



Greif Reports Fiscal 2019 and Fourth Quarter Results

12/4/2019

DELAWARE, Ohio, Dec. 4, 2019 /PRNewswire/ -- Greif, Inc. (NYSE: GEF, GEF.B), a world leader in industrial packaging products and services, today announced fiscal 2019 and fourth quarter results.

Fiscal Year Highlights Include (all results compared to the fiscal year 2018 unless otherwise noted):

- Completed the acquisition of Caraustar Industries, Inc. ("Caraustar") and increased anticipated run rate synergies to at least \$70.0 million from original \$45.0 million estimate. Approximately \$24.0 million of synergies were realized in fiscal 2019.
- Net sales increased by \$721.2 million to \$4,595.0 million.
- Gross profit increased by \$171.0 million to \$959.9 million.
- Income tax expense decreased by \$2.6 million to \$70.7 million, but our effective tax rate increased from 24.4 percent to 27.0 percent.
- Net income of \$171.0 million or \$2.89 per diluted Class A share decreased compared to net income of \$209.4 million or \$3.55 per diluted Class A share. Net income, excluding the impact of adjustments(1), of \$234.0 million or \$3.96 per diluted Class A share increased compared to net income, excluding the impact of adjustments, of \$208.7 million or \$3.53 per diluted Class A share. Adjusted EBITDA(2) increased by \$155.7 million to \$658.9 million.
- Net cash provided by operating activities increased by \$136.5 million to \$389.5 million. Adjusted free cash flow(3) increased by \$89.3 million to \$267.8 million.
- Reduced net debt by \$178.1 million since April 30, 2019.

Fourth Quarter Highlights Include (all results compared to the fourth quarter 2018 unless otherwise noted):

- Net sales increased by \$244.4 million to \$1,232.1 million.
- Gross profit increased by \$54.2 million to \$259.0 million.
- Income tax expense decreased by \$29.7 million to \$12.4 million.
- Net income of \$65.0 million or \$1.09 per diluted Class A share increased compared to net income of \$40.1 million or \$0.67 per diluted Class A share. Net income, excluding the impact of adjustments, of \$73.4 million or \$1.24 per diluted Class A share increased compared to net income, excluding the impact of adjustments, of \$64.3 million or \$1.08 per diluted Class A share. Adjusted EBITDA increased by \$45.3 million to \$186.8 million.

- Net cash provided by operating activities decreased by \$1.8 million to \$195.4 million. Adjusted free cash flow increased by \$1.2 million to \$150.2 million.

"The global Greif team executed well despite a challenging industrial business environment in both the fourth quarter and fiscal 2019," said Pete Watson, Greif's President and Chief Executive Officer. "We achieved a step change in financial performance with the acquisition of Caraustar and advanced our focus on customer service excellence and disciplined operational execution around our global portfolio. As we look ahead to fiscal 2020, we are committed to managing those areas within our control to successfully navigate a continued uncertain global macro-economic environment."

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- (1) A summary of all adjustments that are excluded from net income before adjustments and from earnings per diluted Class A share before adjustments are set forth in the Selected Financial Highlights table following the Company Outlook in this release.
 - (2) Adjusted EBITDA is defined as net income, plus interest expense, net, including debt extinguishment charges, plus income tax expense, plus depreciation, depletion and amortization expense, plus restructuring charges, plus acquisition-related costs, plus non-cash impairment charges, plus non-cash pension settlement charges, less (gain) loss on disposal of properties, plants, equipment and businesses, net.
 - (3) Adjusted free cash flow is defined as net cash provided by operating activities, plus cash paid for acquisition-related costs, plus cash paid for debt issuance costs, plus an additional one-time \$65.0 million contribution made by the Company to its U.S. defined benefit plan during the third quarter of 2018, plus cash paid for acquisition-related ERP systems, less cash paid for purchases of properties, plants and equipment.

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

Customer Service

The Company's consolidated CSI(4) score was 90.5 during the fiscal fourth quarter, and this was the first time the Company's CSI score exceeded 90.0 since data began to be tracked in fiscal 2015. Our long term objective is for each business to achieve a CSI score of 95.0 or greater.

CSI for the Rigid Industrial Packaging & Services segment was 90.1, or roughly 3% higher than prior year quarter. CSI for the Flexible Products & Services segment was 95.2, or roughly 2% higher than prior year quarter. CSI for the Paper Packaging & Services segment fell by roughly 5% to 90.7, but excluding Caraustar operations would have been 94.6 and flat to the prior year quarter.

Additionally, we completed our ninth NPS(5) survey and achieved our best ever score of 61, which exceeds our aspirational NPS goal of 55 or greater. Our latest score represents a 56% improvement from Wave 1 and a 7% increase from our Wave 8 survey conducted earlier in fiscal 2019. We continue to leverage the increased customer interactions that accompany each survey into additional enhancements for our customers and better strategic insight into their business needs.

Segment Results (all results compared to the fourth quarter of 2018 unless otherwise noted)

Net sales are impacted mainly by the volume of primary products(6) sold, selling prices, product mix and the impact of changes in foreign currencies against the U.S. Dollar. The table below shows the percentage impact of each of these items on net sales for our primary products for the fourth quarter of 2019 as compared to the prior year quarter for the business segments with manufacturing operations. Net sales from Caraustar's primary products are not included in the table below, but will be included in the Paper Packaging & Services segment starting in the second quarter of fiscal 2020:

<u>Net Sales Impact - Primary Products</u>	Rigid Industrial		
	Packaging &	Paper Packaging &	Flexible Products
	Services	Services	& Services
	%	%	%
Currency Translation	(2.3) %	—	(3.1) %
Volume	(5.3) %	(7.7) %	(2.4) %
Selling Prices and Product Mix	0.0 %	(5.6) %	(0.7) %
Total Impact of Primary Products	(7.6) %	(13.3) %	(6.2) %

Rigid Industrial Packaging & Services

Net sales decreased by \$38.9 million to \$619.0 million. Net sales excluding foreign currency translation decreased by \$27.6 million due primarily to continued demand softness in Western/Central Europe, APAC and the U.S.

Gross profit decreased by \$2.7 million to \$114.0 million. The decrease in gross profit was primarily due to the same factors that impacted net sales.

Operating profit increased by \$12.2 million to \$55.0 million primarily due to gain on disposal of properties, plants, equipment and businesses, net, as well as a decrease in the segment's SG&A expense. The decrease in SG&A expense includes a one-time Brazilian tax recovery of approximately \$7.0 million related to taxes paid over the past two decades. Adjusted EBITDA decreased by \$1.5 million to \$69.5 million primarily due to the same factors that impacted net sales and partially offset by lower SG&A expenses.

Paper Packaging & Services

Net sales increased by \$290.3 million to \$535.1 million. The increase in sales was primarily due to \$322.6 million of contribution from the acquired Caraustar operations, partially offset by the impact of approximately 12,000 tons of containerboard economic downtime, approximately 6,500 tons of scheduled containerboard maintenance downtime, and lower published containerboard prices.

Gross profit increased by \$58.7 million to \$128.5 million. The increase in gross profit was primarily due to \$73.7 million of contribution from the acquired Caraustar operations, partially offset by the same factors that impacted net sales.

Operating profit increased by \$2.4 million to \$55.7 million. Adjusted EBITDA increased by \$46.6 million to \$108.7 million primarily due to \$63.6 million of contribution from the acquired Caraustar operations, partially offset by the same factors that impacted net sales.

Flexible Products & Services

Net sales decreased by \$6.6 million to \$70.9 million. Net sales excluding foreign currency translation decreased by \$4.3 million due primarily to continued demand softness in Western Europe.

Gross profit decreased by \$1.5 million to \$14.2 million primarily due to the same factors that impacted net sales, partially offset by lower manufacturing costs.

Operating profit decreased by \$2.3 million to \$3.1 million. Adjusted EBITDA increased by \$0.5 million to \$5.8 million. The increase in adjusted EBITDA was primarily due to a reduction in the segment's SG&A expense.

Land Management

Net sales decreased by \$0.4 million to \$7.1 million.

Operating profit increased by \$0.1 million to \$1.9 million. Adjusted EBITDA decreased by \$0.3 million to \$2.8 million.

Tax Summary

During the fourth quarter, the Company recorded an income tax rate of 15.2 percent and a tax rate excluding the impact of adjustments of 17.0 percent. As previously disclosed, the application of FIN 18 often causes fluctuations in our quarterly effective tax rates. For the full year, the Company recorded an income tax rate of 27.0 percent and a tax rate excluding the impact of adjustments of 25.1 percent. Both full year rates reflect fourth quarter benefits of \$6.1 million from return to provision adjustments and reserve releases due to audit settlements and statute expirations.

Dividend Summary

On December 3, 2019, the Board of Directors declared quarterly cash dividends of \$0.44 per share of Class A Common Stock and \$0.65 per share of Class B Common Stock. Dividends are payable on January 1, 2020, to

stockholders of record at the close of business on December 18, 2019.

Company Outlook

(in millions, except per share amounts)	Fiscal 2020 Outlook
Class A earnings per share before adjustments	\$3.63 - \$4.13
Adjusted free cash flow	\$245 - \$285

Note: 2020 Class A earnings per share and tax rate guidance on a GAAP basis are not provided in this release due to the potential for one or more of the following, the timing and magnitude of which we are unable to reliably forecast: gains or losses on the disposal of businesses, timberland or properties, plants and equipment, net; non-cash asset impairment charges due to unanticipated changes in the business; restructuring-related activities; non-cash pension settlement charges; or acquisition costs, and the income tax effects of these items and other income tax-related events. No reconciliation of the fiscal year 2020 Class A earnings per share before adjustments guidance or tax rate excluding the impact of adjustments guidance, both non-GAAP financial measures which exclude gains and losses on the disposal of businesses, timberland and properties, plants and equipment, non-cash pension settlement charges, acquisition costs, restructuring and impairment charges, is included in this release because, due to the high variability and difficulty in making accurate forecasts and projections of some of the excluded information, together with some of the excluded information not being ascertainable or accessible, we are unable to quantify certain amounts that would be required to be included in the most directly comparable GAAP financial measure without unreasonable efforts. A reconciliation of 2020 adjusted free cash flow guidance to forecasted net cash provided by operating activities, the most directly comparable GAAP financial measure, is included in this release.

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- (4) Customer satisfaction index (CSI) tracks a variety of internal metrics designed to enhance the customer experience in dealing with Greif.
 - (5) Net Promoter Score (NPS) is derived from a survey conducted by a third party that measures how likely a customer is to recommend Greif as a business partner. NPS scores are calculated by subtracting the percentage of detractors a business has from the percentage of its promoters.
 - (6) Primary products are manufactured steel, plastic and fibre drums; intermediate bulk containers; linerboard, medium, corrugated sheets and corrugated containers; and 1&2 loop and 4 loop flexible intermediate bulk containers.

GREIF, INC. AND SUBSIDIARY COMPANIES

SELECTED FINANCIAL HIGHLIGHTS

UNAUDITED

(in millions, except for per share amounts)	Three months ended October 31,		Twelve months ended October 31,	
	2019	2018	2019	2018
<u>Selected Financial Highlights</u>				
Net sales	\$ 1,232.1	\$ 987.7	\$ 4,595.0	\$ 3,873.8
Gross profit	259.0	204.8	959.9	788.9
Gross profit margin	21.0 %	20.7 %	20.9 %	20.4 %
Operating profit	115.7	103.3	399.1	370.5
EBITDA(7)	173.9	130.6	605.5	480.7
Adjusted EBITDA(8)	186.8	141.5	658.9	503.2
Net cash provided by operating activities	195.4	197.2	389.5	253.0
Adjusted Free cash flow(9)	150.2	149.0	267.8	178.5
Net income attributable to Greif, Inc.	65.0	40.1	171.0	209.4
Diluted Class A earnings per share attributable to Greif, Inc.	\$ 1.09	\$ 0.67	\$ 2.89	\$ 3.55
Adjusted Diluted Class A earnings per share attributable to Greif, Inc.	\$ 1.24	\$ 1.08	\$ 3.96	\$ 3.53
<u>Adjustments</u>				
Restructuring charges	\$ 5.8	\$ 4.8	\$ 26.1	\$ 18.6
Acquisition-related costs	7.5	—	29.7	0.7
Debt extinguishment charges	—	—	22.0	—
Non-cash asset impairment charges	5.7	4.2	7.8	8.3
Non-cash pension settlement charges	—	0.9	—	1.3
(Gain) loss on disposal of properties, plants and equipment and businesses, net	(6.1)	1.0	(10.2)	(6.4)
Tax net expense (benefit) resulting from Tax Cuts and Jobs Act	(3.7)	14.2	(0.5)	(19.2)
Total Adjustments	\$ 9.2	\$ 25.1	\$ 74.9	\$ 3.3
	October 31, 2019	October 31, 2018		
Operating working capital(10)	\$ 587.2	\$ 342.4		

(7)EBITDA is defined as net income, plus interest expense, net, including debt extinguishment charges, plus income tax expense, plus depreciation, depletion and amortization.

(8)Adjusted EBITDA is defined as net income, plus interest expense, net, including debt extinguishment charges, plus income tax expense, plus depreciation, depletion and amortization expense, plus restructuring charges, plus acquisition-related costs, plus non-cash impairment charges, plus non-cash pension settlement charges, less (gain) loss on disposal of properties, plants, equipment and businesses, net.

(9)Adjusted free cash flow is defined as net cash provided by operating activities, plus cash paid for acquisition-related costs, plus cash paid for debt issuance costs, plus an additional one-time \$65.0 million contribution made by the Company to its U.S. defined benefit plan during the third quarter of 2018, plus cash paid for acquisition-related ERP systems, less cash paid for purchases of properties, plants and equipment.

(10)Operating working capital is defined as trade accounts receivable plus inventories less accounts payable.

Conference Call

The Company will host a conference call to discuss the fourth quarter of 2019 results on December 5, 2019, at 8:30 a.m. Eastern Time (ET). To participate, domestic callers should call 833-231-8265. The Greif ID is 7795183. The number for international callers is +1-647-689-4110. Phone lines will open at 8:00 a.m. ET. The conference call will also be available through a live webcast, including slides, which can be accessed at <http://investor.greif.com> by clicking on the Events and Presentations tab and searching under the events calendar. A replay of the conference call will be available on the Company's website approximately two hours following the call.

About Greif

Greif is a global leader in industrial packaging products and services and is pursuing its vision: in industrial packaging, be the best performing customer service company in the world. The Company produces steel, plastic and fibre drums, intermediate bulk containers, reconditioned containers, flexible products, containerboard, uncoated recycled paperboard, coated recycled paperboard, tubes and cores and a diverse mix of specialty products. The Company also manufactures packaging accessories and provides filling, packaging and other services for a wide range of industries. In addition, Greif manages timber properties in the southeastern United States. The Company is strategically positioned in over 40 countries to serve global as well as regional customers. Additional information is on the Company's website at www.greif.com.

Forward-Looking Statements

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words "may," "will," "expect," "intend," "estimate," "anticipate," "aspiration," "objective," "project," "believe," "continue," "on track" or "target" or the negative thereof and similar expressions, among others, identify forward-looking statements. All forward-looking statements are based on assumptions, expectations and other

information currently available to management. Such forward-looking statements are subject to certain risks and uncertainties that could cause the Company's actual results to differ materially from those forecasted, projected or anticipated, whether expressed or implied. The most significant of these risks and uncertainties are described in Part I of the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2019. The Company undertakes no obligation to update or revise any forward-looking statements.

Although the Company believes that the expectations reflected in forward-looking statements have a reasonable basis, the Company can give no assurance that these expectations will prove to be correct. Forward-looking statements are subject to risks and uncertainties that could cause the Company's actual results to differ materially from those forecasted, projected or anticipated, whether expressed in or implied by the statements. Such risks and uncertainties that might cause a difference include, but are not limited to, the following: (i) historically, our business has been sensitive to changes in general economic or business conditions, (ii) we may not successfully implement our business strategies, including achieving our transformation and growth objectives, (iii) our operations subject us to currency exchange and political risks that could adversely affect our results of operations, (iv) the current and future challenging global economy and disruption and volatility of the financial and credit markets may adversely affect our business, (v) the continuing consolidation of our customer base and suppliers may intensify pricing pressure, (vi) we operate in highly competitive industries, (vii) our business is sensitive to changes in industry demands, (viii) raw material and energy price fluctuations and shortages may adversely impact our manufacturing operations and costs, (ix) changes in U.S. trade policies could impact the cost of imported goods into the U.S., which may materially impact our revenues or increase our operating costs, (x) the results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and our business, (xi) geopolitical conditions, including direct or indirect acts of war or terrorism, could have a material adverse effect on our operations and financial results, (xii) we may encounter difficulties arising from acquisitions, including the inability to realize projected synergies (xiii) in connection with acquisitions or divestitures, we may become subject to liabilities (xiv) we may incur additional restructuring costs and there is no guarantee that our efforts to reduce costs will be successful, (xv) we could be subject to changes to our tax rates, the adoption of new U.S. or foreign tax legislation or exposure to additional tax liabilities, (xvi) full realization of our deferred tax assets may be affected by a number of factors, (xvii) several operations are conducted by joint ventures that we cannot operate solely for our benefit, (xviii) certain of the agreements that govern our joint ventures provide our partners with put or call options, (xix) our ability to attract, develop and retain talented and qualified employees, managers and executives is critical to our success, (xx) our business may be adversely impacted by work stoppages and other labor relations matters, (xxi) we may not successfully identify illegal immigrants in our workforce, (xxii) our pension and postretirement plans are underfunded and will require future cash contributions and our required future cash contributions could be higher than we expect, each of which could have a material adverse effect on our financial condition and liquidity, (xxiii) we may be subject to losses that might not be covered in whole or in part by existing insurance reserves or insurance coverage, (xxiv) our business depends on the uninterrupted operations of our facilities, systems and business functions, including our information technology and other business systems, (xxv) a security breach of customer, employee, supplier or Company information may have a material adverse effect on our business, financial condition and results of operations, (xxvi) legislation/regulation related to environmental and health and safety matters and corporate social responsibility could negatively impact our operations and financial performance, (xxvii) product liability claims and other legal proceedings could adversely affect our operations and financial performance, (xxviii) we may

incur fines or penalties, damage to our reputation or other adverse consequences if our employees, agents or business partners violate, or are alleged to have violated, anti-bribery, competition or other laws, (xxix) changing climate, climate change regulations and greenhouse gas effects may adversely affect our operations and financial performance, (xxx) the frequency and volume of our timber and timberland sales will impact our financial performance, (xxxi) changes in U.S. generally accepted accounting principles (U.S. GAAP) and SEC rules and regulations could materially impact our reported results, (xxxii) if the Company fails to maintain an effective system of internal control, the Company may not be able to accurately report financial results or prevent fraud, and (xxxiii) the Company has a significant amount of goodwill and long-lived assets which, if impaired in the future, would adversely impact our results of operations. The risks described above are not all-inclusive, and given these and other possible risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. For a detailed discussion of the most significant risks and uncertainties that could cause our actual results to differ materially from those forecasted, projected or anticipated, see "Risk Factors" in Part I, Item 1A of our most recently filed Form 10-K and our other filings with the Securities and Exchange Commission. All forward-looking statements made in this news release are expressly qualified in their entirety by reference to such risk factors. Except to the limited extent required by applicable law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Contact:

Matt Eichmann

740-549-6067

matt.eichmann@greif.com

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

UNAUDITED

	Three months ended October 31,		Twelve months ended October 31,	
(in millions, except per share amounts)	2019	2018	2019	2018
Net sales	\$ 1,232.1	\$ 987.7	\$ 4,595.0	\$ 3,873.8
Cost of products sold	973.1	782.9	3,635.1	3,084.9
Gross profit	259.0	204.8	959.9	788.9
Selling, general and administrative expenses	130.4	91.5	507.4	397.2
Restructuring charges	5.8	4.8	26.1	18.6

Acquisition-related costs	7.5	—	29.7	0.7
Non-cash asset impairment charges	5.7	4.2	7.8	8.3
(Gain) loss on disposal of properties, plants and equipment, net	(6.8)	1.9	(13.9)	(5.6)
(Gain) loss on disposal of businesses, net	0.7	(0.9)	3.7	(0.8)
Operating profit	115.7	103.3	399.1	370.5
Interest expense, net	32.4	12.6	112.5	51.0
Non-cash pension settlement charges	—	0.9	—	1.3
Debt extinguishment charges	—	—	22.0	—
Other (income) expense, net	1.6	3.4	2.6	18.4
Income before income tax expense and equity earnings of unconsolidated affiliates, net	81.7	86.4	262.0	299.8
Income tax expense	12.4	42.1	70.7	73.3
Equity earnings of unconsolidated affiliates, net of tax	(0.5)	(1.2)	(2.9)	(3.0)
Net income	69.8	45.5	194.2	229.5
Net income attributable to noncontrolling interests	(4.8)	(5.4)	(23.2)	(20.1)
Net income attributable to Greif, Inc.	\$ 65.0	\$ 40.1	\$ 171.0	\$ 209.4
Basic earnings per share attributable to Greif, Inc. common shareholders:				
Class A common stock	\$ 1.09	\$ 0.68	\$ 2.89	\$ 3.56
Class B common stock	\$ 1.65	\$ 1.03	\$ 4.33	\$ 5.33
Diluted earnings per share attributable to Greif, Inc. common shareholders:				
Class A common stock	\$ 1.09	\$ 0.67	\$ 2.89	\$ 3.55
Class B common stock	\$ 1.65	\$ 1.03	\$ 4.33	\$ 5.33
Shares used to calculate basic earnings per share attributable to Greif, Inc. common shareholders:				
Class A common stock	26.3	25.9	26.2	25.9
Class B common stock	22.0	22.0	22.0	22.0
Shares used to calculate diluted earnings per share attributable to Greif, Inc. common shareholders:				
Class A common stock	26.4	26.1	26.2	26.0
Class B common stock	22.0	22.0	22.0	22.0

GREIF, INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEETS

UNAUDITED

(in millions)	October 31, 2019	October 31, 2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 77.3	\$ 94.2
Trade accounts receivable	664.2	456.7
Inventories	358.2	289.5
Other current assets	149.3	136.3
	1,249.0	976.7
LONG-TERM ASSETS		
Goodwill	1,517.8	776.0
Intangible assets	776.5	80.6
Assets held by special purpose entities	50.9	50.9
Other long-term assets	142.2	118.7
	2,487.4	1,026.2
PROPERTIES, PLANTS AND EQUIPMENT	1,690.3	1,191.9
	\$ 5,426.7	\$ 3,194.8
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 435.2	\$ 403.8
Short-term borrowings	9.2	7.3
Current portion of long-term debt	83.7	18.8
Other current liabilities	297.3	240.3
	825.4	670.2
LONG-TERM LIABILITIES		
Long-term debt	2,659.0	884.1
Liabilities held by special purpose entities	43.3	43.3
Other long-term liabilities	686.6	407.5

	3,388.9	1,334.9
REDEEMABLE NONCONTROLLING INTERESTS	21.3	35.5
EQUITY		
Total Greif, Inc. equity	1,133.1	1,107.8
Noncontrolling interests	58.0	46.4
	1,191.1	1,154.2
	\$ 5,426.7	\$ 3,194.8

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

UNAUDITED

(in millions)	Three months ended October 31,		Twelve months ended October 31,	
	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	\$ 69.8	\$ 45.5	\$ 194.2	\$ 229.5
Depreciation, depletion and amortization	59.3	30.4	206.1	126.9
Asset impairments	5.7	4.2	7.8	8.3
Pension settlement loss	—	0.9	—	1.3
Other non-cash adjustments to net income	4.2	39.5	11.8	(1.9)
Operating working capital changes	76.1	37.8	23.6	(34.5)
Deferred purchase price on sold receivables	—	34.4	(6.9)	2.1
Increase (decrease) in cash from changes in other assets and liabilities	(19.7)	4.5	(47.1)	(78.7)
Net cash provided by operating activities	195.4	197.2	389.5	253.0
CASH FLOWS FROM INVESTING ACTIVITIES:				
Acquisitions of businesses, net of cash acquired	—	—	(1,857.9)	—
Purchases of properties, plants and equipment	(53.0)	(48.2)	(156.8)	(140.2)
Purchases of and investments in timber properties	(1.3)	(2.3)	(5.4)	(8.9)

Proceeds from the sale of properties, plants and equipment, businesses, timberland and other assets	12.5	1.0	30.2	13.9
Proceeds on insurance recoveries	0.4	—	0.6	—
Net cash used in investing activities	(41.4)	(49.5)	(1,989.3)	(135.2)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from (payments on) debt, net	(125.8)	(125.2)	1,751.1	(55.7)
Dividends paid to Greif, Inc. shareholders	(26.1)	(26.0)	(104.0)	(100.0)
Payments for extinguishment and issuance of debt	—	—	(44.1)	—
Other	—	1.9	(19.5)	(2.6)
Net cash provided by (used for) financing activities	(151.9)	(149.3)	1,583.5	(158.3)
Reclassification of cash to assets held for sale	—	—	—	—
Effects of exchange rates on cash	(0.6)	(5.1)	(0.6)	(7.6)
Net increase (decrease) in cash and cash equivalents	1.5	(6.7)	(16.9)	(48.1)
Cash and cash equivalents, beginning of period	75.8	100.9	94.2	142.3
Cash and cash equivalents, end of period	\$ 77.3	\$ 94.2	\$ 77.3	\$ 94.2

GREIF, INC. AND SUBSIDIARY COMPANIES

FINANCIAL HIGHLIGHTS BY SEGMENT

UNAUDITED

(in millions)	Three months ended October 31,		Twelve months ended October 31,	
	2019	2018	2019	2018
Net sales:				
Rigid Industrial Packaging & Services	\$ 619.0	\$ 657.9	\$ 2,490.6	\$ 2,623.6
Paper Packaging & Services	535.1	244.8	1,780.0	898.5
Flexible Products & Services	70.9	77.5	297.5	324.2
Land Management	7.1	7.5	26.9	27.5
Total net sales	\$ 1,232.1	\$ 987.7	\$ 4,595.0	\$ 3,873.8
Gross profit:				

Rigid Industrial Packaging & Services	\$	114.0	\$	116.7	\$	460.1	\$	490.8
Paper Packaging & Services		128.5		69.8		425.4		222.5
Flexible Products & Services		14.2		15.7		64.2		65.2
Land Management		2.3		2.6		10.2		10.4
Total gross profit	\$	259.0	\$	204.8	\$	959.9	\$	788.9
Operating profit:								
Rigid Industrial Packaging & Services	\$	55.0	\$	42.8	\$	179.6	\$	183.2
Paper Packaging & Services		55.7		53.3		184.3		158.3
Flexible Products & Services		3.1		5.4		25.3		19.4
Land Management		1.9		1.8		9.9		9.6
Total operating profit	\$	115.7	\$	103.3	\$	399.1	\$	370.5
EBITDA (11):								
Rigid Industrial Packaging & Services	\$	71.6	\$	59.9	\$	251.6	\$	249.0
Paper Packaging & Services		94.4		61.9		307.0		191.8
Flexible Products & Services		4.9		5.7		32.7		25.7
Land Management		3.0		3.1		14.2		14.2
Total EBITDA	\$	173.9	\$	130.6	\$	605.5	\$	480.7
Adjusted EBITDA(12):								
Rigid Industrial Packaging & Services	\$	69.5	\$	71.0	\$	269.9	\$	273.4
Paper Packaging & Services		108.7		62.1		348.3		192.3
Flexible Products & Services		5.8		5.3		28.6		25.6
Land Management		2.8		3.1		12.1		11.9
Total Adjusted EBITDA	\$	186.8	\$	141.5	\$	658.9	\$	503.2

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

(12)Adjusted EBITDA is defined as net income, plus interest expense, net, including debt extinguishment charges, plus income tax expense, plus depreciation, depletion and amortization expense, plus restructuring charges, plus acquisition-related costs, plus non-cash impairment charges, plus non-cash pension settlement charges, less (gain) loss on disposal of properties, plants, equipment and businesses, net.

GREIF, INC. AND SUBSIDIARY COMPANIES
FINANCIAL HIGHLIGHTS BY GEOGRAPHIC REGION

UNAUDITED

(in millions)	Three months ended October 31,		Twelve months ended October 31,	
	2019	2018	2019	2018
Net sales:				
United States	\$ 762.2	\$ 518.3	\$ 2,727.7	\$ 1,920.5
Europe, Middle East and Africa	341.2	336.3	1,350.4	1,410.9
Asia Pacific and other Americas	128.7	133.1	516.9	542.4
Total net sales	<u>\$ 1,232.1</u>	<u>\$ 987.7</u>	<u>\$ 4,595.0</u>	<u>\$ 3,873.8</u>
Gross profit:				
United States	\$ 171.6	\$ 127.6	\$ 615.1	\$ 451.5
Europe, Middle East and Africa	64.9	59.1	261.1	257.8
Asia Pacific and other Americas	22.5	18.1	83.7	79.6
Total gross profit	<u>\$ 259.0</u>	<u>\$ 204.8</u>	<u>\$ 959.9</u>	<u>\$ 788.9</u>

GREIF, INC. AND SUBSIDIARY COMPANIES

GAAP TO NON-GAAP RECONCILIATION

CONSOLIDATED ADJUSTED EBITDA(13)

UNAUDITED

(in millions)	Three months ended October 31,		Twelve months ended October 31,	
	2019	2018	2019	2018

Net income	\$ 69.8	\$ 45.5	\$ 194.2	\$ 229.5
Plus: Interest expense, net	32.4	12.6	112.5	51.0
Plus: Debt extinguishment charges	—	—	22.0	—
Plus: Income tax expense	12.4	42.1	70.7	73.3
Plus: Depreciation, depletion and amortization expense	59.3	30.4	206.1	126.9
EBITDA	<u>\$ 173.9</u>	<u>\$ 130.6</u>	<u>\$ 605.5</u>	<u>\$ 480.7</u>
Net income	\$ 69.8	\$ 45.5	\$ 194.2	\$ 229.5
Plus: Interest expense, net	32.4	12.6	112.5	51.0
Plus: Debt extinguishment charges	—	—	22.0	—
Plus: Income tax expense	12.4	42.1	70.7	73.3
Plus: Non-cash pension settlement charges	—	0.9	—	1.3
Plus: Other expense, net	1.6	3.4	2.6	18.4
Plus: Equity earnings of unconsolidated affiliates, net of tax	(0.5)	(1.2)	(2.9)	(3.0)
Operating profit	<u>115.7</u>	<u>103.3</u>	<u>399.1</u>	<u>370.5</u>
Less: Other expense, net	1.6	3.4	2.6	18.4
Less: Non-cash pension settlement charges	—	0.9	—	1.3
Less: Equity earnings of unconsolidated affiliates, net of tax	(0.5)	(1.2)	(2.9)	(3.0)
Plus: Depreciation, depletion and amortization expense	59.3	30.4	206.1	126.9
EBITDA	<u>\$ 173.9</u>	<u>\$ 130.6</u>	<u>\$ 605.5</u>	<u>\$ 480.7</u>
Plus: Restructuring charges	<u>\$ 5.8</u>	<u>\$ 4.8</u>	<u>\$ 26.1</u>	<u>\$ 18.6</u>
Plus: Acquisition-related costs	7.5	—	29.7	0.7
Plus: Non-cash asset impairment charges	5.7	4.2	7.8	8.3
Plus: Non-cash pension settlement charges	—	0.9	—	1.3
Less: (Gain) loss on disposal of properties, plants, equipment, and businesses, net	(6.1)	1.0	(10.2)	(6.4)
Adjusted EBITDA	<u>\$ 186.8</u>	<u>\$ 141.5</u>	<u>\$ 658.9</u>	<u>\$ 503.2</u>

(13) Adjusted EBITDA is defined as net income, plus interest expense, net, including debt extinguishment charges, plus income tax expense, plus depreciation, depletion and amortization expense, plus restructuring charges, plus acquisition-related costs, plus non-cash impairment charges, plus non-cash pension settlement charges, less (gain) loss on disposal of properties, plants, equipment and businesses, net.

GREIF, INC. AND SUBSIDIARY COMPANIES

GAAP TO NON-GAAP RECONCILIATION

SEGMENT ADJUSTED EBITDA (14)

UNAUDITED

(in millions)	Three months ended October 31,		Twelve months ended October 31,	
	2019	2018	2019	2018
Rigid Industrial Packaging & Services				
Operating profit	\$ 55.0	\$ 42.8	\$ 179.6	\$ 183.2
Less: Other expense, net	3.2	2.2	7.2	17.1
Less: Non-cash pension settlement charges	—	0.9	—	1.3
Less: Equity earnings of unconsolidated affiliates, net of tax	(0.5)	(1.2)	(2.9)	(3.0)
Plus: Depreciation and amortization expense	19.3	19.0	76.3	81.2
EBITDA	<u>\$ 71.6</u>	<u>\$ 59.9</u>	<u>\$ 251.6</u>	<u>\$ 249.0</u>
Plus: Restructuring charges	3.8	4.2	18.8	17.3
Plus: Acquisition-related costs	0.2	—	0.6	0.7
Plus: Non-cash asset impairment charges	0.6	4.2	2.7	8.3
Plus: Non-cash pension settlement charges	—	0.9	—	1.3
Less: (Gain) loss on disposal of properties, plants, equipment, and businesses, net	(6.7)	1.8	(3.8)	(3.2)
Adjusted EBITDA	<u>\$ 69.5</u>	<u>\$ 71.0</u>	<u>\$ 269.9</u>	<u>\$ 273.4</u>
Paper Packaging & Services				
Operating profit	\$ 55.7	\$ 53.3	\$ 184.3	\$ 158.3
Less: Other (income) expense, net	(1.3)	—	(3.4)	0.7
Plus: Depreciation and amortization expense	37.4	8.6	119.3	34.2
EBITDA	<u>\$ 94.4</u>	<u>\$ 61.9</u>	<u>\$ 307.0</u>	<u>\$ 191.8</u>
Plus: Restructuring charges	1.0	0.1	6.2	0.4
Plus: Acquisition-related costs	7.3	—	29.1	—
Plus: Non-cash asset impairment charges	5.1	—	5.1	—

Less: (Gain) loss on disposal of properties, plants, equipment, and businesses, net	0.9	0.1	0.9	0.1
Adjusted EBITDA	\$ 108.7	\$ 62.1	\$ 348.3	\$ 192.3
Flexible Products & Services				
Operating profit	\$ 3.1	\$ 5.4	\$ 25.3	\$ 19.4
Less: Other (income) expense, net	(0.3)	1.2	(1.2)	0.6
Plus: Depreciation and amortization expense	1.5	1.5	6.2	6.9
EBITDA	\$ 4.9	\$ 5.7	\$ 32.7	\$ 25.7
Plus: Restructuring charges	1.0	0.5	1.0	0.9
Less: (Gain) loss on disposal of properties, plants, equipment, and businesses, net	(0.1)	(0.9)	(5.1)	(1.0)
Adjusted EBITDA	\$ 5.8	\$ 5.3	\$ 28.6	\$ 25.6
Land Management				
Operating profit	\$ 1.9	\$ 1.8	\$ 9.9	\$ 9.6
Plus: Depreciation, depletion and amortization expense	1.1	1.3	4.3	4.6
EBITDA	\$ 3.0	\$ 3.1	\$ 14.2	\$ 14.2
Plus: Restructuring charges	—	—	0.1	—
Less: (Gain) loss on disposal of properties, plants, equipment, and businesses, net	(0.2)	—	(2.2)	(2.3)
Adjusted EBITDA	\$ 2.8	\$ 3.1	\$ 12.1	\$ 11.9
Consolidated EBITDA	\$ 173.9	\$ 130.6	\$ 605.5	\$ 480.7
Consolidated Adjusted EBITDA	\$ 186.8	\$ 141.5	\$ 658.9	\$ 503.2

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

GREIF, INC. AND SUBSIDIARY COMPANIES

GAAP TO NON-GAAP RECONCILIATION

ADJUSTED FREE CASH FLOW(15)

UNAUDITED

(in millions)	Three months ended October 31,		Twelve months ended October 31,	
	2019	2018	2019	2018
Net cash provided by operating activities	\$ 195.4	\$ 197.2	\$ 389.5	\$ 253.0
Cash paid for purchases of properties, plants and equipment	(53.0)	(48.2)	(156.8)	(140.2)
Free Cash Flow	\$ 142.4	\$ 149.0	\$ 232.7	\$ 112.8
Cash paid for acquisition-related costs	7.5	—	29.7	0.7
Cash paid for debt issuance costs(16)	—	—	5.1	—
Additional U.S. pension contribution	—	—	—	65.0
Cash paid for acquisition-related ERP systems(17)	0.3	—	0.3	—
Adjusted Free Cash Flow	\$ 150.2	\$ 149.0	\$ 267.8	\$ 178.5

(15) Adjusted free cash flow is defined as net cash provided by operating activities, plus cash paid for acquisition-related costs, plus cash paid for debt issuance costs, plus an additional one-time \$65.0 million contribution made by the Company to its U.S. defined benefit plan during the third quarter of 2018, plus cash paid for acquisition-related ERP systems, less cash paid for purchases of properties, plants and equipment.

(16) Cash paid for debt issuance costs is defined as cash payments for debt issuance related expenses included within net cash used in operating activities.

(17) Cash paid for acquisition-related ERP systems is defined as capital expenditures for the integration of Caraustar into Grief's global Enterprise Resource Planning System.

GAAP TO NON-GAAP RECONCILIATION

NET INCOME, CLASS A EARNINGS PER SHARE, AND TAX RATE BEFORE ADJUSTMENTS

UNAUDITED

(in millions, except for per share amounts)	Income before Income Tax Expense and Equity Earnings of Unconsolidated Affiliates, net	Income Tax (Benefit) Expense	Equity Earnings	Noncontrolling Interest	Net Income Attributable to Greif, Inc.	Diluted Class A Earnings Per Share	Tax Rate
Three months ended October 31, 2019	\$ 81.7	\$ 12.4	\$ (0.5)	\$ 4.8	\$ 65.0	\$ 1.09	15.2 %
(Gain) loss on disposal of properties, plants, equipment and businesses, net	(6.1)	(1.8)	—	—	(4.3)	(0.07)	
Restructuring charges	5.8	(0.1)	—	0.7	5.2	0.09	
Non-cash asset impairment charges	5.7	1.9	—	0.1	3.7	0.06	
Acquisition-related costs	7.5	—	—	—	7.5	0.13	
Tax net benefit resulting from the Tax Reform Act	—	3.7	—	—	(3.7)	(0.06)	
Excluding Adjustments	\$ 94.6	\$ 16.1	\$ (0.5)	\$ 5.6	\$ 73.4	\$ 1.24	17.0 %
Three months ended October 31, 2018	\$ 86.4	\$ 42.1	\$ (1.2)	\$ 5.4	\$ 40.1	\$ 0.67	48.6 %
(Gain) loss on disposal of properties, plants, equipment and businesses, net	1.0	—	—	(0.5)	1.5	0.02	
Restructuring charges	4.8	0.3	—	0.4	4.1	0.08	
Non-cash asset impairment charges	4.2	0.8	—	—	3.4	0.05	
Acquisition-related costs	—	(0.2)	—	—	0.2	—	
Non-cash pension settlement charges	0.9	0.1	—	—	0.8	0.02	
Tax net expense resulting from the Tax Reform Act	—	(14.2)	—	—	14.2	0.24	
Excluding Adjustments	\$ 97.3	\$ 28.9	\$ (1.2)	\$ 5.3	\$ 64.3	\$ 1.08	29.8 %
Twelve months ended October 31, 2019	\$ 262.0	\$ 70.7	\$ (2.9)	\$ 23.2	\$ 171.0	\$ 2.89	27.0 %
Gain on disposal of properties, plants, equipment and businesses, net	(10.2)	(2.4)	—	(2.5)	(5.3)	(0.09)	
Restructuring charges	26.1	4.4	—	0.8	20.9	0.36	
Non-cash asset impairment charges	7.8	1.9	—	0.1	5.8	0.10	
Acquisition-related costs	29.7	4.3	—	—	25.4	0.43	
Debt extinguishment charges	22.0	5.3	—	—	16.7	0.28	
Tax net benefit resulting from the Tax Reform Act	—	0.5	—	—	(0.5)	(0.01)	
Excluding Adjustments	\$ 337.4	\$ 84.7	\$ (2.9)	\$ 21.6	\$ 234.0	\$ 3.96	25.1 %
Twelve months ended October 31, 2018	\$ 299.8	\$ 73.3	\$ (3.0)	\$ 20.1	\$ 209.4	\$ 3.55	24.4 %

Gain on disposal of properties, plants, equipment and businesses, net	(6.4)	(0.9)	—	(0.5)	(5.0)	(0.09)
Restructuring charges	18.6	3.1	—	0.6	14.9	0.26
Non-cash asset impairment charges	8.3	1.5	—	—	6.8	0.11
Acquisition-related costs	0.7	—	—	—	0.7	0.01
Non-cash pension settlement charges	1.3	0.2	—	—	1.1	0.02
Tax net benefit resulting from the Tax Reform Act	—	19.2	—	—	(19.2)	(0.33)
Excluding Adjustments	\$ 322.3	\$ 96.4	\$ (3.0)	\$ 20.2	\$ 208.7	\$ 3.53 29.9 %

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

GREIF, INC. AND SUBSIDIARY COMPANIES

GAAP TO NON-GAAP RECONCILIATION

NET SALES TO NET SALES EXCLUDING THE IMPACT OF

CURRENCY TRANSLATION

UNAUDITED

Three months ended October 31,

(in millions)	2019	2018	Increase (Decrease) in Net Sales (\$)	Increase (Decrease) in Net Sales (%)
Consolidated				
Net Sales	\$ 1,232.1	\$ 987.7	\$ 244.4	24.7%
Currency Translation	(13.7)	N/A		
Net Sales Excluding the Impact of Currency Translation	\$ 1,245.8	\$ 987.7	\$ 258.1	26.1%
Rigid Industrial Packaging & Services				
Net Sales	\$ 619.0	\$ 657.9	\$ (38.9)	(5.9)%
Currency Translation	(11.3)	N/A		

Net Sales Excluding the Impact of Currency Translation	\$ 630.3	\$ 657.9	\$ (27.6)	(4.2)%
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Flexible Products & Services

Net Sales	70.9	77.5	\$ (6.6)	(8.5)%
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Currency Translation	(2.3)	N/A		
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Net Sales Excluding the Impact of Currency Translation	\$ 73.2	\$ 77.5	\$ (4.3)	(5.5)%
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Twelve months ended October 31,

(in millions)	2019	2018	Increase in Net Sales (\$)	Increase in Net Sales (%)
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Consolidated

Net Sales	\$ 4,595.0	\$ 3,873.8	\$ 721.2	18.6%
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Currency Translation	(99.8)	N/A		
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Net Sales Excluding the Impact of Currency Translation	\$ 4,694.8	\$ 3,873.8	\$ 821.0	21.2%
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Rigid Industrial Packaging & Services

Net Sales	\$ 2,490.6	\$ 2,623.6	\$ (133.0)	(5.1)%
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Currency Translation	(83.9)	N/A		
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Net Sales Excluding the Impact of Currency Translation	\$ 2,574.5	\$ 2,623.6	\$ (49.1)	(1.9)%
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Flexible Products & Services

Net Sales	297.5	324.2	\$ (26.7)	(8.2)%
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Currency Translation	(15.6)	N/A		
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Net Sales Excluding the Impact of Currency Translation	\$ 313.1	\$ 324.2	\$ (11.1)	(3.4)%
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GREIF, INC. AND SUBSIDIARY COMPANIES

PROJECTED 2020 GUIDANCE RECONCILIATION

ADJUSTED FREE CASH FLOW

UNAUDITED

Fiscal 2020 Guidance Range

(in millions)

Scenario 1	Scenario 2
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Net cash provided by operating activities	\$ 395.0	\$ 450.0
Cash paid for purchases of properties, plants and equipment	(181.0)	(201.0)
Free cash flow	\$ 214.0	\$ 249.0
Cash paid for acquisition-related costs	10.0	15.0
Cash paid for acquisition-related ERP systems	21.0	21.0
Adjusted free cash flow	\$ 245.0	\$ 285.0

GREIF, INC. AND SUBSIDIARY COMPANIES
PROJECTED 2020 MODELING ASSUMPTIONS

UNAUDITED

(in millions)	Fiscal 2020 Modeling Assumptions
Depreciation & amortization expense	\$247 - \$257
Interest expense, net	\$119 - \$124
Other expense, net	\$2.5 - \$7.5
Net income attributable to noncontrolling interest	\$17 - \$22
Tax rate excluding the impact of adjustments	27% - 31%
Capital expenditures excluding cash paid for acquisition-related ERP systems	\$160 - \$180

View original content to download multimedia: <http://www.prnewswire.com/news-releases/greif-reports-fiscal-2019-and-fourth-quarter-results-300969461.html>

SOURCE Greif, Inc.