second 2 circles on there, that's all about performance management, and this is really, really critical. I've always thought that Greif was very, very good at performance management, and we have been very, very good at it, and we're bringing that same rigor to the commercial team.

So do we have good account plans? does everybody know about that and all of our plants, so you're aware of it. What our goal is with this customer, what we want to accomplish? You know what the hot points are for the customer, right? Do a lot of pipeline management, a lot of new tools that help us with that. And then, of course, just a lot of training and a lot of coaching. So a really big part of it. Again, doing that centrally is a lot more effective though.

And then lastly, just incentives. All of our incentives today are margin-based, but we're going to do some tweaks on them, so we do more encouraging of cross-selling. Okay. So I want to talk about the customer a little bit and some common pain points. And these are just 3 examples. There are many of them. But the first one is that our customers are packaging things that are very expensive. Many of them are also hazardous.

So if you think about consumer packaging, many times, the consumer package is more expensive than what's containing, right? If you look at industrial, it's the opposite. I mean we're packaging things in our containers that are worth thousands of dollars.

There's even an extreme case where one of them is about [indiscernible]. So you can imagine there's a lot on the line for the customer, and you got to get it right. So that's the first pain point. The second one is all about supply chain disruption. And you look at the last year alone, right?

We've had the Red Sea crisis, we have wars going on around the world that weather impacts. And our customers really need to have backup plans. They know disruptions are going to happen. They don't know where, they know their typical supply routes will be disrupted. We've got to help them formalized plans in the event that they need it.

Not easy to do, but if we're a connected team, we can help them do it, and we've proven that this year. And then the last one is all about new pressures coming from sustainable packaging and sustainability trends. So if you think about this, we've got new rigs that are coming online everywhere.

We've got them in some states in the U.S. There's a big one coming in the European Union about customers needing to -- by 2030 coming up with packages that are recyclable or reusable frankly, our customers' heads are spinning, right? They don't really know what they're going to do or how they're going to handle it. Good news is we not only have really good product management and expertise, but we also have a lot of options and a lot of alternatives, and Paddy mentioned a lot of those.

So a big opportunity there for us, certainly some threats for customers, but also some opportunities. Okay. So what I want to do now is talk about value proposition. And what's interesting to me is when I took this new role as a commercial officer, and I did a survey of all of our sales teams around the world and said, tell me what's the -- what are the most important value propositions?

And these are the 4 that they came up with. That last one on Greif Plus, refers to service, I'll talk about that in a minute. But -- so this is not -- this value proposition is really goes across all of our product lines. It's not for one or the other, and it really is universal.

So the first one I'm going to talk about is the portfolio. This is about cross-selling. And this particular customer is in the agchem space. If you look at the products below a typical customer in agchem will use up to 8 of Greif products. So when we made those acquisitions that Paddy referenced, that brought hundreds of new customers to Greif.

If every one of those customers simply bought one more product from us, we'd get a lift of about \$40 million in revenue just from that one subsegment, right? So a pretty compelling opportunity. The strategy there is what you would think as you can see the common challenges in the middle of the page. We do a good job. We solve those problems with our value proposition, we earn their trust.

We're giving an opportunity to look at additional products, that's really the strategy, very simple, but it's effective.

The second example is about really the power of our broad footprint and our coverage. And this particular example is a soft drink producer, that's global. And they want to use one package that's a standard for them and their system throughout the world. So you can see the map.

This customer has locations anywhere from the Amazon all the way through India and so does Greif. We match up quite well. So when you look at what they need, they want to have one container, there's an example of that on the slide. By the way, that one jerrycan that we use for this customer will be about \$1,000 of ingredients at retail level for a soft drink company.

We make enough of these in a typical year to package about \$1 billion worth of soft drinks at retail level. So it's no small niche for us. This is pretty big and there's more than one customer. So with this customer, really, what they want is they want to have things like cleanliness standards. So we have food certified plants around the world. We've got 35 of them. They also want things like clean rooms.

So when we're making these jerrycans, literally, you have to -- the operators have to put a suit on. They walk through a tunnel, they get blown down before they go out to the production floor. So we can do these things in many of our plants, but it's a requirement for that customer.

So if you think about things like that, it really builds on this theme of stickiness and switching is not easy, certainly. But this account is looking to grow globally. We're right there with them. Our product management teams and our salespeople are going to grow and work with them to open up new plants and new sites.

This next one is about our consultative approach. And I mentioned that we have certainly account managers, account executives, but we also have these product experts that are available to travel with us. It's a centralized team. We've got some PhDs in there. There's really, really bright people. And this example on this slide is a chemical producer that was having a problem.

They were hot filling a standard plastic drum. And then to get the throughput in their plant, they were putting a closure on it immediately. The heat would build up in there and so would the pressure. And so the walls of that drum would suck in and it would begin to tumble and fall on their plant. So you can imagine the mess and the cost of that.

So we brought in our commercial teams, and I thought this one was a good example because it really shows how we combine different products that we make to provide packaging solutions. So in this one, we had 2 innovations. The first one was what we call NexDRUM. That's a drum that is -- it's plastic, but it's using less resin than a standard plastic drum. It's extruded. So it's really, really strong. and it's got a flat fused bottom on it, so it rides really stable on conveyors.

The other thing we did is we worked with our closures group when we got a vented closure so they still package it the same way. They put the closure on, but as it -- heat dissipates and escapes out of that vented closure and solves the problem. So it's really running well today. We've grown with this customer. And then I thought as a classic example of how we go to market.

Okay. This last one is really exciting. I'll tell you, I've been waiting for this one for years, and I'm really excited about it. It's a new customer service platform and it is 24/7. And I'd like to refer to it as a virtual packaging assistant. So our customers can go on this anytime they can -- when they log on, they see a complete portfolio of everything they're buying from Greif.

They can do order management, they can track their orders, they get push notifications on the status of orders, and it's also a repository for things like data sheets and filleting things they might want to pull up and really just organizes their whole world with Greif.

So today, we've got this rolled out in all of our North American industrial plants. We've got over 1,500 customers that are activated and we're driving about \$2 million a month of revenue through it. So feedback so far has been really positive. What I'd like to do now is just show you a quick teaser video of this system.

[Presentation]

**Timothy L. Bergwall**  
*Senior VP & Chief Commercial Officer*

Yes, pretty cool, right? So very excited about -- this is really a unique and innovative thing that we're doing. We're unaware of any competition that has this capability right now. So we'll definitely take advantage of it. There are benefits for the customers I mentioned around efficiency. But there's benefits for us as well because it lowers our transaction costs.

So a lot of these repetitive redundant orders. We can have the system to take care of that and really deploy our people customer service and salespeople on focusing on new items and new business. So very excited about it.

Vivian will talk about this a little bit later in the next session. And if you have any questions on that, we can certainly take them in Q&A, but we're very, very excited about it. Okay.

So I want to wrap up on how do our customers feel about doing business with Greif. And one measure that we use is Net Promoter Score. And for those of you who aren't aware of this, this is really a measure of customer loyalty based on one question, would you recommend Greif to a friend or colleague?

So as you can see, we score quite high. We just finished our last wave and we're up around 70 and exciting, it's great. It certainly illustrates a lot of those incremental gains that Ole talked about earlier. But what's important to our commercial group is not the number. It's really the feedback loop.

So what we do is after this survey closes, we go out, we sit down with every customer and we talk to them about that survey and the way that they answered it. What did you like that we're doing? How do we continue what aren't we doing? Why did you grade us low? And how can we incorporate that into our account planning? And we'll literally have conversations that are like, "Look, if we can fix that, can we grow with you over here? Can we take over this plant and you get a mutual agreement.

So tactically, it's a very nice tool and we do leverage it. So Larry is going to talk later on today about the correlation between NPS and profit. Okay. So I'm going to wrap up and just I would give you just a couple of summaries on this, right? I think number one, we have the people and the capabilities to succeed and grow.

And when you look at the teams that we've got in product management and the commercial side of things, we really know our markets well. We know our end use markets well. We know our customers. I would say, on the product side, we have some new products and some new capabilities. We're definitely going to leverage cross-selling because it's a powerful lever for us.

And lastly, we really have the loyalty and the trust of our customers, and we've got credibility with our customers, and that's really critical as we move forward. So thank you very much. Appreciate it. We'll be up here for Q&A. So.

All right. What we're going to do now is do the Q&A. So I'm going to hand the floor back over to Bill D'Onofrio.

## Question and Answer

### **Bill D'Onofrio**

*Vice President of Investor Relations & Corporate Development*

[Operator Instructions] To stay on schedule and also provide all of you with a break, we have about 15 minutes scheduled for this Q&A. There will be a second Q&A session with all presenters and will allow as much time as needed to address your questions.

### **George Leon Staphos**

*BofA Securities, Research Division*

George Staphos from Bank of America. Appreciate the detail so far. A question for Paddy and a question for Tim. Paddy, we get ultimately the goal of the 50% or better free cash flow conversion, the \$1 billion of EBITDA over time. Month-to-month and day-to-day, what is your organization going to be primarily charged with? What are the KPIs that you're going to be managing to and your organization be evaluated by as you're trying to get to that goal, right, or those goals?

Tim, for you, again, you've lots and lots of years of experience in the industry, sometimes centralized commercial functions work, sometimes they don't. One of the criticisms we've heard, not for Greif is that you lose that closeness to the customer, the salesperson doesn't know all the technologies and can't sell fiber versus metal. So how do you -- a, maybe you disagree with that, but if you do, how do you avoid that issue?

### **Patrick G. Mullaney**

*Senior VP & Chief Business Unit Officer*

Thanks, George. Two very good questions. In terms of the KPIs and the day-to-day metrics, how we're set up and I made reference to it, it's all about a cross-functional teams. So I'm looking at margins across all of our accounts on an ongoing basis.

So every Monday, we have a trading call. We're looking at to see how our volumes are trending, how our margins are trending, how is also our collections in terms of receivables, et cetera. But we're doing that in conjunction very closely with Tim's team. So the commercial team and the operations team and the finance team are all in sync on that.

And then we're taking actions off the back of that. So if there are issues around margins, can it be solved through the cost side. It doesn't need to be solved through the pricing side, et cetera. So that is part of our daily routine, I would say, and it's really embedded down deep in the organization. And that's not with this new structure.

We've been doing that since 2017. While we're looking at it under the new structure is according to the new solutions group and according to the SBUs. So let's say, Gustavo and Alexander on the Polymer Solutions side, they are seeing all parts of their business. And they're understanding are there opportunities from a resin procurement side of things, are there opportunities from product substitution where we might be able to get in a higher margin, et cetera. That's how we're driving value in the business. So I hope that gives you a little bit of insight. I can take more questions later, but I don't want to hog the mic...

### **Timothy L. Bergwall**

*Senior VP & Chief Commercial Officer*

I mean, George, great question. This is certainly one of watch out, that we got to be aware of. But I would tell you that it's not one size fits all. We really let our customers and markets dictate how we're organized. So let me give you an example.

We are centralized, but in the corrugated business as an example. That's a dedicated team. They're calling on box plants. And those box plants are buying containerboard and they're buying sheets, they're buying raw materials. They're not buying containers. So that is a dedicated team. And adhesives, that's a dedicated team, right? So even though it is central, I don't want to overstate that we have one face to the customer in every instance. We only do that where it makes sense.

### **Ole G. Rosgaard**

*President, CEO & Director*

I think it's fair to say they follow the same processes, George. That's the key denominator.

### **Gabrial Shane Hajde**

*Wells Fargo Securities, LLC, Research Division*

Gabe Hajde, Wells Fargo. I had a question just about your customers and what you're seeing maybe at a high level to the extent that you highlighted part of one of the mega trends was onshoring and things like that.

Their willingness to engage with you as a supplier with some of the things that you seem to be proactively doing in terms of the sort of digital interface and things like that. Have you seen more less engagement of late?

**Timothy L. Bergwall**  
*Senior VP & Chief Commercial Officer*

I can start if you want to -- so you've got -- let me start with the digital part first. We definitely have a lot of B2B interfaces with customers now. And I would point out that where we have those interfaces, either through a center hub or coming B2B, EDI, things like that. Those orders all find their way into Greif Plus.

So even if you don't order electronically from us, you can still go on the system and have full visibility to everything you have in house. That's just one example. But the other part I think I picked up, Gabe, was as customers are kind of moving around nearshoring, shifting, we're there to catch them.

We're there to work with them to make that transition. What's really, really critical is that we're connected as a team, not only sales but also operations. And I want to make sure that we never paint a picture that now that we have ops in commercial, that there's another silo. There's not. We're very, very close to how we do things.

So every Monday and every Friday, we're wrapping up with team meetings and going through markets and customer issues and things like that.

**Ole G. Rosgaard**  
*President, CEO & Director*

Just maybe add to that, Gabe, that I think we saw more of this during the supply chain crisis that we've been through and through COVID, where customers needed to move a lot of business quickly and we picked up a lot of business on the back of that, and we've retained a lot of business. They know that we are a global player, right? So they know that they can have a conversation with Tim's team or with the operations team or any members or any of our functional members and basically connect and see what makes sense for them.

I would say, if it was a 7 or 8 or in COVID, it's probably a 2 or 3. There are opportunities that come up, right? I'd say there's more opportunities in terms of where they want to expand their network. And we are in a lot of conversations around that at the moment. So we're in 1 or 2 locations, but we need to do something in APAC. Can you help us? Can we apply the same standards? Can we use the same molds, et cetera?

**Bill D'Onofrio**  
*Vice President of Investor Relations & Corporate Development*

We have a question from the webcast from Ghansham Panjabi at Baird. So Ole noted that polymers are a less cyclical and more profitable. Can you expand on why that is and also how you see the polymer segment evolving as a percent of sales base over time. You're currently at about 21% of sales.

**Ole G. Rosgaard**  
*President, CEO & Director*

Yes. Ghansham, thanks for the question. It's difficult to give you a percentage over time. I think we had a slide where we showed that size of the pie is growing, and that's what we intend to do. One of the elements that plays into -- I'll use agchem as an example, the population on earth is growing.

There's more mouths to feeds, but there's also less arable land available to farm food, and that puts a higher demand on agrochemicals. And agrochemical jerrycan as you see out here, they are -- it's very technically sophisticated. So it's not like you can just make them, you need to make them with a certain expertise, you need certain technology to make them. And that's also what makes it sticky.

**Patrick G. Mullaney**  
*Senior VP & Chief Business Unit Officer*

Maybe if I could add to that. So you made referenced to the fact, Ghansham, that we've invested heavily in different technologies. The fact that we have all of those technologies at the disposal of our customer base gives us a great opportunity to grow with that. So we definitely see it polymer is taking a larger percentage going forward.

I mean that's been our thesis really. So -- but -- right now, it's a little bit depressed, right? So volumes are not super good at the moment, okay? But that's a short-term thing. And we're the only company with all barrier technologies, the only company.

**Michael Andrew Roxland**  
*Truist Securities, Inc., Research Division*

Mike Roxland, Truist Securities. Great presentations thus far. One quick question on the revised commercial approach. I just want to get a sense of how you change the incentive structure regarding how you reward your plant managers? And if they are, what KPIs are you looking at to evaluate plant profitability in regards to how they're operating.

**Ole G. Rosgaard**  
*President, CEO & Director*

Yes. Thanks, Mike. Let me start with the sales side and Paddy can say on the plant. So we haven't changed them all yet, but we did a scan in the survey of all of them. They're all margin based. So they're all based on contribution margins. So if we're running an item in one of our plants and it's low margin, there's incentive there for the account manager to work with the plant to figure out a way to get it up. And again, this is very, very important, a big part of what we do. I refer to it as weeding the garden. You got to do it every day, and they're paid accordingly.

So some of the KPIs that we're looking at is obviously contribution dollars. So not margin and not volume. It's both, right? So how do we grow the dollars year-over-year. We're looking at things like how quickly do we get paid? So aged AR. We're looking at pipeline management, things like that.

I do think there's an opportunity moving forward to have some other cross-selling type incentives, and we'll be investigating that in the next year.

**Patrick G. Mullaney**  
*Senior VP & Chief Business Unit Officer*

Yes. Maybe just one additional comment. We do have component as well that is there to incentivize specific projects. So if we were wanting to open up in a new market, et cetera, then we have a proportion of the structure that helps drive that forward, okay? It's a small part. But for example, we put in a plant in a new location. We're coming in as a new entrant. We want to build our business. That's a critical component of how we build scale in that market.

**Unknown Analyst**

So It's [ Douglas ] of D.C. Capital. You had mentioned previously continually you've been in a prolonged period of industrial recession. And I wanted to get your update as to what the view is of Greif as where the Greif economy is as you see it through the customers.

And the second question has to do with how much of your revenue is single-use products versus multiuse, multi utilization for your customers. And how do you approach that? Are they different characteristics in selling and pricing?

**Ole G. Rosgaard**  
*President, CEO & Director*

Let me answer the last one first. We don't do any single-use products. They're all multi-use. As I mentioned earlier, we collect them when they're finished, we process and we remanufacture them into new products. We talked about the trends. The market is -- demand picture is still very choppy. But if you do a longer trend line, we have certainly seen it improving quarter-over-quarter.

**Matthew Burke Roberts**  
*Raymond James & Associates, Inc., Research Division*

Matt Roberts for Raymond James. Thank you all for the presentation. I'd like to ask about caps and closures. The relatively small portion of the business -- but that business unit's margin is amongst the highest. And you noted you're the #1 player. So could you help me understand, maybe break out what the end market exposures are for that business, how your market share compares to these other parts of the business? And what is the growth profile of that business specifically? Because it is the highest Greif-specific TAM.

So I'm trying to figure out really where is it now? How big can it get? And relatedly, would that be more organic growth or inorganic growth, you talked about how there's not as much shipping and transportation, so you need to acquire more locations, how does that strategy shift?

**Patrick G. Mullaney**  
*Senior VP & Chief Business Unit Officer*

Maybe if I open up and Tim will add. So I mentioned that we're the leader in industrial closures, right? So we have a really strong position in that market. But we want to scale this business outside of industrial closures, right? And we're very much focused on that. The -- that will require some M&A, but it will also require organic investment. I don't think we need additional sites, but we definitely do need some additional firepower in our existing locations.

As I mentioned, when we were talking earlier this morning, you can transport closures really quickly around the globe. It's not subject to the same transportation headache that you'll get in transporting air and the drum, et cetera. So you don't need that same network.

But we see it as a -- it's got attractive margins, and the margins will vary depending on what's the end market, right? But overall, it's an attractive business, and it's small relative to our other businesses, but it's got a lot of upside. And that's -- we need to deliver on that. We need to make that real through organic growth and through M&A. But...

**Ole G. Rosgaard**  
*President, CEO & Director*

And you probably won't see us going into the very simple consumer caps and closures like water bottles, but they are more complicated caps and closures in the consumer space and in the pharma space. And that's where you will see us sort of slowly expanding into.

**Timothy L. Bergwall**  
*Senior VP & Chief Commercial Officer*

Matt, one thing I would add is that this is part of the special sauce when we go to market. The closure is really a critical innovation part of what we do. Every container that we make has a closure on it, right? So it's odd, though, to me, as I stepped into this new role, customers are buying bottles and closures separately.

So I'm asking our sales team, why? Can't we bundle these? Is there an opportunity there? Can you design them so they work as a system, that kind of thing. So quite a bit of opportunity. I've certainly challenged Gerard and asked him how big it can be organically without expansion. There's quite a bit of opportunity in that. We're not in 3 shifts everywhere. So there is quite a bit of growth we got.

**Brian Joseph Butler**  
*Stifel, Nicolaus & Company, Incorporated, Research Division*

Brian Butler from Stifel. Thanks for this presentation. Just a couple on the polymer side. Our customer expectations or demands changing fairly rapidly here. And is that obviously an opportunity. But when you think of increased barrier technology, how does that play into the ability to recycle these products from a sustainability perspective, does that add cost or complexity?

**Ole G. Rosgaard**  
*President, CEO & Director*

Great question.

**Timothy L. Bergwall**  
*Senior VP & Chief Commercial Officer*

Do you want to start?

**Ole G. Rosgaard**  
*President, CEO & Director*

I can start that, Brian. So you have different barrier technologies. So let's start of what is a barrier? If you take a -- like just make a simple plastic bottle and you put a hazardous chemical in there, it could even be gasoline and you stick that in your garden shed and you go out there in 3 months, you'll probably be able to feel it's [indiscernible] on the outside.

That's because even though it's made up of polymers, what's inside can permeate through the walls of the polymer depending on what sort of material it is. That's why you have barriers. Agrochemicals, for instance, have a very, very high viscosity and they're very aggressive. So you need to have a barrier that contains it inside the bottle. And that's where the different layers come in. One, the sort of traditional way of doing it is [ COEX ], where you have a EVOH or nylon liner inside that actually creates the barrier. Now that nylon layer pollutes or prevents the ability to recycle that. So when you collect that jerrycan again and you want to regrind it and clean it and produce it into a new product that nylon is pollutants.

So that's why we have acquired and developed other forms of barrier technologies. We have ECOX as an example, which is an additive we add. We have our in-mold barrier technology where we can create a barrier in the manufacturing process. Those are more or less unique to us, and they enable us to fully recycle that's jerrycan.

And that obviously benefits the customer because they don't get tarnished with buying jerrycans that can't be recycled. And that's where you can earn premium margins as well.

**Patrick G. Mullaney**  
*Senior VP & Chief Business Unit Officer*

We're running close on time, but customers are talking to us because we do have the full suite of barrier technologies. And their needs will change over time, right? So it depends on what they are looking to do in different locations. We shouldn't assume that clients have a -- always have the same view everywhere within their global network. So we have to be able to cater to those needs. The important thing is that they are engaged with us and working through.

**Bill D'Onofrio**  
*Vice President of Investor Relations & Corporate Development*

We have time for one more question.

**Unknown Analyst**

If you'd rather punt to the second Q&A, you can. But if I take your current revenue and putting 18% plus EBITDA margin, I'm essentially at \$1 billion or very close to \$1 billion of EBITDA. So are you planning to divest or triage out certain business over the next few years to offset the areas of profitable growth?

**Ole G. Rosgaard**  
*President, CEO & Director*

I mean we always looking at our portfolio. We have regular meetings where we have reviews with our portfolio. We have a session with our Board once a year in a retreat, where the next one is in February, where we basically do a whole portfolio review. We get approached by external potential customers that want to acquire parts of the business.

We engage. We see what's in it. And more often than not, nothing comes out of it. So it's an ongoing process. We are very happy with the portfolio we have today. But if you look at that over time, just like you have with the polymers, you will see it shifting and certainly shifting towards the 18% now.

**Bill D'Onofrio**  
*Vice President of Investor Relations & Corporate Development*

Thank you all for your attention and for your questions. We're going to take a 10-minute break, but please join me in thanking our presenters.

[break]

# Presentation

## **Kimberly A. Kellermann**

*Senior Vice President of Global Operations Group*

Welcome back from break. I always enjoy watching our videos and seeing our colleagues hard at work because they're truly the individuals that make our company successful, so it's always motivating to see those videos. My name is Kim Kellermann, and I've been with Greif since 2017.

And as Ole had shared, my role focuses on operational excellence through our Greif business system. I work closely with Paddy, who optimizes our operational network for efficiencies. And on the commercial side, Tim is leading a global approach to ensure that our sales efforts are strategically centralized to fuel growth.

And together, our efforts are interwoven with Paddy's operational focus, Tim's commercial strategy and my team's commitment to standardizing processes are what enable us to execute with consistency, discipline and efficiency. And this cross-functional collaboration ensures that we deliver on our promise of accelerating growth while maintaining best-in-class standards.

And GBS is a critical enabler in turning these strategies into tangible results, really fueling our growth. As you heard Ole say, we focus on what we can control, and we embrace challenges and lean into them to deliver positive outcomes for our customers and shareholders. While we can't control market conditions, we control how we operate.

And we are accelerating our growth trajectory by accelerating our GBS deployment, leveraging our extensive operational capabilities and building on our strong foundation of continuous improvement achieved through the aggregation of marginal gains. We've made significant progress, and we have clearly identified opportunities for further improvement.

And our approach ensures that we remain resilient, adaptable and positioned for sustainable growth. We are and continue to cultivate a culture of continuous improvement and operational efficiency, all powered through our Greif business system, and GBS is our operating model. And in its simplest form, defines how we work in all areas of the business. And this system ensures our best-in-class execution.

Now every company has a business system and what differentiates ours is the focus that we put on people, culture and mindset. And this people-first approach is what will ensure our results are sustainable for the long term. Through acquisitions, we've expanded our manufacturing capabilities. And yes, this has strengthened us but it also presents an opportunity for us to standardize these processes seamlessly across our organization.

And our work must scale in hundreds of facilities in 37 countries to consistently deliver value to our customers. And this is where GBS comes into play. The comprehensive framework equips our teams with the tools and skill sets needed to effectively execute in all areas of our organization.

And by standardizing methods and implementing uniform approaches, GBS is ensuring our consistency in product and service delivery to our customers while making our work more efficient. Within our business system, we have 6 core tenets that you see here.

Zero Harm, prioritize the safety and environmental responsibility, ensuring our colleagues go home safe each and every day. Quality management drives robust product quality through rigorous monitoring and control mechanisms. Engineering excellence ensures we have the right assets at the right time to fuel our growth that's consistent with our capital deployment strategy, market excellence ensures that we meet our customer demands through responsive and agile operations.

Execution excellence really ensures that our strategic initiatives are executed, delivering the value and aligned with our build-to-last strategy. And operational excellence really drives our continuous improvement mindset, the way that we work to really drive best-in-class operational performance.

Now we've long had a playbook for operational excellence within Greif that drove improvements at a local level. But as I had mentioned, as we had scaled, we saw the need to leverage our extensive operational capabilities and scale by consistently deploying our best ways of working. We needed a deliberate and intentional approach to be able to scale effectively and rapidly.

So in 2022, we made a strategic enhancement to our Greif business system known as GBS 2.0, as Ole mentioned. And just like software upgrades that we all experience on our phones or computers. This enhancement kept the things that we're working, identified gaps in our operating model and then introduce new features to help us meet our demands.

Now safety is a core value for us. So it should not come as a surprise that this was the first area where we deployed our updated business system. And safety is more than just a workplace initiative. It is a mindset that must be embedded in our colleagues and how we think and act every second of every day. It can't be turned on or off, and we work to extend this mindset beyond the work environment.

So on a regular basis, we sent home safety-at-home care packages to all of our colleagues. And the recent issue focused on doing at-home tasks with the right protective equipment. And we recently had a colleague just shared that while he was out in his backyard chopping wood his axe slipped out of his hand. And if he didn't have his safety shoes on at home, he would have lost part of his foot.

So this colleague remains forever grateful to Greif for instilling that mindset, saving his foot which is ultimately fostering a deeper level of engagement and loyalty within the organization. Now when we acquired Lee Container, their safety performance was 3x worse than Greif's.

And while we excelled in many areas, safety performance was one that we can enhance together. And in the 5 acquisitions that Ole mentioned earlier, that added an additional 3,000 colleagues to our teams. And through the deployment of our Greif Business System and safety playbook, we've been able to reduce our safety severity rate by 60% during that same time, which is the clear indication of the effectiveness of our Greif business system.

And beyond the percentage improvement, this drives real business performance to us by reducing our workers' comp claims, which is a direct benefit to our P&L. By leveraging this robust framework, we are well positioned to grow in 2025 and beyond. We have a proven track record of successfully deploying strategies on a global scale that's delivering results and enhancing our company performance globally.

Now I mentioned the most transformative aspect of GBS was to focus on people, mindset and culture alongside the process and tools, which are only as effective as the people operating in them. Now success requires disciplined adherence to these process and tools supported by both the right mindset and culture. And we strongly believe this holistic approach is what enables our new ways of working and fosters an already highly engaged workforce.

However, it's essential to strike a balance. Process and tools alone cannot be sustained without the right mindset and culture. And conversely, no business can thrive without a solid foundation of efficient processes and effective tools. It's about integrating these elements seamlessly to drive sustainable success. This people first approach ensures that every initiative we undertake is impactful and sustainable.

Now 2 proof points where we've been effective in striking this balance is with our Lean Six Sigma and Gemba approach. Now Lean Six Sigma is a proven problem-solving methodology for driving continuous improvement, operational efficiency and margin expansion, yet very few companies can successfully sustain Lean Six Sigma program. We recognized early on that true success goes beyond the process and tools.

It's driven by our differentiated approach of investing and growing the talent within our colleagues throughout the organization, our most significant source of value creation. So when we launched our program in early 2023, our primary objective was to create a community of Lean Six Sigma practitioners knowing that the financial results would follow.

So to create this community, we deployed a cohort model, which could be applied in all areas and one that could be rapidly scaled. And unlike traditional programs where training is assigned, our approach is self-driven with colleagues eager to participate so much so that we had to expand this to all colleagues so that now anyone within our organization can learn these skills on demand with a click of a button.

And our work scales and crosses borders. And as you can see here, we have 26 countries represented in all areas of our business. and our new SBU structure accelerate best practice sharing by turning these local successes into global standards. And this interconnected approach allows us to drive growth enhance margins and leverage our community of problem solvers.

Now you may notice the difference between the number of participants and those that have achieved certification. And that is really based on a timing because one of the things that also differentiates our program is that we don't just train the skills and then people are certified. We require all of our colleagues to complete a real business project and deliver on that value before they are certified. And once certified on an annual basis, those colleagues must continue to complete an additional project to maintain that certification. And this rigorous hands-on approach is what truly differentiates us from others in the industry.

And while not every project is created equal in terms of value, the cumulative effect of hundreds of projects, all focused on driving improvement is substantial. And these incremental changes build on one another, helping us counter external pressures and improve margins. So these are our little pillows in the organization that Ole had mentioned earlier.

Now with the majority of our colleague, 14,000 colleagues being shop floor, they are also a significant source of value creation for us and we saw the need to unlock the potential of their ideas, and that's why we're actively working to implement Gemba, which allows us to drive further value across the organization by involving the operators who are closest to the work in identifying what those improvements are.

Now Gemba is a Japanese term meaning real place are referring to where work -- where value is created, specifically at the shop floor. And in lean management, Gemba involves leaders visiting the work cells in all of our facilities every day to engage with the operators in a discussion in terms of what's working and where they may need additional support. So this process empowers our frontline colleagues to actively participate in problem solving and hold leadership accountable to addressing their inefficiencies. And we're already seeing immediate benefits of this, whether it's through improved communication, involving our colleagues closest to the source in that problem solving and having leadership address the roadblocks that are preventing them from being successful on a day-to-day basis.

In a recently acquired North America facility within the first week of implementing Gemba in one of their work cells, they saw improvements of 3% improvement in scrap, 4% improvement in unplanned downtime and a 4% improvement in efficiencies in one work center. Now while this is one facility, it perfectly illustrates the power of aggregating marginal gains.

Now George, you had asked Paddy a question in terms of what KPIs do we look at in terms of driving that free cash flow and EBITDA percentage? We take a tiered approach within our organization, and Paddy shared more at a strategic perspective. The phenomenal thing about Gemba is this is turning every one of our shop floor colleagues into their own mini business. So every day, they're looking at their performance within their specific work cell, within their specific piece of equipment and saying, here's how I performed Here's what we need to do to continue. And by the way, here's what I need to do in order to drive additional improvement. So this is a fantastic way of engaging 15,000 colleagues towards delivering our build-to-last strategy and driving growth within our organization.

Now 2 strong examples of where GBS is being used to effectively deploy global programs at scale. It also accelerates value in terms of enhancing efficiencies, improving our acquisitions as well as elevating customer satisfaction. So I want to zoom in and look at a very specific tangible of each of these to show the impact.

But then when you think about it and zoom out, hopefully, you'll be able to see how these efforts can select collectively scale to support our ability to double down on growth. So GBS also drives efficiencies and throughput gains, and we're already seeing immediate outcomes of our efforts within the business.

One approach that we use to drive these gains is what we call the quadrant analysis. And what this is, is the method that classifies every one of our facilities into 1 of 4 categories based on consistent criteria that evaluate both profitability and strategic fit. And this analysis informs our capital decisions and guides us whether we should close, invest or fix that specific facility.

And in this example, we identified 3 steel drum facilities. And by applying the GBS tools that you've seen here, we were able to, on average, improve the performance of those facilities by 400 basis points. Now these were facilities that were once up for closure. But thanks to GBS have been given a new life and sustainable path forward.

Now thinking of scale, we have an additional 35 steel facilities. And if we were to take a similar approach, that could unlock an additional \$10 million of EBITDA value creation. Beyond our steel network this approach can be applied and is applied in all of our manufacturing facilities. Now each plant faces unique challenges driven by the product mix and market dynamics.

And while not all of them can be world-class, GBS provides a structured approach to elevate performance, serving as a powerful growth engine for us. Now we buy good businesses and help make them better. And one element of the strategy is through our disciplined approach to M&A. And a key enabler of our M&A strategy is the rapid deployment of our GBS framework. And this allows us to quickly capture synergies and improve operational performance. And a great example of this is with Lee Container.

And by applying the GBS tools shown here, we saw improvements within the first year of integration. Safety performance was improved by 50%. Working capital was improved by 25%, and we identified an additional \$5 million of cross-selling opportunities. Now while Lee was a smaller acquisition, the approach is repeatable and it's scalable. So much so, we applied a similar approach with the Ipackchem integration and are seeing similar results.

So same discipline, different outcome, but all aligned to improvement and by consistently applying our framework, not only do we optimize newly acquired businesses, but we accelerate their value creation, driving sustained growth and profitability. Now building on the concept of same discipline, different outcome, we also leverage GBS to strengthen our customer relationships.

As Tim had mentioned, customer loyalty is key to our growth strategy, and we actively measure that with NPS or Net Promoter Score. One of our major customers in the fragrance industry was a detractor on the last MPS. So in response, we took a collaborative approach by deploying a customer-facing Lean Six Sigma project. And through that work, we were able to improve our manufacturing capabilities, refine our manufacturing standards, enhance communication and order tracking. And the impact was significant.

Not only did we secure the volumes that were at risk, but we unlocked opportunities for further growth with this customer. And in 9 months, we turn this customer from a detractor to a promoter. And this success story is more than just a single case. It's a scalable model that we're actively replicating with other customers.

And by increasing the customer stickiness and fortifying the moat around our business with exceptional service, we're not just retaining customers but also expanding margins. And this level of service is the key differentiator that strengthens our competitive advantage okay. Now these examples highlight how our disciplined approach creates both immediate and sustainable value across the business, but our journey doesn't stop there.

The power of GBS extends beyond these individual successes. It's a comprehensive approach impacting every facet of our organization. From scaling Lean Six Sigma to deploying digital enablement, we are setting and have set a standard for operational excellence that strengthens our market position and supports our growth.

And I shared an example of 3 steel facilities, one customer and one acquisition. We have hundreds of facilities, thousands of customers and an exciting M&A pipeline. And one improvement leads to another, creating a snowball effect that will help us drive continuous growth. And as Ole shared with our well-defined GBS framework, our operational excellence playbook and our new organization positioned for growth.

We are confident in our ability to unlock an additional \$100 million of EBITDA over the next 3 years. So summarizing where we started. One of our core tenets is to focus on what we can control. We embrace challenges and lean into them to deliver positive outcomes to our customers and shareholders. We control how we operate. And our team is laser-focused on execution, and we've created a culture where everyone is aligned around a simple idea.

Every dollar saved, every process improved, every customer delighted translates to greater value to our shareholders. We're enhancing our growth trajectory by accelerating the deployment of our Greif business system, leveraging our extensive operational capabilities and building on a strong foundation of continuous improvement achieved through the aggregation of marginal gains.

We've made progress, but yet we have a significant runway ahead of us. And this approach ensures that we remain resilient, adaptable and positioned for growth. So with that, I thank you. And now I'll turn it over to Bala.

**Bala V. Sathyanarayanan**  
*Executive VP & Chief Human Resources Officer*

Thank you so much, Kim. Really appreciate it. For folks who do not know me, my name is Bala Sathyanarayanan. I'm part of the human resources organization for Greif. I joined the company in 2018. Prior to Greif, I was with Xerox Corporation, where I served as the Chief Human Resources Officer for the Xerox Technology business. Prior to that with HP, Hewlett-Packard, prior to that, Coca-Cola and before that, United Technologies, which is where I started my career as a graduate engineer trainee that elevated division owes elevator company in Asia.

Today, I have the unique pleasure of speaking to you about value creation, value creation through the execution of our Build-to-Last strategy. The first pillar for our Build-to-Last strategy is about creating thriving communities. Let me play a quick video for you to get a feel for how we engage our colleagues across the globe in executing our first pillar of our Build-to-Last strategy. Let's roll all the video, please.

[Presentation]

**Bala V. Sathyanarayanan**  
*Executive VP & Chief Human Resources Officer*

Thank you all very much for joining today. You saw a number which spoke about the donations we were providing to the [ Pelotonia ] organization. It's all about cancer research. And today, I'm pleased to let you know that for every participant who is here with us live, Greif will be donating \$100 for your participation today.

So thank you so much for joining. Really appreciate it. It's going towards a noble cause. Next, let me take a couple of minutes to speak to you about our value creation model. When Ole Rosgaard and Tim Bergwall spoke, they touched on legendary customer service. Every presenter at Greif will touch on this topic. And when Tim was wrapping up the slide, the last slide before his spoke about NPS, the Net Promoter Score, and that was a number.

Does anyone know the number Greif's Net Promoter Score. Thank you so much, 70, right? Now here's a real story. Last week, I was interviewing a candidate, candidate from our competition. He was running the commercial organization for our competition. So great candidate, good conversation. I was talking to him about our NPS score. And he was like, "Look, Bala, let me tell you something. You say you have a Net Promoter Score of 17, my Net Promoter Score, in my organization, my region I run is twice yours 35."

He misheard my number. And when I told them that, look, you misheard me, maybe he didn't understand my accent. My number, Greif's number is not 17, but it's 7-0, 70, twice yours, his jaw dropped. Tom's jaw literally dropped. Obviously, Tom is not his da real name. So please don't go scouting for Tom in our competition's Head of Commercial. Tom's, next question was, how do you guys do it?

I'm sure some of you asking the same question. How does Greif deliver legendary customer service? Here's a little secret. We fundamentally believe businesses do not execute strategy, people do. We deliver legendary customer service by delivering a world-class inclusive and engaged workforce so that we can execute on Greif's business strategy across the globe in every country and every end markets we operate it. It's as simple as that.

Now you're like, yes, every company says that. What's different here? At Greif, we measure our colleague engagement, and we measure our colleague engagement across every operation, every plant, every substrate, every SBU operations. And we connect that to our Net Promoter Score. Okay. That's good, you connect that Net Promoter Score, what happens next? We not just connect that to our Net Promoter Score. The impact of that is felt in the business outcomes, specifically for audience like you in the financials of the organization. But why is this HR guy talking about financial outcomes because of colleague engagement. I will let our CFO talk about it. And just stay tuned for a slide which Larry will talk about how colleague engagement, which is a fundamental pillar of why we do, what we do impacts customer service, which is measured through Net Promoter Score, which impacts financial outcomes for the organization across the 250 plants in the company worldwide.

This business model, this SBU business model provides us with a unique opportunity to leverage our strategy and the investments we make in our global talent and culture helps us deliver the legendary customer service, takes our approach of think global, having a global framework of how we consistently deliver value and consistently deliver service and take the global approach and deliver that locally to every customer we serve in the every end markets.

And that's the beauty of this organization model, irrespective of who the customer is, whether you buy steel, whether you buy a polymer, whether you buy closures, the service you experience, the experience you have of dealing with the Greif colleague, who's so engaged in what he or she does, the customer appreciates.

And when a customer appreciates very similar to the story all you said in the morning, when a customer appreciates the service and the engagement, which they get from a Greif colleague or a Greif point of contact, they were allowed to do business with you again and again and again and again that's a nice virtuous cycle, which helps this organization survive, not just survive, succeed, not just succeed but thrive over a period of time and help this organization build this company to last into the future. That's the beauty of this model. It's all about value creation.

It's all about value capture across the different business segments, including our supply chain organization and our digital organization. So without much ado, please join me in welcoming Vivian Bouet, our Chief Information and Digital Officer and Tina Schoner, our Chief Supply Chain Officer. Tina is to my left. Tina joined us in 2022. Tina is a seasoned business veteran with deep expertise in supply chain, with over 3 decades of experience in world-class companies like United Technologies, ConAgra, Rockwell Collins and most recently as the Head of Supply Chain and Procurement for Oshkosh. Thank you so much, Tina, for joining. Please join me in giving Tina a big hand.

To Tina's left is Vivian Bouet, our Chief Information and Digital Officer, a truly global leader, with proven track record in digital innovation and delivering technologies for global companies like IBM, like Allstate, Walgreens and most recently, before -- prior to joining to Greif in 2022 for the energy giant, CPS Energy. Please join me in welcoming Vivian to the podium. I saw you limping Vivian, how are you doing?

**Vivian E. Bouet**

*VP and Chief Information & Digital Officer*

I'm doing okay. Thank you. I appreciate you asking. This is the care that we demonstrate every single day. Thank you, Bala.

**Bala V. Sathyanarayanan**

*Executive VP & Chief Human Resources Officer*

Thank you for joining. So let's get started with you. So what drew you to Greif? And what were your initial observations when you saw the technology function inside Greif?

**Vivian E. Bouet**

*VP and Chief Information & Digital Officer*

It's such an important question, but I always say that it's a very easy one to answer, to be honest with you. I really love the bold ambition that Greif has for delivering legendary customer service. It is a fantastic ambition. And then there is also a secondary/primary strategic commitment to leveraging digital and technology. So when you take those 2 together, that really attracted me on one side because ultimately, what I'm looking at is how can we use and leverage technology overall to accelerate the innovation, to accelerate value back to our customers, to our colleagues, to our shareholders. And then bringing some of my experience in from the last -- I don't want to date myself, but the last 30 years.

The other thing that really attracts me here at Greif is really -- and you've heard Bala just talk about this is really around the people. When you think digital transformation, I'll tell you there are 4 ingredients that you need to have for that transformation to be important. And that is a -- it is a fantastic launching point for us. The first is our people and their passion for customer first. That's the first thing.

The second thing is the idea that they have this passion for collaboration. If we think agile and digital, this is very important. The third is a bias for action. And ultimately, when you look at all of this, this high engagement that you have, it ultimately gives you the fertile ground for you to think about digital transformation. If you don't have that, that's probably your starting point when you think about that.

So ultimately, the goal here is really to accelerate technology in the organization to simplify our operations, to drive value to our customers. So I'm very excited to be here. And honestly, to be -- the ambition that Greif has is one that I find to be very -- that gets me up every single day with a lot of passion.

**Bala V. Sathyanarayanan**

*Executive VP & Chief Human Resources Officer*

Thank you. Thank you, Vivian. That excitement is definitely palpable. Let me turn it over to you, Tina. When you and I first met and you came to me right after meeting with Ole and then I was talking to you about servant leadership, you was like, yes, Bala, I hear all that, but I am not sure. So after that, what happened? And what drew you to Greif?

**Tina R. Schoner**

*Senior VP & Chief Supply Chain Officer*

Thanks for the introduction, and thanks for the question. We both started around the same time, so about three years now and it has been quite a transformational leadership journey for us. I think what drew me to Greif, but set aside the consistent performance of the company and the longevity of the company. I remember meeting with Ole early on. He had just rolled out the Build to Last strategy right when we on board. And so it was in place. And I remember talking to him about what his objectives for supply chain were and the leadership team, we spoke about this. And we kind of coalesced around a few things, Bala. We wanted to make sure we built a One Greif supply chain function. So the organization was quite decentralized at the time.

So we wanted One Greif supply chain function. We knew that we could better leverage the scale of the company. So making sure that we had processes and standards in place for leveraging the whole scale of the organization. And the other thing was that in these ambitious goals that we had, objectives, we needed to make sure that we shored up the systems and the tools to be able to actually scale the organization. So I definitely needed Vivian on board as well, so we needed to digitize and automate a lot of the supply chain capabilities.

My early observations when I came in, there was a talented team of people in place. We had a lot of talent in the organization. It was quite global. But they were very heads down, like really in the weeds, managing procurement, tactical procurement activity. They

didn't have a lot of time to really look up and manage the global supply chain organization and we also had our processes where -- well, Kim talked about standardization of processes.

Our supply chain processes when I came on board, they were not very standard. We had a lot of opportunity to put process discipline in place, really drive spending with preferred suppliers, et cetera, right? So we needed to shore up these processes. The other thing was there was a massive logistics network. The logistics network is just huge. And so we had quite a bit of opportunity to look at leveraging and center of gravity for our logistics operations.

**Bala V. Sathyanarayanan**  
*Executive VP & Chief Human Resources Officer*

Thank you. Thank you for sharing what drew you in and the initial observations. So Tina, let's get a bit more specific, right? So you shared your initial observations. So talk to us about some key initiatives that's going on that helps execute on the Build to Last Strategy? And then I'll come to you Vivian, same question.

**Tina R. Schoner**  
*Senior VP & Chief Supply Chain Officer*

Okay. Well, basically, it was putting the foundations. The fundamentals of supply chain management had to be put in place in for the organization. People were doing great things, but they were doing them isolated, either by a region or maybe a local plant. And we didn't have the systems, the data analytics in place at the time for them to be able to actually look across the entire enterprise and make decisions based on what's best for the whole company.

So the first things we did, we organized the team into 4 subdisciplines. So we organized into planning, so raw materials planning, sourcing, global sourcing, procurement, purchasing and logistics organization. Once we had those -- the operating model in place for supply chain, once we had that in place, then each one of those areas, we launched a modernization, basically building an intelligent supply chain organization.

So in the planning, we immediately instituted integrated business planning, IBP, some companies call that SIOP, or sales and operations planning, so instituted that to get after working capital. So both on the finished goods and the raw material side. Our planning organizations manage 60,000 active parts, 10,000 active suppliers. So it can get complex. We needed to make that simple. And putting forecasting process in place it really helped. In the sourcing organization, we managed \$3.5 billion worth of spending for Greif. And so we instituted a rigorous 7-step strategic sourcing process, and it was a cross-functional effort.

So any time we were going to award business and go out and competitively engage the market for our spend. We take about \$1 billion of spend out to market every single year. So each time we did this, Paddy's team, finance, Kim's organization, our teams would come together and do a formal gated process. And Andreas and other of the SBU leaders are involved in these gated process to make sure that we're awarding business and competing that spend as much as possible. So that was a really key initiative upfront.

The third thing we did is in our logistics organization, we expanded our transportation systems that allows us to plan logistics inside of a system that we can now look at rates more effectively. So a lot of really good work went on. Purchasing organization also or procure-to-pay processes, we place about 1 million purchase orders a year, about 1 million purchase orders a year. And so with that, driving our spend to preferred contracts, contract compliance and making sure that we were consolidating that spend was a real key early on initiative for us, Bala. Thanks.

**Bala V. Sathyanarayanan**  
*Executive VP & Chief Human Resources Officer*

Thank you. Thank you for sharing your key initiatives. You came in, you saw what you got into, key initiatives to hit the ground running.

**Vivian E. Bouet**  
*VP and Chief Information & Digital Officer*

Yes. So I have 4 key initiatives I want to talk about. And when you think about those 4 key initiatives, I want you to think about at the end, I'll talk about the collective integration of what those 4 will do for Greif as we move forward. We already see some benefits right now. Ultimately, it's about unlocking value and delivering on our scale for growth.

So the first one, Tim did a really good job of really kind of introducing us to, which we've just introduced and we finished rolling out to our industrial business in October of this calendar year, which is Greif+, right? Introducing that platform, the self-service portal

that allows customers to self-serve a lot of the things that we do. The intent right now is to take that digital platform, and it's not just around the Greif+, but other digital tools, but take it global into all of the markets so that we can start to think about how we can drive both customer loyalty, customer stickiness and scale efficiencies that we can get from that platform across our entire globe. That will be the first initiatives around our digital platforms.

The second one that I will say is really around how you think about artificial intelligence and artificial intelligence with operational excellence. So now, artificial intelligence, a lot of organizations have had it. They've had it for some time. We've had it, but we've had it in pockets. The difference here is taking artificial intelligence, which is really based on patterns and then based on patterns, you can predict and do wonderful things with it and really scaling artificial intelligence, not just traditional artificial intelligence, but we're all aware that in 2022, we got introduced to generative AI, and we're already using generative AI within our organization.

Some use cases that we're using that in, for instance, is in communications. Things that would take a week to do now takes a very short period of time. Ole does it all the time right now. For instance, we have colleagues across the globe for communications. He records a video one time and automatically the same video, same person, it's with his own mouth, and it will sound and look like him speaking French, German and any other language that we put in there...

**Bala V. Sathyanarayanan**  
*Executive VP & Chief Human Resources Officer*

I thought he only speaks those languages.

**Vivian E. Bouet**  
*VP and Chief Information & Digital Officer*

And Spanish. We use it in contract review. We use it in vendor spend management. We use it in many other areas. And these are just the pilots that we're seeing. And we see 20% productivity gains already by using these sorts of tools, and we haven't scaled yet. And in some cases, we even see 30% increase in productivity. So the goal here is to take our artificial intelligence, which we have set up an AI center of excellence based on the data strategy and scale that globally over the next couple of years.

The third one is what I call business modernization. So think about all of the systems that a company like ours uses across the globe, is taking that and modernizing it. One of the things that you'll find in industrial manufacturing, in general, we've done some great things. You saw in one of Ole's slides that we have reduced some of our systems and complexity. However, what I will say is that there is a lot of opportunity to take what I consider manual work, time-consuming work and digitize it and automate it. And we have a lot of runway here that we will be working on. So it's around digitalization and modernization of our platforms globally over the next couple of years.

The fourth one and final one is ultimately about how we think about introducing what I call digital modular architecture. Why is that important? This industry is changing, how our customers respond to us is changing. The markets are changing. You need a technology ecosystem that ultimately is flexible, responsive to the market demands and future proof. What we don't want to do is 7 years from now, 6 years from now is to invest a huge amount of dollars again in technology in terms of what we're doing.

So by building this modular architecture, think about LEGO blocks based on what's happening in the market, we rearranged the blocks to what we need to do with the technology. Now you collect those 4 things together and what ends up happening is you see that we ultimately are unlocking profitable growth in the long term.

**Bala V. Sathyanarayanan**  
*Executive VP & Chief Human Resources Officer*

Thank you. Thanks, Vivian. While you have the floor, double-click on digital innovation and mindset, please, just bring it to life for our audience.

**Vivian E. Bouet**  
*VP and Chief Information & Digital Officer*

Yes. I think that's a great topic, right? This is something that you think it will be intuitive. We all use that. That's why I brought my iPhone up here. We all use our iPhones and we think it's intuitive. But when you think about an organization of our size, one of the things that we have to do as an organization is to raise the collective digital IQ of our colleagues in order to serve our customers overall. So that includes two primary initiatives. It's around training, training around AI and digital tools, is around using agile, which many of you are very familiar with, which is around delivering incremental value every 2 to 4 weeks.

And then the final is around -- the second one is really around customer centricity. Now it's interesting because I really do think that people think it's very natural to think, "Well, why wouldn't you be customer first?" Customer centricity and falling in love with the customer requires customer intimacy.

Through Tim's organization, working with Paddy's organization, when you think about that, if you put together design thinking, this is where a team of cohort, a team of people then fall in love with the problem. It's interesting when you have a digital mindset, you have digital IQ, you have AI, digital tools and you fall in love with the problem, the innovation naturally happens. It happens faster, and that is one of the things we're using to drive this growth mindset overall for the organization.

**Bala V. Sathyanarayanan**  
*Executive VP & Chief Human Resources Officer*

Thank you. Thank you for bringing that to life. So it's all about falling in love with solving the problem.

**Vivian E. Bouet**  
*VP and Chief Information & Digital Officer*

That's exactly right.

**Bala V. Sathyanarayanan**  
*Executive VP & Chief Human Resources Officer*

Thank you very much. So, Tina, you came in, you spoke to us about the initial steps you have taken, the initiatives. So talk to us about what's next, in helping us move the needle on our Build to Last Strategy inside supply chain, creating value.

**Tina R. Schoner**  
*Senior VP & Chief Supply Chain Officer*

Yes. Supply chain is such a huge lever for Greif, both in working capital and cost, right? So there's a lot more we're working on right now. I think one of the interesting things that's happened -- we're going to continue to mature the 4 subdisciplines and continue to modernize and automate what we do. I think interestingly enough, in the last 6 months or so, though, as we have stood up this strategic business units and this new operating model and Paddy and Ole both spoke of it, and Paddy really did speak about this piece of this cross-functional group, so each of the SBU leaders that are here, they have an executive team with them now and they're right hands, right?

These are supply chain, finance, HR, digital, operations, Kim's Group Commercial. They're meeting on a regular basis weekly. And they are unearthing a tremendous amount of value. So we are building a pipeline quite quickly. These are things like standardizing our raw material specifications. Andreas in his steel business standardized. When we can standardize specification, it reduces complexity in the supply chain. It allows us more leverage in the supply chain and we can more easily manage and reduce lead times, so it is really powerful tool, standardization.

Simplification of our product lines. Now that we have rich supply chain data from our analytics team, and we'll pull that together in these new SBUs, they're looking at working capital from end to end. So all the way from customer demand through customer delivery, you can optimize your working capital. You can create networking hubs. We can manage the raw material inventories in a better way and more effectively.

So these teams now see that it's building the pipeline so we can execute on some of that activity. So that's really the next thing. We are also building right now a business case for a logistics control tower. Right now, logistics is being managed without a control tower. And now that we have inbound logistics and outbound logistics together with good visibility, we can leverage both of those things together. So that's another real opportunity that's ahead of us here.

**Bala V. Sathyanarayanan**  
*Executive VP & Chief Human Resources Officer*

Excellent. Thank you. Thank you so much for sharing. Let's take an outside-in view. So you spoke about what we are doing inside Greif. Let's look at this through the lens of competition. What differentiates our supply chain, our digital innovation organization from what we see in competition?

**Vivian E. Bouet**  
*VP and Chief Information & Digital Officer*

I think for me, when I think about our competition and what we do and what differentiates Greif really, the focus is on Greif. It really is around, we have elevated and used -- we're using technology. We're making digital a priority. And it's not digital because we like digital tools or we like shiny new objects. It's around surgical application in the right places at the right time for digital tools ultimately to automate, to deliver intelligence.

And then ultimately, to simplify operations, make it easier to do business with Greif, that's going to make -- be the differentiator for us because what it does is it unlocks profitable value. It unlocks margin expansion. And ultimately, what we're trying to do is ultimately elevate customer service excellence in terms of our ambition. So the difference, I think, is beyond the technology is beyond digital, it's around the people. You put those two together, and I think you have an organization that's pretty you.

**Bala V. Sathyanarayanan**  
*Executive VP & Chief Human Resources Officer*

Tina, what differentiates us?

**Tina R. Schoner**  
*Senior VP & Chief Supply Chain Officer*

I love this question, first of all, because it's a perspective question, not necessarily a fact-based question. And it reminds me of the old adage, keep your eyes on the horizon and your ears on the ground. I'm not as customer-facing as Tim and his organization. I'm more supplier facing, but I hear a lot of competitive intel from our supply base as well. So I do appreciate that. And we don't get on our laurels here either because what differentiates us today may not be the thing that differentiates us a year from now or even 6 months from now. Our competitors are changing and we are, too, so.

I think that back in September, we held a supplier summit at Greif at our campus in Columbus, Ohio. We brought in about 200 suppliers. And we listened to them. We asked them this question, why do you care about Greif? Why do you value us as a customer? Why do you treat us as a preferred customer? And it was very -- I think supplier relationships are a differentiator, for sure. But it was interesting what they shared with us, and they kind of rolled it up and I would coalesce it to a few things here. But they said, "You do what you say you're going to do. You're consistent. You're a steadfast customer and we can depend on you." We're not in and out of the market. We've steady growth, and they really appreciate.

The other thing they say is, "You're present." And what they mean by your present is you're embedded. You're embedded in the communities where you manufacture and where you buy. And that means a lot to them. And I have worked for many multinationals, and I also chair councils for manufacturing, supply chain leaders. So I get to listen and get peer insights. And Greif is the most global company I have ever worked for. And it's not because we're just looking for a manufacturing place, a low-cost source or something. We are there, and we understand the institutions. We understand the laws, the tax laws, the global trade policies. Our people are there. We speak the language. It's very different. And our suppliers appreciate. I think it differentiates us very much.

And the third thing that they absolutely appreciate is that we lead an ethical and a responsible supply chain organization. We make fair business decisions. We engage in competition in a fair way, and they truly appreciate that as well, yes.

**Bala V. Sathyanarayanan**  
*Executive VP & Chief Human Resources Officer*

Thank you. Thank you for sharing. Time does really fly when you have two passionate individuals talking about what they do. So for our audience, both in-person and on the web, what key takeaways would you like to leave them with?

**Vivian E. Bouet**  
*VP and Chief Information & Digital Officer*

I'll go first. So I've used the word digital a lot. And what I would love for you to do is in your takeaway, for me, digital is around customer centricity. Those are synonymous and exchangeable words. So this love from Greif and the ambition with -- look, it's not going to be easy. I'm going to be honest with you, but we have an ambition to be the best customer service company in the world. We're going to use digital and technology ultimately to deliver that. We're going to use technology in a manner ultimately that is surgical in the right place.

Paddy mentioned it and as well Ole how we use our capital in technology will make sense. So I will leave you with this. Our goal ultimately is when you see us in 2027, the next time that we have a conversation with you, I think that one of the things you'll ask is, how have we progressed? And the idea is we have deployed digital AI tools, artificial intelligence ultimately to elevate our overall

customer service engagement and service levels and ultimately deliver to the bottom line. This is not about just tools. This is around delivering to the bottom line and deploying capital in a manner that makes sense for us.

**Tina R. Schoner**

*Senior VP & Chief Supply Chain Officer*

I would just add to that, that we are investing in modernizing the business, one, but creating a culture of collaboration and working together. And these centers of excellence, these enabling functions that we have, they are raising the bar on performance for the organization, and it ultimately helps us deliver our legendary customer service, huge takeaway.

**Bala V. Sathyanarayanan**

*Executive VP & Chief Human Resources Officer*

And then that's the core of the whole conversation, right? It's about global expertise, leveraging the global expertise and delivering locally. What are we delivering locally? We are delivering legendary customer service. Who delivers a legendary customer service? Our colleagues, our world-class inclusive and engaged colleagues deliver that legendary customer service to our customers so that there is a huge appreciation, not just value creation, but also value capture, which is what we do through these organizations.

So talking of value, let's bring Larry Hilsheimer, our CFO, on to the stage. Thank you so much, Vivian, and thank you very much, Tina. Great having you.

**Lawrence Allen Hilsheimer**

*Executive VP & CFO*

Thank you, everybody. Thank you, Tina, Bala and Vivian. My colleagues today talked about our new operating model, talked about processing and also talked about tools. And it might be obvious to bring that all together and maybe tie a holiday bow around this before we head out. But also, I'd like to just do a little reflection on somewhat of where we've come from a little bit.

But Greif is a 147-year-old company. We've been through depressions. We've been through wars. We've been through recessions. We've been through plagues, pandemics. We've been through all that stuff. And we just keep trucking on. We change, we modify, we're resilient in what we do. We look for our opportunities to take advantage of leveraging our operating margins, continuously improving them, looking at how do we generate cash flow, how do we return value to our shareholders. And that's what we focus on. But we do that through our model of customer service excellence and really working at our engagement with our colleagues. As you heard Bala talk about, we believe passionately in it, and I'll show you some data in that regard.

But I want to step back, and I'd ask you to just pause and look at this slide. So what we've done over the last decade, and we have vacillations year-to-year. But in 3-year blocks, I think what we've delivered to our shareholders is pretty darn impressive. So you've got here, obviously, we've grown the sales of the organization, and this is despite walking away from over \$1 billion of revenue at really crappy margins, 5% below, okay? We've replaced it. We've grown. We've done acquisitions, but we've also just driven improvement.

We aren't done. We've been talking about that all morning. But our historical performance doesn't really look that bad. I think it really looks pretty darn good, okay? So we're proud of that. Next, we've been talking all day about customer service excellence and talking about customer -- our colleague engagement that drives that. Two sections on this slide.

On the left-hand side of the slide is our growth in our Gallup engagement scores. And what those dots are on that scatter plot is our engagement by plant, okay? Direct correlation to profitability by plant, by engagement. This stuff works, all right? On the right-hand side, we don't have NPS by plant, but we have it by country. I will tell you that those dots on the left-hand side align to the dots on the right-hand side.

Again, NPS turns into profitability. We have highly engage customers. They like doing business with you. They hate leaving, okay? Do we have some leave? Sure. You can all the time have somebody push procurement. We got to have the lowest price. We got to have this. We've got stress in the organization. That's fine. We don't want that business, okay? Generally, they come back. And we've seen it over and over and over again. So this data, I think, supports what we've been preaching for the last decade, and we believe passionately in it.

We deliver what we commit, and we'll talk about commitments today again. But this is just a historical chart talking about different Investor Days, about annual guidance, those kind of things. We do what we say we're going to do. We deliver it. The lower right is what we did at Investor Day a couple of years ago, and we talked about long-term aspirations on EBITDA margin. The industrial

recession has impacted us a bit, but we've still improved, and we've now upped the game in targeting over aspirational goals of getting to 18% EBITDA margins in the future.

I'll just reiterate some of the prior things talked about today. We're going to focus on these less cyclical, higher opportunity, higher growth margins -- markets by focusing on our growth activities in the polymer-based businesses. Does not mean we won't look at great opportunities like the ColePak acquisition we made, relatively small one, great margins, great business, great growth. We'll take those all day. But our primary focus is going to be in the polymer space.

And all of that comes together with the application of the tools that Kim talked about, Tina talked about, Vivian talked about, and we work collaboratively across the organization. Hopefully, that cultural aspect comes through to you. We're a team. We're not a series of individuals who don't work well together. We actually like each other, that's a nice thing, and enjoy working together very much.

So let me then get to financial things. And Ole mentioned, you guys are customers. My customers weren't too happy with me last week. I didn't give them enough details, so we'll give you more details today. So this is our bridge in an inorganic -- or organic growth, not M&A growth. Nothing in here on M&A, except stuff we've already done, all right? So in the first column, we start with \$704 million. It's a little different than what you saw. As we shifted to the new operating model, we also got rid of some noise in our other income, which is really just currency gains and losses and remeasurement of pensions. That stuff fluctuates all over the place. It's not really operational. It's noncash. We just adjusted to have it out going forward.

The \$150 million, what's that? Discrete items. That's just the current pricing and OCC costs. That's not taking into account the price increase that we have out there that we feel pretty confident some will come in, if not all. We think all should be justified. But there's nothing in that for there other than what's already priced in that has already happened to this date.

Also, you have an increase in Ipackchem, achieving its business plan, which we're very confident in if we get back in through this industrial recession and volumes come back. So the volumes for Ipackchem are in this column as well as just operational improvements. That's offset by the sale that we had of our Delta business, which is about a \$9 million negative. Between the two of them, that's about \$40 million. The paper pricing and OCC is about \$100 million. Those are 12-month numbers. And then on top of that, you have Dallas, our sheet feeder, when that thing gets operational, had a \$9 million loss last year, about a \$30 million increase to get to where it would be, not that it will get to \$30 million, but that incremental piece will get you there. Those items alone get you to this target.

Volume and operating leverage. We've talked about this a lot. I told you that I'd give you this week the breakdown in our new SBUs. So if we just get back to '22 volume levels at just current margins, not a duplication of the lift from the paper pricing and OCC that I talked about. So you've got metals, \$50 million; you got polymers without Ipackchem, \$30 million; and within fiber, you got \$70 million.

Now that's not to let Gerard off the hook. Integrated solutions isn't on here because that wasn't in our primary groups before. Gerard will deliver more. So we think we have more opportunity there. Do you hear that, Gerard? All right. You got it. All right. Cool. Now the \$100 million in cost thing, this is a little bit of what I meant about responding to customer input. So we weren't ready last week to give you breakdowns, but the team has been working, and I knew we'd get to this place. So we got ranges, \$15 million to \$25 million delivered this year, move that up to \$50 million to \$60 million the following year cumulatively, move that up to \$70 million to \$90 million the third year, and it will be \$100 million, \$100 million rate plus going into '28. So hopefully, that gives you more substance behind what we've committed to deliver.

As I mentioned before, we deliver on our commitments. We will remain disciplined in our capital allocation. This historic model is probably about where it will be over periods of time. Not every single year is going to be exactly the same. We do M&A when it's opportunistic. Right now, our big focus is make sure we continue to do the maintenance capital we need, keep the cash machines running, make sure that we pay down debt towards our target debt ratio of 2 to 2.5x, position ourselves for M&A activities.

As the EBITDA comes back, as volumes return, as the industrial recession fades away at some point in time, that leverage of EBITDA going up as your cash is paying down gets that leverage ratio back in line very, very rapidly as we saw the past time after we did the Carastar acquisition, we got down there a lot faster than anybody thought.

And then back to disciplined and programmatic approach to M&A. Ole spoke about, we've learned a lot of lessons in Greif over the last 20, 25 years. We've applied all those lessons. We apply them as we go into these. We've talked about -- or Kim talked about the approach of using GBS 2.0 to help us do integration well and really bring those things together. We feel very comfortable that we've had -- we've developed a very good playbook. We have a big pipeline of potential opportunities. We're not executing. We're not proactively going after that right now because the priority is pay down debt.

But there's a lot in front of us. So we look at the future, we think no question in our mind, we're going to blow this away because we'll get there organically, and we will be back in the M&A market and Greif is going to go down the path towards its objective to double the size of this company.

I'll come back to, we're resilient. We go through these things. We think we're delivering pretty well in an industrial recession economy. We focus on using all the tools and processes we mentioned today to keep driving operational improvement and margins. We really focus on driving cash flow. We'll be leveraging our supply chain capabilities. And then we will look at doing the right deals to help us achieve our overall objectives.

With that, let me turn it back to Ole.

**Ole G. Rosgaard**  
*President, CEO & Director*

Thank you, Larry. So I hope you've had a good morning. We will still have a final Q&A, but I certainly hope we have demonstrated to you how we have optimized Greif, how we have optimized this machine and how we keep optimizing it, fine-tuning it. So it fires on not just on all cylinders, but it's top tuned. We are transitioning, as I said earlier, from good to great. We are a market leader in our chosen markets. We have a strong, strong track record. We are very disciplined in the way we execute our strategy.

So in other words, we are well positioned for growth. We are helping ourselves to grow in a very, I would say, depressed market at the moment. And when the market just returns a little bit, we are in an ideal situation to really take off. And as I said earlier, let me remind you that our legendary customer service also applies to our investors. So let's now transition to the final Q&A session. We'll get some chairs up here, and I'll invite my colleagues to come up on stage. Thank you.

# Question and Answer

**Bill D'Onofrio**

*Vice President of Investor Relations & Corporate Development*

[Operator Instructions]

**Unknown Analyst**

It's a well done Analyst Day. Question for Kimberly. It's a 2-part question. I'll start with the first part. Just for the newly acquired businesses, have you any statistics on employee retention -- regrettable churn statistics, in those newly acquired businesses after engaging them with your Greif Business System?

**Kimberly A. Kellermann**

*Senior Vice President of Global Operations Group*

So from a retention perspective, I can -- I'll speak a little bit and then turn it over to Bala, who probably has more of a specific data. Through practical application of deploying our kind of GBS within those acquisitions, I would say common feedback that we get from the teams is extremely positive in terms of the cultural fit, the way in which we engage our newly acquired colleagues in the problem-solving approach, how we listen to their ideas and really involve them in that collaborative view. So I would say, in general, the feedback is very, very positive, but specific stats, I'll let Bala address that.

**Bala V. Sathyanarayanan**

*Executive VP & Chief Human Resources Officer*

As part of our due diligence, we also focus on the human capital due diligence. So we look at not just the business strategy of the organization, the financials of the organization, the markets and the growth of this organization, we also look at do they have the talent to execute on the strategy for today and the future. And when you look at talent, we look at who are the key talent who we need to retain and bring them on board.

So as part of our acquisition strategy, we engage way early in the process. So we have a good understanding of what their retention rates are as before -- prior to acquisition and what the rates are post acquisition. Typically, post acquisition, their retention rates mirror Greif's because we find ways and means of integrating them into our culture of servant leadership, our culture of Greif way of doing things, our culture of putting them through the rigors of engaging them through the Gallup colleague engagement process.

So it does take time. It's not easy because they come from -- they start at different points in their careers in terms of culture, the mindset of those organizations. And the farther they are from the mothership, the challenging it gets. But just because it's challenging, it does not necessarily mean that we don't do it. We acquired them for a reason. So once we acquire them, we ensure that we bring them on board. Over a 2- to 3-year window, their engagement level starts mirroring Greif's engagement. It does go through a phase of adaptation and transition.

**Unknown Analyst**

Thank you for that. And this leads to my -- builds to my next question. Just in terms of data that you can provide, are there early learnings from some of these recent larger deals? Any statistics you can provide on your -- achieving your stated or your internally stated synergies, both from a revenue and a cost standpoint? And particularly as you think about your capital deployment strategy, how should we think about that?

**Lawrence Allen Hilsheimer**

*Executive VP & CFO*

I mean I can address that. I mean each of our acquisitions, we are well along the way to all the synergy capture, and Lee and Reliant basically ahead. Ipackchem because of the volume decrements, we've not yet achieved the overall, but with the volumes back, then we actually exceed. And I think there's still more opportunity on the cross-sell stuff that Tim talked about. The magnitude of that, I don't know if you can try to quantify it, Tim or...

**Timothy L. Bergwall**

*Senior VP & Chief Commercial Officer*

Not yet.

**Brian Joseph Butler**

*Stifel, Nicolaus & Company, Incorporated, Research Division*

Brian Butler from Stifel again. On the \$1 billion in EBITDA and the 18% margins, I just want to kind of -- it seems like the \$1 billion could be achieved sooner rather than later. I mean, 2027, maybe at the high level, what's kind of the headwinds that you're expecting that keep you from getting there to \$1 billion in '26 or even by the end of '25 based on some of the discrete items and the recovery in the economy? And then in 2027, at that \$1 billion, what does that margin look like relative to the 18% goal? Are you quite there yet? And then finally, just 18% goal, do you have any color on how that splits out across the new segments?

**Lawrence Allen Hilsheimer**

*Executive VP & CFO*

So just to be very clear, 18% EBITDA margin is an aspirational objective. Organically, by 2027, we're not going to be at 18%. I mean we've got a great steel and metals business that getting to 18% in that business is probably not likely, okay? So that's a big, major part of our business. So the 18% is really tied to M&A and also there's big cost takeout. I have not yet delineated how much is in each segment.

I mean we just released that data the other day. And what you have is, when you start doing that, then you allocate costs across the organization. So some of the businesses like polymer, you're looking at and saying, well, what's happened to the margins? Well, some of the other margins have gone up because the cost allocation across those segments goes across all of them. But we're also going to then try to take out this \$100 million, we will take out this \$100 million plus of cost, which some will be SG&A, some will be operating costs and some will be consolidation of plants. But -- so by 2027, could we be more than \$1 billion? Sure, particularly if the industrial economy recovers more quickly and we get back into our leverage ratio when we do M&A, yes, we'll be back past the \$ 1 billion.

**George Leon Staphos**

*BofA Securities, Research Division*

George Staphos from BofA. Lots of stuff that we could get into, but I'll do two questions. First of all, Larry, on the question of polymer margins, can you talk a little bit about what you're just getting at in terms of the allocations? Related to that, when we look at the historical data, thanks for providing that last week, the spread versus metal tends to be fairly consistent, like 100 basis points over the last couple of years. So in your mind's eye, when we get to normal, whatever that is, what do you think the polymer margins actually will look like? So that's question one with a couple of parts to it.

Question two. When you look at the plant engagement scores, Kim, and the NPIs and the premise was, understandably, as you move up in those regards, profitability moves up. What's the toggle? In other words, when the promoter scores improve and engagement improves, what is it that gets better at the plants that actually gets you to higher margin? Is it less waste? I know it's all of the above, but what's the one thing that changes?

**Lawrence Allen Hilsheimer**

*Executive VP & CFO*

On the question on polymers, obviously, last Thursday evening, we released those by the new segments. And the polymers, of course, has our historic businesses of large plastic drums, small plastic drums, IBCs and also the new businesses. However, in the '23 numbers, realize we only had a partial year of -- most of the year for Lee, but partial year for Reliant, which is small and none of Ipackchem, right? So then you have Ipackchem coming in, in '24. First of all, you have only a partial year. You had an \$8 million or \$9 million inventory adjustment, that's a onetime item, accounting thing that distorts the margins.

And so you then have then the depression of the volume pressure because of this whole industrial recession. As we've talked about oftentimes when we talk about this volume lift, the incremental volume margins come in at a much higher level. And so -- but then you do have this just corporate overhead allocation that gets spread across all the businesses. And so some of those costs have now been spread more across all of them that then also is impacting the new businesses to draw down, but everything rises. I mean the reason that we're going out and trying to buy these businesses is the rise all types. And eventually, that will play through, but those are the big drivers. And then your second question...

**Ole G. Rosgaard**

*President, CEO & Director*

Yes, I'll just give you an example on the second one.

**George Leon Staphos**

*BofA Securities, Research Division*

Long-term margin for polymers?

**Lawrence Allen Hilsheimer**

*Executive VP & CFO*

I'm sorry?

**George Leon Staphos**

*BofA Securities, Research Division*

Long-term margin for polymers?

**Lawrence Allen Hilsheimer**

*Executive VP & CFO*

Yes. So long-term margin for polymer is, it'd be over 18%. I mean, so -- but some of that also -- and thanks for saying that, George, because the other element of this, and we've talked about, a big driver of that is -- in the IBC business is the recycling component of it. And we've been doing over time, these acquisitions of the recycling businesses, and we continue to do that. Some of them are very small. We just closed two very small ones recently. But as we build that out, it helps drive up the margins in the IBC business as well.

**Kimberly A. Kellermann**

*Senior Vice President of Global Operations Group*

Second question regarding kind of what's ultimately driving from colleague engagement to actual operational performance. The really exciting part is, we've got engagement scores by plant, and we do a deep dive analysis really across the ELT to understand what those are, looking at where are highly performing and highly engaged workforces. And no surprise, the financial performance of those facilities are our best. And on the converse side, where the engagement is low, the financial performance of those facilities is not where we expect them to be.

But what is consistent when we see that evolution and then also look at our high-performing plants, it follows a very standard approach. First, we see safety performance improve. Then it's followed by product quality, so reduction in scrap and on-time delivery to our customers. And then it evolves to more of the efficiency piece. So really at the shop floor level, it's safety performance, scrap, on-time delivery to our customers and then operational efficiency. And that is almost copy and paste, every single plant we'll see that evolution. And then comparing that to our best-in-class, those are the 4 or 5 areas that those sites perform very, very well on a consistent year-over-year, month-to-month basis.

**Ole G. Rosgaard**

*President, CEO & Director*

And let me just give you an example from a very specific plant. You saw Kim show some steel plants that we had improved. We actually went to one of them recently to celebrate that they have gone for over 1,000 days without accidents, which in a heavy industry like ours is remarkable. That plant was up for closure a few years back. And they have recently through Gemba and Lean Sigma, Six Sigma, reduced 2 shifts down to 1 shift and still producing the same amount of product, so imagine the saving there.

**Bala V. Sathyanarayanan**

*Executive VP & Chief Human Resources Officer*

It's the foundation of that engagement. The foundation, the pride those colleagues take in ensuring that the plant does not shut down, but more importantly, show up as what we would like it to show.

**Patrick G. Mullaney**

*Senior VP & Chief Business Unit Officer*

Maybe if I could just make one comment on that. In terms of the new structure and what's different, with the SBUs as they are set up right now, there's complete focus on all of the key drivers of value in the business, so whether it's on the procurement side, on the materials or the productivity, et cetera. So how do we engage teams drive that because they're focused on, right? And that's linked to the engagement scores. But there is a level of focus across our business in this structure, which helps drive that financial performance. And at the end of the day, that's critical.

**Gabrial Shane Hajde**

*Wells Fargo Securities, LLC, Research Division*

Gabe Hajde, Wells Fargo again. On the portfolio, this, I think, is the first time for me, at least, and you guys are generally viewed as an industrial packager that I've heard consumer closures within the integrated solutions piece. And again, I appreciate not necessarily, maybe it will, maybe it won't be a needle mover, and it seems like it's more M&A motivated. But just any context around that in terms of timing, sizing, things that are interesting versus not interesting to you or like lanes that you would consider playing in?

And then on the flip side, the one business that stands out to me from a margin perspective, and I hope I don't offend anyone in the room, is the recycling business. And I know that you talked about, Tim, in terms of being an integrated solution from start to finish. But just thinking about, has anything changed with the strategic rationale of having recycling or the collection business?

And then a question for you, Tim, specifically in response to, I think, his question about doing an analysis or looking at, okay, if we're not profitable on a specific customer or a specific product line, is there any commonality with when you guys kind of go through and like root cause? Is it typically price? Is it typically something that maybe raw material costs or regional? Just anything that you can provide for us to help us understand like, okay, is it an easy fix or a hard fix?

**Ole G. Rosgaard**

*President, CEO & Director*

Let me do the first one, Gabe. I travel a lot. And when I travel, obviously, I meet customers, I see our own facilities, but I also have meetings with business owners, businesses that may be not for sale today, but maybe in the future or businesses that are private equity owned that we know will be for sale in the future. And yes, one of the segments is in the caps and closures space. There are not really many caps and closure companies that are purely focused on industrial packaging.

There are some that have a fairly large part of their portfolio in industrial packaging, but most of them also have an element of consumer packaging. So that's why we said what we said. It's not like we can just cut that out and say, we'll go for a clean because then we're not going to find anything. So we want you, as investors, to know that we will slowly move into that space, but we're not going to go in and go in 100% in water bottle caps and closures and that sort of thing. We will be very, very smart about it.

**Lawrence Allen Hilsheimer**

*Executive VP & CFO*

Yes. And most of it would be things that's even though it's consumer end, most of that is still just business to business because you're making the cap or the closure for something that's going on a product that's going out in the consumer space.

**Timothy L. Bergwall**

*Senior VP & Chief Commercial Officer*

I'd say on the customer side and item pricing, what typically happens is that when we originally price something, it's at margins that we're happy with. So we're running them in the plants. Over time, what can happen is, as they add additional things that they need, and we're all driven to deliver legendary customer service, sometimes that can mean we end up doing extra things. So the key is we need to capture the activity-based costing and then relook at that item and margin and make sure that we either reprice it, make sure it's being accounted for or we switch them to a different product.

And every time we make a change, too, it's not just a pricing activity. A lot of it is switching them to a different product or a different solution. And every time we do that, we gain a little bit of margin. The same thing holds true with quantities. We may find that someone's ordering to have truckload doesn't look so good. We get them into a full load, and we're now making money on it. So it really -- there's no specific root cause, Gabe. It's really, really different across the board.

**Lawrence Allen Hilsheimer**

*Executive VP & CFO*

Gabe, what was your second question?

**Patrick G. Mullaney**

*Senior VP & Chief Business Unit Officer*

IBC reconditioning. Was it IBC reconditioning? Are we talking about the recycled materials component?

**Gabrial Shane Hajde**

*Wells Fargo Securities, LLC, Research Division*

IBC reconditioning collection or recycling business.

**Patrick G. Mullaney**  
*Senior VP & Chief Business Unit Officer*

So the recycled materials as feedstock to put into our system. So because -- yes. so that's a core part of it, right? So because we are -- there's a proportion of our business that is virgin fiber but small, right? So we're taking on our URB and our CRB. We're taking a lot of recycled material, and we're also taking PCR and on the resin. So that's a critical part of the chain. And if you don't have that access because you know the sources, et cetera, I think it's a disadvantage. So we value that business highly. If you look at the margins in that compared to the others, that's probably where you're going. It looks a bit different. It looks a bit weird, but you've got to look at the whole thing, right.

**Timothy L. Bergwall**  
*Senior VP & Chief Commercial Officer*

Yes. I would add, that model, when you're in the recycling business, you're really a trader. So you're looking at both collecting it and where can I place it profitably. You're always looking at the spread, and it's the same teams doing both. So they're very, very entrepreneurial. And what we've seen is there's the core business that's just getting fiber into our paper mills, but then there's the outside business where they're really doing some unique things, like they'll bring in scrap, they'll cut down roles that have been water damaged and resell them. A lot of interesting things to make money, and they do a great job. I would say the IBC side is the exact same business model.

**Patrick G. Mullaney**  
*Senior VP & Chief Business Unit Officer*

But we are recycling those and selling those back out to the market, right? So it's not feedstock, in some cases. The PCR is ground down and put back in the process.

**Michael Andrew Roxland**  
*Truist Securities, Inc., Research Division*

Mike Roxland, Truist, up again here. A question from the last week on earnings. During the earnings call, you mentioned that you won business from the United States Postal Service, 55,000 tons. The Dallas plant itself is about 120,000 tons. Can you help us understand how much of the 55,000 tons you won from the USPS is going to Dallas versus your other plants? Are there any additional opportunities with the U.S. Postal Service or any other customers as well in that regard?

And second question is for Larry. Can you help us understand where return on invested capital stands today? Where it will stand when you achieve that \$1 billion of EBITDA in '27? And where it will stand when you hit that 18% EBITDA margin?

**Timothy L. Bergwall**  
*Senior VP & Chief Commercial Officer*

So I'll take the first one, Mike. So the new business that we onboarded is really split amongst 3 different facilities. So we've been investing over the years to go big in bulk packaging. So in Dallas, what we did is we added a triple wall corrugator and some jumbo press lines, which basically enable you to be a low-cost producer on bulk boxes. We did that to go bigger in produce, but also to get into distribution where they use big bulk boxes for small parcels and things like that in DCs. So that particular account that will be actually run in 3 different plants. So a big boost for Dallas, but also really good for Louisville, Kentucky as well as Charlotte, North Carolina.

**Patrick G. Mullaney**  
*Senior VP & Chief Business Unit Officer*

And on Dallas -- sorry. On Dallas, so the commercial teams, market mapping, lots of good pipeline of opportunities. That's a new plant. Obviously, we've got to fill that, right? So it's not just on 1 or 2 or 3 customers. I think that's...

**Lawrence Allen Hilsheimer**  
*Executive VP & CFO*

So our return on investment capital right now on an after-tax basis is essentially barely above our weighted adjusted cost of capital, but it is still slightly positive with all the depressed volumes. I have not yet forecasted out what it would be on hitting this, but it will grow immensely because the margin increase is so incremental, but I don't know, Bill, have we done any modeling on that yet?

**Bill D'Onofrio**

*Vice President of Investor Relations & Corporate Development*

What I would speak to is that our return on invested capital on an after-tax basis was in the low teens to mid-teens, and that would be the target to get to that level, if not.

The next question we have is from the webcast, and it's from Ghansham Panjabi from Baird. And it's a 2-part question. I'll start with the first one, and this is for you to start with, Ole. The most obvious catalyst to boost Greif's valuation multiple is to diminish cyclical relative to the historical baseline. Is that a strategic priority for the company as it relates to evaluating acquisitions and divestitures?

**Ole G. Rosgaard**

*President, CEO & Director*

That's a clear yes. And we have been very intentional on the end markets and the segments we focus on in our acquisition strategy. So it's a clear yes.

**Bill D'Onofrio**

*Vice President of Investor Relations & Corporate Development*

Okay. And then the second part of Ghansham's question was, in a scenario that volumes remain lower for longer, what are the contingent levers you can pull to achieve your '27 targets?

**Lawrence Allen Hilsheimer**

*Executive VP & CFO*

Yes. I mean I would say if this stays lower for longer, which I fundamentally do not believe is going to happen, I mean that would be like, our whole economy is going to adjust down because we never recover on an industrial sector. But if that happens, our opportunity is to get to \$1 billion of EBITDA by going into '28, it's not going to be there. I mean, because you take out that whole \$150 million of lift that comes from volume, we would not gut our organization, cutting our way to get there. That would not be a wise move in our view.

But look, we're resilient. Like I said, we've been around 147 years. If it turns out that this is a fundamental restacking of the U.S. economy, then we'll adjust. And by that, what would that mean? Well, I guess we would need to consolidate more plants. We'd cut down our cost structure. I don't think it would get us to \$1 billion, but it would get us to be in a position then to lever down very rapidly and then do more M&A. So just retool and readjust.

**Patrick G. Mullaney**

*Senior VP & Chief Business Unit Officer*

It won't be the first time we've done that.

**Bala V. Sathyanarayanan**

*Executive VP & Chief Human Resources Officer*

All those things we have expertise in doing and we've done it in the past.

**Patrick G. Mullaney**

*Senior VP & Chief Business Unit Officer*

Maybe if I could add, we're a global business as well, right? So there's different dynamics going on in different parts of the market. And it's our ability to piggyback on the back of those opportunities when they crop up. That's been good for us in the past, that will be good for us in the future. So we shouldn't just look at it from one specific geography, right?

**Matthew Burke Roberts**

*Raymond James & Associates, Inc., Research Division*

Matt Roberts with Raymond James. I have 2 questions. The first one, similar to what George asked on the polymer margins, but really on the fiber margins, could you give kind of a long-term margin outlook for that and recognizing that it is more volatile and there's certainly price cost volatility. Given pricing initiatives that you have, can you narrow that volatility?

And my second question is really on the cross-selling opportunities that you referenced. And Kim used the software example. So I'll use one of my own. When I get a software update, I usually want to defer to the last minute. I want to rid myself of Windows 10, but ultimately, I get used to it, works just fine. So as you implement those cross-selling initiatives, what training updates are still needed? Where have you seen or could see friction? And while no magnitude is given on the benefit there, when could we see a tangible realization of those initiatives?

**Lawrence Allen Hilsheimer**

*Executive VP & CFO*

I can start on the paper margins. So with the opening of the Dallas sheet feeder in the containerboard side of our business, significantly increasing our integration values and our integration levels. And we play in such a niche market in that space. I mean, those margins have been depressed because of where paper pricing has been for the last couple of years. Like I said in our bridge, we've not built anything in for the paper pricing that we just communicated to our customers last week. So the margin lift there is -- could be even more substantial. That business historically has been something that had EBITDA margins near the 20-plus level.

The URB business, COB business had historically been at lower levels. When we bought the business from Caraustar, we've improved that as paper pricing has done well. We think the -- we like our position in the marketplace. We like how that market functions. And so we -- I think on a composite basis, that is a business that could clearly be in that 18% up level as we get through our cost changes and those kind of things.

**Timothy L. Bergwall**

*Senior VP & Chief Commercial Officer*

I'd say on the cross-selling, more work to be done around just training of salespeople. We do have council meetings that we hold every quarter on various end-use markets. So we'll do a deep dive on lubricants, as an example. We'll have all of our colleagues on that on a Zoom call. And we'll be talking about trends in the industry that go across geographies. We'll talk about new products, what's catching on in certain regions, success stories that we've had, those kind of things. So -- and the product management teams are front and center with that.

So I think with most of the sellers, it just becomes a comfort level thing. Once they feel comfortable coming in and selling a product that they typically haven't led with, they'll see more confidence, they get some success and they'll continue to do it. So I would say it's training. It's certainly incentives, as I brought up earlier, but I don't think that's the main driver. I think the main driver is, I want to solve customer problems, and I'm not going to talk about it if I don't understand it. So a lot of it is just training.

**Bala V. Sathyanarayanan**

*Executive VP & Chief Human Resources Officer*

And we're investing in the training...

**Vivian E. Bouet**

*VP and Chief Information & Digital Officer*

I think the only other thing that I would add is also one of the things we're using, as you saw Greif+, is rolling it out eventually globally. But the intent then is to look at all of the data and look at how buyers are buying and then ultimately look at where do we have opportunities to then cross-sell. You're buying this product, but you're not buying this product. Do you like a closure, and then leveraging that -- using that platform to do that. Now we're still early in that process. We need to test that out, test out the model to determine how best to leverage it, but that's one another opportunity for cross-selling as well.

**Bala V. Sathyanarayanan**

*Executive VP & Chief Human Resources Officer*

The platform informs them of what the opportunity is, and we train our colleagues on how to sell the right solution to the right customer. It's a multipronged approach.

**Timothy L. Bergwall**

*Senior VP & Chief Commercial Officer*

Sorry, Bala, One thing I'd add too, Matt, is that there are patterns in our data. Like if you look at some of our customer end users, we have chemical companies that are buying tube and core from us, right? We have chemical companies buying bulk boxes from us. Why? So the question is, why does it happen here, but not over here? So it just leads us to that next opportunity.

**Lawrence Allen Hilsheimer**

*Executive VP & CFO*

And then your last piece of your question was like on training on digitization and all that. Was that the other part of the question?

**George Leon Staphos**

*BofA Securities, Research Division*

George Staphos. One question, last one for me on operations for Paddy and for Kim, so if we can talk -- or for anybody who wants it. If we think about the quadrants that you mentioned, can you actually talk what those quadrants are? I know it was sort of margin and strategic fit. But if you can provide a bit more detail there, how do the plants currently allocate into those quadrants? And how is the -- how are the actions that come from -- that analysis of those quadrants, how does that play out in terms of your plan? Does all of the activity wind up in that \$100 million? Or how does it ultimately get you to your 2027 goals? And again, great presentation, too. I echo what everybody else said.

**Patrick G. Mullaney**

*Senior VP & Chief Business Unit Officer*

Maybe if I start or do you want to start, Kim?

**Kimberly A. Kellermann**

*Senior Vice President of Global Operations Group*

No, go ahead.

**Patrick G. Mullaney**

*Senior VP & Chief Business Unit Officer*

So in short, you won't be surprised to hear that it's very closely linked to financials, right? So if we have plants that are underperforming, then our SBU leadership teams get after fixing those. So it's either close, transform and fix, divest, right? Those are the four blocks, right? But -- maintenance, yes. What's key are the actions. And the actions will set the pathway forward. So the teams work on whether it's on the cost of materials, whether it's on the productivity, whether you need automation in there, whether you need the margin improvements that need to be transferred through to the customers, et cetera. So it's not -- it's a large suite of actions and different operations will require a different recipe, shall we say, right?

But what's important is the leadership teams get right after that. And we have -- as Larry mentioned in his presentation, we've walked away from a lot of business, and that meant that plants have closed. And as part of our \$100 million, that's a core part of it. So Ole said, SG&A, plant optimization, operational efficiency improvements. So yes, it's got to be in that middle box.

**Lawrence Allen Hilsheimer**

*Executive VP & CFO*

To answer your question, and Kim can give more color to this, but we implemented this back when we did the transformation back with the plant. And at that point, we had a lot of plants that were initially in the closed box. And that led to that walking away from over \$1 billion business -- when the plants first get in that box, we get to this point of, okay, is there any way to save this thing? And Kim talked about a couple of those today where we actually save them from around.

The others would be, "Okay, look, they're marginally okay, but they need to improve. What do we do to transform those to grow?" And at that time, we had a lot in that bucket. Right now, I'd say the most of ours, the biggest bucket is maintaining. We have a lot of plants in maintenance and they're doing well. They just go, we'd look for continuous improvement and opportunities in that. And then we have a bucket of invest to grow. And those might be like in our IBC space and those kind of things. But Kim, you can give more color if you'd like.

**Kimberly A. Kellermann**

*Senior Vice President of Global Operations Group*

And I would add, the really cool part about our culture is we're very -- with our engaged colleagues, those plant managers and leaders know which quadrant they're in. And so from that point of view, if we've had plant managers say, wait a minute, I'm in the fix or I'm in the close, I don't want to be there. How can I get to that next level? So we engage our total operations group in terms of driving those performance, which is really fantastic.

**George Leon Staphos**

*BofA Securities, Research Division*

Is there any sales lift that maybe not in the financials as you fix some of these facilities that actually adds to your goals over time? And if so, is your way to quantify that?

**Lawrence Allen Hilsheimer**  
*Executive VP & CFO*

Yes. I mean a lot of the focus is on core operational capabilities to the extent that a plant has been impacted by just volume drop related to industrial recession kind of thing. We're not going to kill a plant because of that, but we're going to look for things, how can I squeeze cost in this interim period, shut down shifts, do those kind of things. So that's more of the focus at this point in time. But is there -- are there opportunities that come up about driving incremental margin or incremental sales? Yes, I mean that's back to this whole cross-sales effort.

**Kimberly A. Kellermann**  
*Senior Vice President of Global Operations Group*

Yes. And then also, I mentioned doing our customer-facing Lean Six Sigma projects with some of those. So where we have seen perhaps customer challenges with our ability to deliver at the right margins, that's where we leverage our Lean Six Sigma program to go in and work with those facilities to drive that either margin improvement or potentially volume growth.

**Ole G. Rosgaard**  
*President, CEO & Director*

Let me just stress, we're not talking about hundreds of plants here, George, in that category. We have less than a handful, less than a handful.

**Patrick G. Mullaney**  
*Senior VP & Chief Business Unit Officer*

Just the focus always kind of goes to the plants that maybe are underperforming, but there's some really good performing plants that can do more. And through the efficiency improvements and through the automation, those plants can add in extra capacity, which can then be sold to the market. So that's an area of focus as well, so and adding down the...

**Lawrence Allen Hilsheimer**  
*Executive VP & CFO*

Yes, it's a good comment because we talked about this from time to time. There was a Gallup author who wrote about focus on your strengths. You can get all caught up on focusing on fixing your problems and forget about focusing on your strengths. We try to remind ourselves of that often. Take these powerful things and let them drive a lot as well.

**Ole G. Rosgaard**  
*President, CEO & Director*

We would rather deploy cash into a very, very good operation to make it even better as opposed to in a struggling operation. So it makes more sense that way.

**Bill D'Onofrio**  
*Vice President of Investor Relations & Corporate Development*

That's our last question. So I'm going to hand it over to Ole for closing.

**Ole G. Rosgaard**  
*President, CEO & Director*

Thank you all for joining us today. We really appreciate it. We also appreciate everybody out there on the webcast joining us. We sincerely appreciate your time and your attention today and also your questions. And for those of you who's here in person, please join us for lunch. It's served out here in a minute. And with that, that concludes our Investor Day. Thank you.