UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
September 6, 2022 (August 31, 2022)

Date of Report (Date of earliest event reported)

GREIF, INC.
(Exact name of registrant as specified in its charter)

Delaware	**001-00566**	**31-4388903**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)
425 Winter Road	**Delaware Ohio**	**43015**
(Address of principal executive offices)		(Zip Code)

Registrant's telephone number, including area code: (740) 549-6000

Not Applicable
(Former name or former address, if changed since last report.)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Class A Common Stock	GEF	New York Stock Exchange
Class B Common Stock	GEF-B	New York Stock Exchange

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 2 – Financial Information

Item 2.02. Results of Operations and Financial Condition.

On August 31, 2022, Greif, Inc. (the "Company") issued a press release (the “Earnings Release”) announcing the financial results for its third quarter ended July 31, 2022. The full text of the Earnings Release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The Earnings Release included the following non-GAAP financial measures (the “non-GAAP Measures”):

(i) the Company's net income, excluding the impact of adjustments, for the third quarter of 2022 and the third quarter of 2021, which is equal to the Company's consolidated net income for the applicable period plus restructuring charges, plus integration related costs, plus non-cash asset impairment charges, plus non-cash pension settlement charges, plus incremental COVID-19 costs, net, plus (gain) loss on disposal of properties, plants, equipment and businesses, net, each net of tax, noncontrolling interest and equity earnings of unconsolidated affiliates and on a consolidated basis for the applicable period;

(ii) the Company's earnings per diluted Class A share, excluding the impact of adjustments, for the third quarter of 2022 and the third quarter of 2021, which is equal to earnings per diluted Class A share of the Company for the applicable period plus restructuring charges, plus integration related costs, plus non-cash asset impairment charges, plus non-cash pension settlement charges, plus incremental COVID-19 costs, net, plus (gain) loss on disposal of properties, plants, equipment and businesses, net, each net of tax, noncontrolling interest and equity earnings of unconsolidated affiliates and on a consolidated basis for the applicable period;

(iii) the Company's consolidated adjusted EBITDA for the third quarter of 2022 and the third quarter of 2021, which is equal to the Company's consolidated net income for the applicable period plus interest expense, net, plus income tax expense, plus depreciation, depletion and amortization expense, plus restructuring charges, plus integration related costs, plus non-cash asset impairment charges, plus non-cash pension settlement charges, plus incremental COVID-19 costs, net, plus (gain) loss on disposal of properties, plants, equipment and businesses, net, each on a consolidated basis for the applicable period;

(iv) the Company's consolidated adjusted free cash flow for the third quarter of 2022 and the third quarter of 2021, which is equal to the Company's consolidated net cash provided by operating activities for the applicable period less cash paid for purchases of properties, plants and equipment, plus cash paid for integration related costs, plus cash paid for incremental COVID-19 costs, net, plus cash paid for integration related Enterprise Resource Planning ("ERP") systems, each on a consolidated basis for the applicable period;

(v) the Company's net debt for the third and second quarters of 2022 and the third quarter of 2021, which is equal to the Company's consolidated total debt at the end of the applicable period less cash and cash equivalents at the end of the applicable period.

(vi) adjusted EBITDA for the Company's Global Industrial Packaging business segment for the third quarter of 2022 and the third quarter of 2021, which is equal to that business segment's operating profit less other (income) expense, net, less equity earnings of unconsolidated affiliates, net of tax, less non-cash pension settlement charges, plus depreciation and amortization expense, plus restructuring charges, plus integration related costs, plus incremental COVID-19 costs, net, plus non-cash pension settlement charges, plus (gain) loss on disposal of properties, plants, equipment and businesses, net, each for the applicable period;

(vii) adjusted EBITDA for the Company's Paper Packaging & Services business segment for the third quarter of 2022 and the third quarter of 2021, which is equal to that business segment's operating profit less non-cash pension settlement charges, less other (income) expense, net, plus depreciation and amortization expense, plus restructuring charges, plus integration related costs, plus non-cash asset impairment charges, plus non-cash pension settlement charges, plus incremental COVID-19 costs, net, plus (gain) loss on disposal of properties, plants, equipment and businesses, net, each for the applicable period; and

(viii) the Company's leverage ratio for the third and second quarters of 2022 and the third quarter of 2021, which is equal to net debt divided by trailing twelve month EBITDA, each as calculated under the terms of the Company's Second Amended and Restated Credit Agreement dated as of March 1, 2022, which has been filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2022.

The Earnings Release also included the following forward-looking non-GAAP measures:

(i) the Company's fiscal year 2022 Class A earnings per share before adjustments guidance, which is equal to earnings per diluted Class A share of the Company for such period plus restructuring charges, plus debt extinguishment charges, plus integration related costs, plus debt extinguishment charges, plus non-cash asset impairment charges, plus non-cash pension settlement charges, plus (gain) loss on disposal of properties, plants, equipment and businesses, net, plus timberland gains, net, each net of tax, noncontrolling interest and equity earnings of unconsolidated affiliates and on a consolidated basis for the applicable period; and

(ii) the Company's fiscal year 2022 projected adjusted free cash flow guidance, which is equal to the Company's consolidated net cash provided by operating activities for such period, less cash paid for purchases of properties, plants and equipment, plus cash paid for integration related costs, plus cash paid for integration related ERP systems, plus cash paid for debt issuance costs. A reconciliation of this forward-looking non-GAAP financial measure was included in the Earnings Release.

No reconciliation of the forward-looking non-GAAP financial measure to the most directly comparable GAAP financial measure for item (i) is included in the Earnings 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, the Company is unable to quantify certain amounts that would be required to be included in the most directly comparable GAAP financial measure without unreasonable efforts.

Management of the Company uses the non-GAAP Measures to evaluate ongoing operations and believes that these non-GAAP Measures are useful to investors. The exclusion of the impact of the identified adjustments (restructuring charges, debt extinguishment charges, integration related costs, non-cash asset impairment charges, non-cash pension settlement charges, incremental COVID-19 costs, net and (gain) loss on disposal of properties, plants, equipment and businesses, net and timberland gains, net) enable management and investors to perform meaningful comparisons of current and historical performance of the Company. Management of the Company also believes that the exclusion of the impact of the identified adjustments provides a stable platform on which to compare the historical performance of the Company and that investors desire this information. Management believes that the use of consolidated adjusted free cash flow, which excludes cash paid for capital expenditures, integration related costs, incremental COVID-19 costs, net, cash paid for integration related ERP systems, and cash paid for debt issuance costs from the Company's consolidated net cash provided by operating activities, provides additional information on which to evaluate the cash flow generated by the Company and believes that this is information that investors find valuable. The non-GAAP Measures are intended to supplement and should be read together with our financial results. The non-GAAP Measures 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 the non-GAAP Measures.

Section 7 – Regulation FD

Item 7.01. Regulation FD Disclosure.

i. Transcript of Conference Call

On September 1, 2022, management of the Company held a conference call with interested investors and financial analysts (the "Conference Call") to discuss the Company's financial results for its third quarter ended July 31, 2022. The file transcript of the Conference Call is furnished as Exhibit 99.2 to this Current Report on Form 8-K.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press release issued by Greif Inc. on August 31, 2022 announcing the financial results for its third quarter ended July 31, 2022.
99.2	File transcript of conference call with interested investors and financial analysts held by management of Greif Inc. on September 1, 2022.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GREIF, INC.

Date: September 6, 2022

By /s/ Lawrence A. Hilsheimer

Lawrence A. Hilsheimer,
Executive Vice President and Chief Financial Officer

Exhibit 99.1

Greif Reports Third Quarter 2022 Results

DELAWARE, Ohio (August 31, 2022) – Greif, Inc. (NYSE: GEF, GEF.B), a global leader in industrial packaging products and services, today announced third quarter 2022 results.

Third Quarter Financial Highlights include (all results compared to the third quarter of 2021 unless otherwise noted):

- Net income of $141.8 million or $2.36 per diluted Class A share increased compared to net income of $113.0 million or $1.89 per diluted Class A share. Net income, excluding the impact of adjustments(1), of $141.7 million or $2.35 per diluted Class A share increased compared to net income, excluding the impact of adjustments, of $115.9 million or $1.93 per diluted Class A share.
- Adjusted EBITDA(2) of $251.0 million, an increase of $13.2 million compared to Adjusted EBITDA of $237.8 million.
- Net cash provided by operating activities increased by $114.4 million to $209.3 million. Record adjusted free cash flow(3) increased by $111.7 million to a source of $175.8 million.
- Total debt decreased by $208.9 million to $2,058.7 million. Net debt(4) decreased by $236.6 million to $1,931.2 million. The Company's leverage ratio(5) decreased to 1.99x from 2.12x sequentially and from 2.80x in the prior year quarter.

Strategic Actions and Announcements

- Held Investor Day 2022 in New York City on June 23, 2022. A key area of discussion was the new Build to Last strategy, which included capital allocation priorities and long-term growth expectations under this strategy.
- Initiated $150.0 million share repurchase program.

CEO Commentary

"Our team delivered an outstanding third quarter financial result, remaining steadfast and execution-focused during a time of macroeconomic uncertainty," said Ole Rosgaard, President and Chief Executive Officer. "This commitment has led to a rock-solid balance sheet, record free cash flow generation, and EBITDA growth. Our team has done an outstanding job transforming our business, as evidenced by volume growth compared to pre-pandemic 2019 volume levels, despite sequential declines from higher volumes last year. In addition to financial success, our teams have continued to deliver Legendary Customer Service, and made notable progress to further foster Thriving Communities at Greif and Protect Our Future through industry-leading sustainability practice."

Build to Last Mission Progress

Building upon our Investor Day discussion, in addition to the quarterly releases which support our Build to Last mission of Ensuring Financial Strength, we will continue to update the investment community quarterly regarding key progress on our additional three Build to Last missions.

Customer satisfaction surveys are a key component of our mission to deliver Legendary Customer Service. Our long-term objective is a trailing twelve-month CSI(6) score of 95.0 or greater. Our consolidated CSI score was 94.3 at the end of the third quarter 2022. CSI for the Global Industrial Packaging segment was 94.1. CSI for the Paper Packaging & Services segment was 95.1.

Towards our mission of Creating Thriving Communities, during the third quarter, we have complemented our continuing efforts by signing the Columbus Commitment, a pledge to close the wage gap and achieve gender pay equity at Greif.

Lastly, as we continue to make steps to Protect Our Future, during the third quarter, we advanced our progress toward setting 2030 ESG targets, which will be announced during our fourth quarter 2022.

(1) Adjustments that are excluded from net income before adjustments and from earnings per diluted Class A share before adjustments are restructuring charges, integration related costs, non-cash asset impairment charges, non-cash pension settlement charges, incremental COVID-19 costs, net, (gain) loss on disposal of properties, plants, equipment and businesses, net.

(2) Adjusted EBITDA is defined as net income, plus interest expense, net, plus income tax expense, plus depreciation, depletion and amortization expense, plus restructuring charges, plus integration related costs, plus non-cash asset impairment charges, plus non-cash pension settlement charges, plus incremental COVID-19 costs, net, plus (gain) loss on disposal of properties, plants, equipment and businesses, net.

(3) Adjusted free cash flow is defined as net cash provided by operating activities, less cash paid for purchases of properties, plants and equipment, plus cash paid for integration related costs, plus cash paid for incremental COVID-19 costs, net, plus cash paid for integration related Enterprise Resource Planning (ERP) systems.

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

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

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

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

Segment Results (all results compared to the third quarter of 2021 unless otherwise noted)

Net sales are impacted mainly by the volume of primary products[7] sold, selling prices, product mix and the impact of changes in foreign currencies against the U.S. Dollar. The table below shows the percentage impact of each of these items on net sales for our primary products for the third quarter of 2022 as compared to the prior year quarter for the business segments with manufacturing operations.

Net Sales Impact - Primary Products	Global Industrial Packaging	Paper Packaging & Services
Currency Translation	(5.2)%	(0.1)%
Volume	(2.0)%	(3.9)%
Selling Prices and Product Mix	17.3 %	24.9 %
Total Impact of Primary Products	10.1 %	20.9 %

Global Industrial Packaging

Net sales decreased by $1.1 million to $906.7 million primarily due to approximately $82.0 million of prior year net sales attributable to the Flexibles Products & Services business that was sold on April 1, 2022, negative foreign currency translation impacts of $69.7 million and lower volumes, offset by higher average selling prices.

Gross profit decreased by $21.7 million to $177.7 million. The decrease in gross profit was primarily due to the same factors that impacted net sales and higher raw material costs, partially offset by lower labor costs.

Operating profit decreased by $14.8 million to $107.2 million primarily due to the same factors that impacted gross profit, partially offset by lower SG&A expenses. Adjusted EBITDA decreased by $29.1 million to $117.1 million primarily due to the same factors that impacted operating profit.

Paper Packaging & Services

Net sales increased by $131.4 million to $710.2 million primarily due to higher published containerboard and boxboard prices, partially offset by lower volumes.

Gross profit increased by $49.3 million to $167.3 million. The increase in gross profit was primarily due to the same factors that impacted net sales, partially offset by higher raw material, transportation, labor and utility costs.

Operating profit increased by $49.2 million to $96.7 million primarily due to the same factors that impacted gross profit. Adjusted EBITDA increased by $41.9 million to $131.8 million primarily due to the same factors that impacted operating profit, partially offset by higher SG&A expenses.

Tax Summary

During the third quarter, we recorded an income tax rate of 21.6 percent and a tax rate excluding the impact of adjustments of 21.5 percent. Note that the application of FIN 18 frequently causes fluctuations in our quarterly effective tax rates. For fiscal 2022, we expect our tax rate to range between 27.0 and 31.0 percent and our tax rate excluding adjustments to range between 22.0 and 25.0 percent.

Dividend Summary

On August 30, 2022, the Board of Directors declared quarterly cash dividends of $0.50 per share of Class A Common Stock and $0.75 per share of Class B Common Stock. Dividends are payable on October 1, 2022, to stockholders of record at the close of business on September 16, 2022.

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

Company Outlook

(in millions, except per share amounts)	**Fiscal 2022 Outlook Reported at Q3**
Class A earnings per share before adjustments	$7.90 - $8.10
Adjusted free cash flow	$415 - $445

Note: Fiscal 2022 Class A earnings per share guidance on a GAAP basis is not provided in this release due to the potential for one or more of the following, the timing and magnitude of which we are unable to reliably forecast: restructuring-related activities; integration related costs; non-cash pension settlement charges; non-cash asset impairment charges due to unanticipated changes in the business; gains or losses on the disposal of businesses or properties, plants and equipment, net and the income tax effects of these items and other income tax-related events. No reconciliation of the fiscal 2022 Class A earnings per share before adjustments guidance, a non-GAAP financial measure which excludes restructuring charges, integration costs, non-cash asset impairment charges, non-cash pension settlement charges, (gain) loss on the disposal of properties, plants, equipment and businesses, net, is included in this release because, due to the high variability and difficulty in making accurate forecasts and projections of some of the excluded information, together with some of the excluded information not being ascertainable or accessible, we are unable to quantify certain amounts that would be required to be included in the most directly comparable GAAP financial measure without unreasonable efforts. A reconciliation of 2022 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.

Conference Call

The Company will host a conference call to discuss third quarter 2022 results on September 1, 2022, at 8:30 a.m. Eastern Time (ET). Participants may access the call using the following online registration link: https://conferencingportals.com/event/BDwosPDa**.** Registrants will receive a confirmation email containing dial in details and a unique conference call code for entry. Phone lines will open at 8:00 a.m. ET on September 1, 2022. A digital replay of the conference call will be available two hours following the call on the Company's web site at http://investor.greif.com. To access the recording, guests can call (888) 330-2413 or (240) 789-2721 and use the conference ID 32605.

Investor Relations contact information

Matt Leahy, Vice President, Corporate Development & Investor Relations, 740-549-6158. Matthew.Leahy@Greif.com

About Greif

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

Forward-Looking Statements

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “aspiration,” “objective,” “project,” “believe,” “continue,” “on track” or “target” or the negative thereof and similar expressions, among others, identify forward-looking statements. All forward-looking statements are based on assumptions, expectations and other information currently available to management. Such forward-looking statements are subject to certain risks and uncertainties that could cause the Company’s actual results to differ materially from those forecasted, projected or anticipated, whether expressed or implied. The most significant of these risks and uncertainties are described in Part I of the Company’s Annual Report on Form 10-K for the fiscal year ended October 31, 2021. The Company undertakes no obligation to update or revise any forward-looking statements.

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

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

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

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

(in millions, except per share amounts)	Three months ended July 31, 2022	Three months ended July 31, 2021	Nine months ended July 31, 2022	Nine months ended July 31, 2021
Net sales	$ 1,622.1	$ 1,490.8	$ 4,853.7	$ 3,977.9
Cost of products sold	1,275.2	1,172.0	3,878.4	3,181.0
Gross profit	346.9	318.8	975.3	796.9
Selling, general and administrative expenses	141.6	142.6	440.6	423.7
Restructuring charges	3.1	3.7	10.3	18.8
Integration related costs	2.2	2.4	5.8	6.2
Non-cash asset impairment charges	0.7	—	63.1	1.5
Gain on disposal of properties, plants and equipment, net	(6.4)	(3.0)	(8.1)	(1.3)
Gain on disposal of businesses, net	—	—	(4.2)	—
Timberland gains, net	—	—	—	(95.7)
Operating profit	205.7	173.1	467.8	443.7
Interest expense, net	14.0	23.9	44.3	75.8
Non-cash pension settlement charges	—	0.4	—	9.0
Debt extinguishment charges	—	—	25.4	—
Other expense (income), net	7.3	(0.6)	4.9	2.2
Income before income tax expense and equity earnings of unconsolidated affiliates, net	184.4	149.4	393.2	356.7
Income tax expense	39.9	33.1	105.4	56.5
Equity earnings of unconsolidated affiliates, net of tax	(1.6)	(2.1)	(3.6)	(3.1)
Net income	146.1	118.4	291.4	303.3
Net income attributable to noncontrolling interests	(4.3)	(5.4)	(14.2)	(17.1)
Net income attributable to Greif, Inc.	$ 141.8	$ 113.0	$ 277.2	$ 286.2
Basic earnings per share attributable to Greif, Inc. common shareholders:				
Class A common stock	$ 2.38	$ 1.90	$ 4.66	$ 4.81
Class B common stock	$ 3.58	$ 2.85	$ 6.98	$ 7.21
Diluted earnings per share attributable to Greif, Inc. common shareholders:				
Class A common stock	$ 2.36	$ 1.89	$ 4.63	$ 4.80
Class B common stock	$ 3.58	$ 2.85	$ 6.98	$ 7.21
Shares used to calculate basic earnings per share attributable to Greif, Inc. common shareholders:				
Class A common stock	26.2	26.6	26.5	26.5
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	26.6	26.7	26.7	26.6
Class B common stock	22.0	22.0	22.0	22.0

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

(in millions)	July 31, 2022	October 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 127.5	$ 124.6
Trade accounts receivable	868.7	889.5
Inventories	478.5	499.2
Other current assets	173.0	150.8
	1,647.7	1,664.1
Long-term assets		
Goodwill	1,472.9	1,515.4
Intangible assets	596.7	648.4
Operating lease assets	253.2	289.4
Other long-term assets	228.5	177.3
	2,551.3	2,630.5
Properties, plants and equipment	1,427.1	1,521.2
	$ 5,626.1	$ 5,815.8
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 642.1	$ 704.5
Short-term borrowings	21.7	50.5
Current portion of long-term debt	50.9	120.3
Current portion of operating lease liabilities	49.4	54.0
Other current liabilities	351.9	384.8
	1,116.0	1,314.1
Long-term liabilities		
Long-term debt	1,986.1	2,054.8
Operating lease liabilities	206.7	239.5
Other long-term liabilities	563.7	607.7
	2,756.5	2,902.0
Redeemable noncontrolling interests	17.0	24.1
Equity		
Total Greif, Inc. equity	1,701.1	1,514.3
Noncontrolling interests	35.5	61.3
Total equity	1,736.6	1,575.6
	$ 5,626.1	$ 5,815.8

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

(in millions)	Three months ended July 31, 2022	Three months ended July 31, 2021	Nine months ended July 31, 2022	Nine months ended July 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	$ 146.1	$ 118.4	$ 291.4	$ 303.3
Depreciation, depletion and amortization	51.4	58.1	165.4	176.2
Asset impairments	0.7	—	63.1	1.5
Pension settlement charges	—	0.4	—	9.0
Timberland gains, net	—	—	—	(95.7)
Other non-cash adjustments to net income	0.3	8.0	6.2	(5.3)
Debt extinguishment charges	—	—	22.6	—
Operating working capital changes	21.8	(94.8)	(99.4)	(138.8)
Decrease in cash from changes in other assets and liabilities	(11.0)	4.8	(78.4)	8.5
Net cash provided by operating activities	209.3	94.9	370.9	258.7
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of properties, plants and equipment	(37.2)	(36.5)	(112.2)	(94.2)
Purchases of and investments in timber properties	0.5	(4.9)	(4.6)	(7.4)
Proceeds on the sale of timberlands, net	—	—	—	145.1
Collections of receivables held in special purpose entities	—	—	—	50.9
Payments for issuance of loans receivable	—	—	—	(15.0)
Proceeds from the sale of properties, plant and equipment and businesses, net	8.7	—	156.2	—
Other	—	9.3	(4.7)	6.8
Net cash (used) provided by investing activities	(28.0)	(32.1)	34.7	86.2
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds on long-term debt, net	(37.1)	(38.2)	(149.4)	(225.2)
Dividends paid to Greif, Inc. shareholders	(27.4)	(26.2)	(82.0)	(78.4)
Payments for liabilities held in special purpose entities	—	—	—	(43.3)
Payments for debt extinguishment and issuance costs	—	—	(20.8)	—
Payments for share repurchases	(60.0)	—	(60.0)	—
Forward contract for accelerated share repurchases	(15.0)	—	(15.0)	—
Other	(7.2)	(2.3)	(16.6)	(7.2)
Net cash used in financing activities	(146.7)	(66.7)	(343.8)	(354.1)
Effects of exchange rates on cash	(15.8)	(6.7)	(58.9)	3.1
Net increase (decrease) in cash and cash equivalents	18.8	(10.6)	2.9	(6.1)
Cash and cash equivalents, beginning of period	108.7	110.4	124.6	105.9
Cash and cash equivalents, end of period	$ 127.5	$ 99.8	$ 127.5	$ 99.8

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

(in millions)	Three months ended July 31, 2022	Three months ended July 31, 2021	Nine months ended July 31, 2022	Nine months ended July 31, 2021
Net sales:				
Global Industrial Packaging	$ 906.7	$ 907.8	$ 2,827.5	$ 2,365.1
Paper Packaging & Services	710.2	578.8	2,009.5	1,596.7
Land Management	5.2	4.2	16.7	16.1
Total net sales	$ 1,622.1	$ 1,490.8	$ 4,853.7	$ 3,977.9
Gross profit:				
Global Industrial Packaging	$ 177.7	$ 199.4	$ 540.1	$ 499.8
Paper Packaging & Services	167.3	118.0	428.9	291.5
Land Management	1.9	1.4	6.3	5.6
Total gross profit	$ 346.9	$ 318.8	$ 975.3	$ 796.9
Operating profit:				
Global Industrial Packaging	$ 107.2	$ 122.0	$ 246.2	$ 252.4
Paper Packaging & Services	96.7	47.5	215.1	89.1
Land Management	1.8	3.6	6.5	102.2
Total operating profit	$ 205.7	$ 173.1	$ 467.8	$ 443.7
EBITDA[8]:				
Global Industrial Packaging	$ 118.3	$ 145.0	$ 301.1	$ 315.9
Paper Packaging & Services	130.6	84.1	322.1	191.1
Land Management	2.5	4.4	8.7	104.8
Total EBITDA	$ 251.4	$ 233.5	$ 631.9	$ 611.8
Adjusted EBITDA[9]:				
Global Industrial Packaging	$ 117.1	$ 146.2	$ 362.2	$ 331.9
Paper Packaging & Services	131.8	89.9	329.7	214.3
Land Management	2.1	1.7	6.9	6.7
Total adjusted EBITDA	$ 251.0	$ 237.8	$ 698.8	$ 552.9

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

[9] Adjusted EBITDA is defined as net income, plus interest expense, net, plus debt extinguishment charges, plus income tax expense, plus depreciation, depletion and amortization expense, plus restructuring charges, plus integration related costs, plus non-cash asset impairment charges, plus non-cash pension settlement charges, plus incremental COVID-19 costs, net, plus gain on disposal of properties, plants, equipment and businesses, net, plus timberland gains, net.

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

	Three months ended July 31,		Nine months ended July 31,	
(in millions)	**2022**	**2021**	**2022**	**2021**
Net income	$ 146.1	$ 118.4	$ 291.4	$ 303.3
Plus: Interest expense, net	14.0	23.9	44.3	75.8
Plus: Debt extinguishment charges	—	—	25.4	—
Plus: Income tax expense	39.9	33.1	105.4	56.5
Plus: Depreciation, depletion and amortization expense	51.4	58.1	165.4	176.2
EBITDA	$ 251.4	$ 233.5	$ 631.9	$ 611.8
Net income	$ 146.1	$ 118.4	$ 291.4	$ 303.3
Plus: Interest expense, net	14.0	23.9	44.3	75.8
Plus: Debt extinguishment charges	—	—	25.4	—
Plus: Income tax expense	39.9	33.1	105.4	56.5
Plus: Non-cash pension settlement charges	—	0.4	—	9.0
Plus: Other expense (income), net	7.3	(0.6)	4.9	2.2
Plus: Equity earnings of unconsolidated affiliates, net of tax	(1.6)	(2.1)	(3.6)	(3.1)
Operating profit	$ 205.7	$ 173.1	$ 467.8	$ 443.7
Less: Non-cash pension settlement charges	—	0.4	—	9.0
Less: Other expense (income), net	7.3	(0.6)	4.9	2.2
Less: Equity earnings of unconsolidated affiliates, net of tax	(1.6)	(2.1)	(3.6)	(3.1)
Plus: Depreciation, depletion and amortization expense	51.4	58.1	165.4	176.2
EBITDA	$ 251.4	$ 233.5	$ 631.9	$ 611.8
Plus: Restructuring charges	3.1	3.7	10.3	18.8
Plus: Integration related costs	2.2	2.4	5.8	6.2
Plus: Non-cash asset impairment charges	0.7	—	63.1	1.5
Plus: Non-cash pension settlement charges	—	0.4	—	9.0
Plus: Incremental COVID-19 costs, net [10]	—	0.8	—	2.6
Plus: Gain on disposal of properties, plants, equipment, and businesses, net	(6.4)	(3.0)	(12.3)	(1.3)
Plus: Timberland gains, net	—	—	—	(95.7)
Adjusted EBITDA	$ 251.0	$ 237.8	$ 698.8	$ 552.9

[10] Incremental COVID-19 costs, net includes costs directly attributable to COVID-19 such as costs incurred for incremental cleaning and sanitation efforts and employee safety measures, offset by economic relief received from foreign governments.

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
SEGMENT ADJUSTED EBITDA[11]
UNAUDITED

(in millions)	Three months ended July 31, 2022	Three months ended July 31, 2021	Nine months ended July 31, 2022	Nine months ended July 31, 2021
Global Industrial Packaging				
Operating profit	107.2	122.0	246.2	252.4
Less: Other expense (income), net	7.6	(0.6)	5.2	2.1
Less: Equity earnings of unconsolidated affiliates, net of tax	(1.6)	(2.1)	(3.6)	(3.1)
Less: Non-cash pension settlement charges	—	0.3	—	0.3
Plus: Depreciation and amortization expense	17.1	20.6	56.5	62.8
EBITDA	$ 118.3	$ 145.0	$ 301.1	$ 315.9
Plus: Restructuring charges	1.5	1.6	6.3	14.6
Plus: Integration related costs	0.3	—	0.3	—
Plus: Non-cash asset impairment charges	—	—	62.4	1.5
Plus: Incremental COVID-19 costs, net	—	0.5	—	1.3
Plus: Non-cash pension settlement charges	—	0.3	—	0.3
Plus: Gain on disposal of properties, plants, equipment and businesses, net	(3.0)	(1.2)	(7.9)	(1.7)
Adjusted EBITDA	$ 117.1	$ 146.2	$ 362.2	$ 331.9
Paper Packaging & Services				
Operating profit	96.7	47.5	215.1	89.1
Less: Non-cash pension settlement charges	—	0.1	—	8.7
Less: Other (income) expense, net	(0.3)	—	(0.3)	0.1
Plus: Depreciation and amortization expense	33.6	36.7	106.7	110.8
EBITDA	$ 130.6	$ 84.1	$ 322.1	$ 191.1
Plus: Restructuring charges	1.6	2.1	4.0	4.1
Plus: Integration related costs	1.9	2.4	5.5	6.2
Plus: Non-cash asset impairment charges	0.7	—	0.7	—
Plus: Non-cash pension settlement charges	—	0.1	—	8.7
Plus: Incremental COVID-19 costs, net	—	0.3	—	1.3
Plus: (Gain) loss on disposal of properties, plants, equipment and businesses, net	(3.0)	0.9	(2.6)	2.9
Adjusted EBITDA	$ 131.8	$ 89.9	$ 329.7	$ 214.3
Land Management				
Operating profit	1.8	3.6	6.5	102.2
Plus: Depreciation and depletion expense	0.7	0.8	2.2	2.6
EBITDA	$ 2.5	$ 4.4	$ 8.7	$ 104.8
Plus: Restructuring charges	—	—	—	0.1
Plus: Timberland gains	—	—	—	(95.7)
Plus: Gain on disposal of properties, plants, equipment and businesses, net	(0.4)	(2.7)	(1.8)	(2.5)
Adjusted EBITDA	$ 2.1	$ 1.7	$ 6.9	$ 6.7
Consolidated EBITDA	$ 251.4	$ 233.5	$ 631.9	$ 611.8
Consolidated adjusted EBITDA	$ 251.0	$ 237.8	$ 698.8	$ 552.9

[11] Adjusted EBITDA is defined as net income, plus interest expense, net, plus debt extinguishment charges, plus income tax expense, plus depreciation, depletion and amortization expense, plus restructuring charges, plus integration related costs, plus non-cash asset impairment

charges, plus non-cash pension settlement charges, plus incremental COVID-19 costs, net, plus (gain) loss on disposal of properties, plants, equipment and businesses, net, plus timberland gains, 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[12]
UNAUDITED

(in millions)	Three months ended July 31, 2022	Three months ended July 31, 2021	Nine months ended July 31, 2022	Nine months ended July 31, 2021
Net cash provided by operating activities	$ 209.3	$ 94.9	$ 370.9	$ 258.7
Cash paid for purchases of properties, plants and equipment	(37.2)	(36.5)	(112.2)	(94.2)
Free cash flow	$ 172.1	$ 58.4	$ 258.7	$ 164.5
Cash paid for integration related costs	2.2	2.4	5.8	6.2
Cash paid for incremental COVID-19 costs, net	—	0.7	—	2.6
Cash paid for integration related ERP systems	1.5	2.6	4.5	6.0
Cash paid for debt issuance costs[13]	—	—	2.8	—
Adjusted free cash flow	$ 175.8	$ 64.1	$ 271.8	$ 179.3

[12] Adjusted free cash flow is defined as net cash provided by operating activities, less cash paid for purchases of properties, plants and equipment, plus cash paid for integration related costs, plus cash paid for incremental COVID-19 costs, net, plus cash paid for integration related ERP systems, plus cash paid for debt issuance costs.

[13] Cash paid for debt issuance costs is defined as cash payments for debt issuance related expenses included within net cash used in operating activities.

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

(in millions, except for per share amounts)	Income before Income Tax (Benefit) Expense and Equity Earnings of Unconsolidated Affiliates, net	Income Tax (Benefit) Expense	Equity Earnings	Non-Controlling Interest	Net Income (Loss) Attributable to Greif, Inc.	Diluted Class A Earnings Per Share	Tax Rate
Three months ended July 31, 2022	$ 184.4	$ 39.9	$ (1.6)	$ 4.3	$ 141.8	$ 2.36	21.6 %
Restructuring charges	3.1	0.8	—	—	2.3	0.04	
Integration related costs	2.2	0.5	—	—	1.7	0.02	
Non-cash asset impairment charges	0.7	—	—	—	0.7	—	
Gain on disposal of properties, plants, equipment and businesses, net	(6.4)	(1.6)	—	—	(4.8)	(0.07)	
Excluding adjustments	$ 184.0	$ 39.6	$ (1.6)	$ 4.3	$ 141.7	$ 2.35	21.5 %
Three months ended July 31, 2021	$ 149.4	$ 33.1	$ (2.1)	$ 5.4	$ 113.0	$ 1.89	22.2 %
Restructuring charges	3.7	0.9	—	—	2.8	0.02	
Integration related costs	2.4	0.6	—	—	1.8	0.03	
Non-cash pension settlement charges	0.4	—	—	—	0.4	0.03	
Incremental COVID-19 costs, net	0.8	0.1	—	0.2	0.5	0.01	
Gain on disposal of properties, plants, equipment and businesses, net	(3.0)	(0.4)	—	—	(2.6)	(0.05)	
Excluding adjustments	$ 153.7	$ 34.3	$ (2.1)	$ 5.6	$ 115.9	$ 1.93	22.3 %
Nine months ended July 31, 2022	$ 393.2	$ 105.4	$ (3.6)	$ 14.2	$ 277.2	$ 4.63	26.8 %
Restructuring charges	10.3	2.5	—	—	7.8	0.13	
Debt extinguishment charges	25.4	6.2	—	—	19.2	0.32	
Integration related costs	5.8	1.4	—	—	4.4	0.07	
Non-cash asset impairment charges	63.1	—	—	—	63.1	1.05	
Gain on disposal of properties, plants, equipment and businesses, net	(12.3)	(2.6)	—	(0.2)	(9.5)	(0.16)	
Excluding adjustments	$ 485.5	$ 112.9	$ (3.6)	$ 14.0	$ 362.2	$ 6.04	23.3 %
Nine months ended July 31, 2021	$ 356.7	$ 56.5	$ (3.1)	$ 17.1	$ 286.2	$ 4.80	15.8 %
Restructuring charges	18.8	4.5	—	1.3	13.0	0.19	
Integration related costs	6.2	1.5	—	—	4.7	0.08	
Non-cash asset impairment charges	1.5	0.5	—	0.1	0.9	0.02	
Non-cash pension settlement charges	9.0	2.1	—	—	6.9	0.12	
Incremental COVID-19 costs, net	2.6	0.6	—	0.3	1.7	0.03	
(Gain) loss on disposal of properties, plants, equipment and businesses, net	(1.3)	0.3	—	—	(1.6)	(0.03)	
Timberland gains, net	(95.7)	(3.0)	—	—	(92.7)	(1.54)	
Excluding adjustments	$ 297.8	$ 63.0	$ (3.1)	$ 18.8	$ 219.1	$ 3.67	21.2 %

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

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

(in millions)	July 31, 2022	April 30, 2022	July 31, 2021
Total debt	$ 2,058.7	$ 2,099.9	$ 2,267.6
Cash and cash equivalents	(127.5)	(108.7)	(99.8)
Net debt	$ 1,931.2	$ 1,991.2	$ 2,167.8

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

Trailing twelve month credit agreement EBITDA *(in millions)*	**Trailing Twelve Months Ended 7/31/2022**	**Trailing Twelve Months Ended 4/30/2022**	**Trailing Twelve Months Ended 7/31/2021**
Net income	$ 401.3	$ 422.7	$ 351.3
Plus: Interest expense, net	61.2	71.1	101.8
Plus: Debt extinguishment charges	25.4	25.4	—
Plus: Income tax expense	118.5	62.6	75.0
Plus: Depreciation, depletion and amortization expense	223.6	230.3	236.3
EBITDA	$ 830.0	$ 812.1	$ 764.4
Plus: Restructuring charges	14.6	15.2	30.7
Plus: Integration related costs	8.7	8.9	9.7
Plus: Non-cash asset impairment charges	70.5	69.8	3.1
Plus: Non-cash pension settlement charges	0.1	0.5	9.4
Plus: Incremental COVID-19 costs, net	0.7	1.5	3.3
Plus: (Gain) loss on disposal of properties, plants, equipment, and businesses, net	(14.5)	(11.1)	(17.5)
Plus: Timberland gains, net	—	—	(95.7)
Adjusted EBITDA	$ 910.1	$ 896.9	$ 707.4
Credit agreement adjustments to EBITDA[14]	(24.0)	(36.7)	31.7
Credit agreement EBITDA	$ 886.1	$ 860.2	$ 739.1

Adjusted net debt *(in millions)*	**For the Period Ended 7/31/2022**	**For the Period Ended 4/30/2022**	**For the Period Ended 7/31/2021**
Total debt	$ 2,058.7	$ 2,099.9	$ 2,267.6
Cash and cash equivalents	(127.5)	(108.7)	(99.8)
Net debt	$ 1,931.2	$ 1,991.2	$ 2,167.8
Credit agreement adjustments to debt[15]	(164.8)	(165.5)	(88.4)
Adjusted net debt	$ 1,766.4	$ 1,825.7	$ 2,079.4
Leverage ratio	**1.99x**	**2.12x**	**2.8x**

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

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

GREIF, INC. AND SUBSIDIARY COMPANIES
PROJECTED 2022 GUIDANCE RECONCILIATION
ADJUSTED FREE CASH FLOW
UNAUDITED

(in millions)	Fiscal 2022 Guidance Range	
	Scenario 1	Scenario 2
Net cash provided by operating activities	$ 545.2	$ 586.2
Cash paid for purchases of properties, plants and equipment	(145.0)	(160.0)
Free cash flow	$ 400.2	$ 426.2
Cash paid for integration related costs	6.0	8.0
Cash paid for integration related ERP systems	6.0	8.0
Cash paid for debt issuance costs	2.8	2.8
Adjusted free cash flow	$ 415.0	$ 445.0

Exhibit 99.2

Greif, Inc.
Third Quarter 2022 Earnings Results Conference Call
September 6, 2022

COMPANY PARTICIPANTS

Ole G. Rosgaard – Greif, Inc., Chief Executive Officer
Lawrence A. Hilsheimer – Greif, Inc., Chief Financial Officer & Executive Vice President
Matt Leahy – Greif, Inc., Vice President, Corporate Development and Investor Relations

OTHER PARTICIPANTS

Adam Josephson – KeyBanc Capital Markets Inc., Research Division
Cashen Keeler – Bank of America Securities, Research Division
Tom Digenan – Robert W. Baird & Co. Incorporated, Research Division
Gabe Hajde – Wells Fargo Securities, LLC, Research Division
Justin Bergner – Gabelli Funds, LLC
Michael Hoffman – Stifel Financial Corp., Research Division
Mark William Wilde – BMO Capital Markets Equity Research

MANAGEMENT DISCUSSION SECTION

Operator
Good morning, and welcome to Greif's Third Quarter 2022 Earnings Conference Call.
I would now like to turn the conference over to Matt Leahy, Vice President of Corporate Development and Investor Relations. Please go ahead.

Matt Leahy
Thanks, and good morning, everyone. Welcome to Greif's Third Quarter Fiscal 2022 Earnings Conference Call. This is Matt Leahy, Greif's Vice President of Corporate Development and Investor Relations, and I'm joined by Ole Rosgaard, Greif's President and Chief Executive Officer; and Larry Hilsheimer, Greif's Chief Financial Officer.

We will take questions at the end of today's call and in accordance with the Regulation Fair Disclosure, please ask questions regarding issues you consider important because we are prohibited from discussing material nonpublic information with you on an individual basis. Please limit yourself to one question and one follow-up before returning to the queue.

Please turn to Slide 2. As a reminder, during today's call, we will make forward-looking statements involving plans, expectations and beliefs related to future events. Actual results could differ materially from those discussed. Additionally, we will be referencing certain non-GAAP financial measures and reconciliation to the most directly comparable GAAP metrics can be found in the appendix of today's presentation.

And now, I'll turn the presentation over to Ole on Slide 3.

Ole G. Rosgaard
Thanks, Matt, and good morning, everyone. Following on our formal introduction of the Build-to-Last strategy at our June Investor Day, we are very pleased to present our third quarter results. We delivered both earnings and EBITDA growth against the historically strong Q3 '21 comp and during a time of economic uncertainty, record inflation, continued supply chain pressures and the ongoing pandemic. We delivered third quarter adjusted EBITDA of $251 million and adjusted EPS of $2.35.

But perhaps most impressively, we delivered a record single quarter adjusted free cash flow of $175.8 million. These results are indicative of the Build-to-Last strategy's, powerful value creation when executed effectively by our exemplary global Greif team. Our company has also achieved a milestone by ending the quarter below our target leverage ratio range, opening up significant opportunities to accelerate our capital allocation priorities and deploy capital to drive shareholder value and grow our business.

Our confidence in the Greif team's ability to produce continued strong results had led us to raise our expected fiscal 2022 guidance, as Larry will discuss later.
Please turn to Slide 4 to begin discussion of our detailed results. Global Industrial Packaging delivered an excellent third quarter. We continue to see solid demand across our global resin-based portfolio with plastic drums down low single digits and IBCs up 10% per day versus a strong prior year comp.

Global steel drum volume fell by mid-single digits per day versus the prior year on late quarter weakness in EMEA and APAC driven by customer challenges around raw material availability, supply chain and labor disruptions and inventory rebalancing, which impacted order patterns.

Our North American end markets remained stable, and our LATAM business continues to outperform with strong volumes across the ag chem, citrus and lubricant end markets. As a reminder, our GIP business benefits from a portfolio effect of mixed geographic product and end market exposures as discussed at Investor Day.

Adjusted EBITDA decreased year-over-year by approximately $29 million. We are proud of our team's ability to largely offset multiple headwinds when viewed against the historically high performance of third quarter 2021. In addition to the absence of a $10 million contribution from FPS that benefited the previous year as well as a higher year-over-year incentive accruals. The team has also been excellent at taking steps to offset the previously discussed $100 million onetime full year 2021 benefits related to last year's historic one up in steel prices. Much of the impact of that tailwind occurred during the second half last year.

Our teams also faced the continued headwinds of non-raw material inflation, but we're diligent in passing along costs ahead of the inflationary curve. Our global GIP team has exemplified relentless execution and discipline during these challenging times.

Please turn to Slide 5. Paper Packaging's third quarter sales rose by $131 million versus the prior year due to steady and solid volumes in all paperboard grades and higher average selling prices. Adjusted EBITDA rose by $42 million versus the prior year due to higher selling prices, partially offset by higher raw materials, notably a $10 million headwind related to higher OCC costs, higher incentives and the continued and substantial headwinds of transportation, labor and energy inflation.

Third quarter volumes in our CorrChoice sheet feeder system were down 3.5% per day compared to the historically strong Q3 '21, in line with industry box demand, but remain 10% above pre-pandemic levels. Third quarter tube and core volumes were down 2.4% per day versus the prior year due to softness mainly in film and textile end markets being partially offset with strength in our order key end markets as well as our growing adhesive business.

As some may know, we had a fire in one of our production lines at our Riverville mill towards the end of July. Most importantly we are happy to report that all of our colleagues are safe and unharmed from the events. Thanks to the dedicated efforts of those colleagues, the fire resulted in only 20 days downtime at 1 of our 2 lines at the mill.

The team did an excellent job of bringing the line back to operation in a short timeline. The time focused on that incident led us to determine we should defer our planned 13 days of maintenance downtime into next year. As a result of that shift, the fire will result in a loss of net 7 days of production during the fourth quarter, equivalent to approximately 9,000 tons. That is factored into our fourth quarter guidance.

I will now turn it over to our CFO, Larry Hilsheimer, on Page 6.

Lawrence Allen Hilsheimer
Thank you, Ole. Good morning, everyone. Our third quarter results demonstrate our team's ability to perform despite substantial ongoing headwinds. Despite a combined $59 million of non-volume-related raw material, transportation, labor and energy cost headwinds in the quarter, we delivered adjusted EBITDA of $251 million, well ahead of prior year.

You will note that our EBITDA growth was driven by our Paper Packaging business, which had existing strength during the quarter where GIP was faced with several headwinds and a difficult prior year comparison. The portfolio effect provided by these businesses act to create stability of earnings over the long term for Greif, and this quarter is no exception. We have included in the appendix of today's presentation, a slide from Investor Day, which displays this dynamic over the past 7 years.

During this quarter, we also grew earnings by over 20% with adjusted earnings per share of $2.35, and most impressively, produced record free cash flow of over $175 million during the quarter. This cash generation provides proof of another of our core messages from Investor Day, the resilience of the Greif Business System as a highly generative cash machine regardless of business cycles. Our teams are also executing below the line, where interest expense was a year-over-year benefit to earnings of $0.12 a share as a result of our deleveraging efforts and our favorable refinancing. Tax expense was a $0.09 negative year-over-year earnings impact, primarily due to higher income in the United States.

Please turn to Slide 7. We are again increasing our fiscal 2022 guidance as a result of our team's extraordinary efforts in continuing to deliver for our customers and managing well through an inflationary environment. We are raising the midpoint of our adjusted earnings per share guidance by $0.40 to $8 a share for fiscal '22, reflective of our strong third quarter performance and confidence in our ability -- our team's ability to deliver results to round out the year. We are also raising our free cash flow guidance for fiscal '22 with a new range of $415 million to $445 million.

Continued outperformance on the operating line, coupled with improving net working capital management and slightly lower Capex is driving the upside. We anticipate these net working capital benefits to continue to support strong free cash flow into 2023.

Finally, you will find a slide with key modeling assumptions in the appendix of today's deck for use as needed.
Please turn to Slide 8. Reflecting back to our Investor Day and the promise we made to continue to provide value to shareholders, we are increasing our quarterly dividend by 8.7% to $0.50 on A shares and $0.75 on B shares. In addition to raising our dividend, we continue to repurchase shares as announced at Investor Day.

Our increasing dividend and commitment to share repurchases offer a compelling shareholder return opportunity. Furthermore we have reached yet another milestone in delivering our balance sheet to below our target leverage ratio target. The strength of our balance sheet affords us the flexibility to pursue new opportunities to deploy capital opportunistically in the coming year. Our acquisition pipeline remains robust, and we are excited about the opportunities to further grow our business.

With that, I'll turn things back to Ole on Slide 9.

Ole G. Rosgaard
Thanks, Larry. To sum up our thoughts, we are extremely proud of our team's performance in the past quarter. As discussed at our Investor Day, our focus and disciplined execution on the 4 missions of our Build-to-Last strategy ensures that we will deliver exemplary performance in any economic environment.

Included in the appendix for today's presentation is a summary of our key messages from Investor Day. We are confident in the ability for our Build-to-Last strategy to drive long-term value creation, and this quarter is a prime example of that strategy in action.

Thank you for your interest in Greif. Operator, can you please open the line for questioning.

QUESTION AND ANSWER SECTION

Operator
Our first question comes from Ghansham Panjabi from Baird.

Tom Digenan
Hi, this is actually Tom Digenan filling in for Ghansham. For my first question, could you characterize fundamentals in PPS as you see them right now? We've seen containerboard momentum for the industry pull back somewhat recently. So I'm wondering how we should think about demand now and going forward relative to earlier this year?

Ole G. Rosgaard
We saw towards the end of the quarter a slight weakening in demand. But I will stress that our demand is still solid, and our backlogs are still around 7 to 8 weeks.

Tom Digenan
Got you, that's helpful. And then could you also characterize the macro in each region? And also, how would you say dynamics have evolved since Investor Day? And then also any commentary around what you're seeing across the European customer base as it relates to net cash shortages would be helpful as well.

Ole G. Rosgaard
Sure. I can just -- we can walk around the world. If we start out in APAC, what we see out there is basically the effect of the continued lockdowns in China. Those lockdowns prevents transportation across the Chinese regions, and that puts a damper on some demands. We also see end markets like auto, like construction being affected. That means that there's less demand for paint, less demand for silicon, which all gets transported in our packaging, and also the increased supply chain cost has an effect on the whole region. So that's really why we see a weakening in that region.

For Europe or for EMEA, we also see some weakening, not to the extent of APAC at the moment. That is really caused by several things. One is the conflict in Ukraine, it's the inflation in energy prices, gas restrictions that causes companies to basically take down capacity for cost reasons. We do see pockets in EMEA where our demand has remained strong. But in terms of all the materials that goes into order production and some consumer goods are weak.

In North America, we see weakness to a lesser extent, but we do see the same picture in terms of auto, which has an effect on paint and some types of chemicals. LATAM is strong. And overall, we see strong demand in ag chem. We see strong demand in food-related packaging as well.

Operator
Our next question comes from George Staphos from Bank of America.

Cashen Keeler
This is actually Cashen Keeler covering for George today. So I guess just heading into '23, would you be able to provide any initial color on that for both segments? And then what might be your biggest risk margins as well?

Lawrence Allen Hilsheimer
Yes, '23 is a long way off, yet particularly given the uncertainty of the economic path here, I mean, obviously, even the Fed is struggling with that. So I mean, we're working hard at building out our budget plans now and we'll be well prepared to talk about that in the fourth quarter call.

Operator
Our next question comes from Adam Josephson from KeyBanc Capital Markets.

Adam Jesse Josephson
Larry, would you mind just going through your volume trends by months in the quarter as well as in August? In other words, compared to the down 2.8 in fiscal 3Q, can you tell us what each of the 3 months was as well as what August was? And relatedly, what your volume expectation for 4Q is embedded in your updated full year guidance?

Lawrence Allen Hilsheimer
Yes. We -- like we had talked at Investor Day on where May and June were, so they weren't showing really any signs of weakness. Things tailed off a bit in July, leading to the results we published. As we look at August, it continues the trend that we saw in July. And Ole went through where we're seeing steel sort of -- it's looking down that mid-single digits kind of number on steel.

IBCs remain positive, up even in August, and our sheet business remained strong in paper, as he mentioned, our backlogs are still close to 8 weeks in our paper business. So a lot of mixed signals, Adam. But overall, things are a little weaker, but nothing that is overly concerning at the moment.

Adam Jesse Josephson
I appreciate that. And just related to the comment about the 7 to 8 week backlogs in your paper business. Obviously your volumes were down in fiscal 3Q. Obviously you took your OCC guidance down by $10 a ton. Can you tell me what you're expecting in terms of the OCC decline in September? And relatedly, if your backlogs are still strong in your paper business, why do you suppose the OCC prices would be falling by as much as they are?

Lawrence Allen Hilsheimer
Yes. We've built in -- it's 127 in August, then we reflected going down to 107 for September and October. We -- you are seeing people taking a lot of different maintenance downtime within the industry. And I do think that there is some weakness out there that's driving down the demand a bit in the paper industry. But we continue to do well against our specialty businesses. Our URB and CRB businesses are -- continue to be strong. There are some pieces that are showing weakness, but others not. I mean, you've got residential construction, well, while you may see housing starts down, you still have housing completions up year-over-year over a strong '21.
Actually, permits went up in July year-over-year. So -- we're seeing, for example, if you look down in our URB business, carpet and floor cores and roofing cores are actually up 6% and 12% August over August. You got now construction tubes, which goes more into commercial construction, is down 6%. So it's just a mixed bag across the portfolio. And like I said, on balance, still pretty good for us.

Ole G. Rosgaard
And Adam, when you follow housing, you have to remember that when you sign a contract to build a house, that house will be built from now and then 9, 12 months into the future, and you can't stop that. So you will see demand for housing-related products continue well into 2023.

Operator
Our next question comes from Mark Wilde from BMO.

Mark William Wilde
Ole, can you just talk with us a little bit first about how you think about your ability to hold on to these recycled boxboard price gains? I've kind of lost track at this point, but it seems like we've got about $400 to $450 worth of price hikes out there in the last 18 months. And if OCC is a little over $100 right now, that's really not terribly much higher than it was 2 or 3 years ago. So it seems like you've picked up quite a bit of spread there. And I'm just curious about your ability to retain that spread and how you think about that?

Ole G. Rosgaard
The way I think about it, Mark, is really it's a supply and demand issue. I mean this is very -- put it very simple.

Mark William Wilde
And can you also -- can you talk a little bit around your leverage targets and whether you might be willing to operate below the low end, below that 2x number for some extended period of time?

Lawrence Allen Hilsheimer
Yes, Mark, we don't find that terribly capital efficient, but we're not going to be crazy to deploy the capital and chase things that don't make sense. So to the extent that there is nothing for us to acquire that is attractive, we could see that fulsome. But as I mentioned in my prepared remarks, our acquisition pipeline is very robust. We are looking at a number of things. We'll remain disciplined in deploying that capital. But yes, if we don't execute on any of those, I could see us being down for a while so that we have that dry powder to do things. And then we'll continue to look at returning more and more capital to our shareholders to the extent that we don't. But -- so we're not going to be rash about it, but I wouldn't anticipate us falling dramatically below that for a long period of time.

Mark William Wilde
And finally, Larry, just on the M&A front, can you just give us a sense of what you're seeing out there from sellers? Because it's clearly a really tough financing market for the private equity buyers. And that it seems to me it's kind of frozen at this point. I'm just curious if you're seeing an awful lot of sellers just pull back from the market right now.

Lawrence Allen Hilsheimer
We're not. We're actually seeing lots of opportunities, but they're not huge opportunities. I mean we're not talking Caraustar-sized deals, Mark, by any stretch. But we look at this as an opportunity for us. Obviously to the extent that they're having more difficulty financing, we don't have any trouble financing. We have the dry powder to be able to do this very rapidly, and we'll take advantage of that in the market to the extent that we're able to find transactions that make sense for us and that fit our target objectives.

Operator
Our next question comes from Michael Hoffman from Stifel.

Michael Hoffman
I'd like to tackle the overall commodity book, and you've alluded to fiber, the OCC trend. But could you share with us your thoughts about your mix of resins, steel trends going into 4Q? And how we think about that comparative year-over-year?

Ole G. Rosgaard
Hello, Michael, this is Ole. Are you thinking of like raw material prices?

Michael Hoffman
Yes.

Ole G. Rosgaard
So we have obviously seen a steady, but not dramatic decline in raw materials over the period. We expect to see a continued, sort of, slight decline of raw materials towards -- from now and towards the end of the year. We don't expect anything dramatic on that front at all. And that goes to both steel and resin.

Michael Hoffman
And then on the -- Larry, on the Capex side, is the intention that that gets rolled into next year? Is this a supply chain issue? And that's -- you're trying to deploy it, but you can't find the things you want to buy. Just to understand why?

Lawrence Allen Hilsheimer
Yes, that's it, Michael. And it's a bit frustrating for us because that's been a continuing story for the last 3 years, unfortunately, 3 years ago it was sort of a unique situation on a large piece of equipment. But then last year, as the supply chain difficulties became more pronounced than that became an issue.

We thought until like 3 weeks ago that we were still going to be in good shape on not having to lower our Capex spend this year, but then we got told some equipment wasn't going to come in. So yes, it's all supply chain related. It's not anything related to desire or capability. And so it will go into next year. And we do have plans, as we've announced about having a new Southwest sheet feeder next year. So that's a major capital spend that will fall into the guidance we'll give for next year.

Michael Hoffman
And if I can just tweak out a little then, given the trend -- I get you're not giving guidance, but just so everybody is modeling intelligently, given the trend on the raws, by definition numbers year-over-year are tighter, we're having a flat to slightly down conversation, which nobody should be surprised about, but that's the way to think directionally?

Lawrence Allen Hilsheimer
Yes. I think that's the way to think about it. The one thing that I would talk is as that occurs, cash generation just goes up. I mean, because the need for working capital declines, the collection on receivables and those things play out. So we -- as you would expect, when we modeled out, doing the stock repurchases and the dividend increase, we modeled out a bunch of scenarios. And even in a really tough drop, which we don't anticipate. I mean, we're talking 20% declines in EBITDA over the next couple of years; we still are just printing cash. And getting our leverage ratio will remain down below our target range, even if we do some decent-sized acquisitions. So yes, we may see that fall off in earnings if the economy goes south, but cash flow is going to be strong.

Operator
Our next question comes from Gabe Hajde from Wells Fargo.

Gabrial Shane Hajde
Real quick, as we think about, I guess, energy volatility and what could happen over the winter months. Can you give us any sort of framework in terms of regional profitability to the extent that you have to -- your customers perhaps move where they're manufacturing their product and any potential capacity limitations that you might have? So -- and again, I don't know specifically, but for example, in Germany, if someone is trying to make XYZ product and they choose to making it in the United States, again, to the extent they have the capability. Is there anything that we should be mindful of that could impact profitability?

Lawrence Allen Hilsheimer
Yes. I think -- I wouldn't -- I don't think you'll see a lot of that, Gabe. I think to the extent that we see movement, you generally will see like in May, it might move to -- we've seen things move to Saudi Arabia before and our plants down there. We see things move oftentimes into China, but China is difficult right now, obviously, with all the shutdowns they have there. But to the extent that they would move to the United States, for us, that's a very good answer. That'd be like really good. But we just -- we haven't seen much of that in the past. I think the migration would be more the kind that I just mentioned. I don't know if you have other thoughts on that.

Gabrial Shane Hajde
No, I agree.

Ole G. Rosgaard
And also just remember, if we talk about ourselves, so our mills, they consume 70% of our energy and that's in the U.S., and we obviously have no energy issues with supply here. It's more in Europe. We see that.

Gabrial Shane Hajde
All right. And then just one quick one to dial in, I guess, this fire issue, which was fortunate that no one was injured. 9,000 tons of downtime, if I assume maybe $300 a ton of under absorbed fixed overhead, maybe a $3 million headwind or so to fourth quarter. Is that -- I mean, what, maybe less than 5, is that fair?

Lawrence Allen Hilsheimer
Yes, that's roughly -- and obviously, it's already built into our guidance. Gabe, we didn't build anything into the fourth quarter for any kind of business interruption recovery because we don't know the timeline of when that might occur. We're obviously working on that. But we've got high deductibles against that stuff anyway. So it's not going to be substantial. So I didn't put anything in for that.

Operator
Our next question comes from Justin Bergner from Gabelli Funds.

Justin Laurence Bergner
On past calls, you've bridged the change in guidance from one quarter to the next. And I was wondering if you might be able to do that for the earnings guide, maybe breaking it down into sort of benefit from lower OCC below the line of that and other factors? And maybe for free cash flow, if you could do the similar thing between operating capital and Capex?

Lawrence Allen Hilsheimer
Happy to do it. So yes, so our guidance for that midpoint was $7.60 on Q2. Operations other than our paper business, price and OCC, which I'll break out separately. So operations across both businesses, driven mostly by GIP was a pickup of about $0.17. PPS pricing on mix because we had built in price increases that we knew we had already announced and executed but the mix left us with about $0.12 pickup. The OCC drop relative to what we had built in before. It came out at 143 a ton versus 152, what we had in is $0.24. Interest expense on some of the variable part of our interest expense was $0.05 bad guy. Some other expenses, just unrealized net currency loss and that kind of thing was $0.06 and tax and other was $0.02, so $0.05, $0.06 and $0.02 on the negative. So that should walk you from $7.60 to $8. I'll pause and see if you get all -- did you get all that?

Justin Laurence Bergner
Yes, that's great. The positive operations across the business is mainly GIP, that's $0.17. Could you just provide a little bit more color there? Was that just better execution, better volume?

Lawrence Allen Hilsheimer
Yes, really disciplined execution on selling prices relative to non-raw material price increases, and we got a little bit of benefit of some timing on the decline in some of the steel did played well for us, so minor amounts there. So it's just a combination of those things. And then in PPS, some more integrated tons where we have -- it plays out better for us in our specialty products, in our CorrChoice operation and our tube and core business. So a combination of all of those things amounted to that $0.17 lift.

From a cash flow side, I'll do the same walk. We started at 4.10 was the guidance on that same operation. It's going to be the same elements, obviously, but $1.9 million on those operations, $7.1 million on the pricing, $14.5 million on OCC, interest expense down 3.2. Adjusted Capex was up because we spent less than we expected to 6.6 and -- or we are going to spend less than we expected, as I just discussed. And then other things, cash taxes, other miscellaneous stuff is a negative 6.9.

Justin Laurence Bergner
Second question I had was on repurchases. You repurchased 60 million in the quarter. I assume that 10-Q will speak to sort of the price at which you repurchased. I mean, should we think of -- I mean, that's not a significant amount of dollars relative to your market capitalization. Should we think of that as something that you will continue to do in subsequent quarters unless the M&A activity picks up? Or was it more onetime?

Lawrence Allen Hilsheimer
No. We had announced at Investor Day that we did -- we executed on the $75 million ASR program. So if you look at our cash list, I mean, you actually see 2 entries related to it. And it breaks it into the pieces of $60 million and $15 million, and you get delivered 80% of that on the day 1, and that stuff impacts earnings per share, and I'll come back to that impact in a minute.

You don't really know the price that ultimately gets paid until the ASR program gets filled out, which will happen over the rest of this year. And then we also plan to do another $75 million in open market, which probably will be about 2/3 B shares and 1/3 A shares, but that will play out how it plays out in the market.
Coming back to the earnings per share impact, $0.01 a share in this quarter of lift on earnings per share, another $0.03 in Q4. So $0.04 for the whole year. And if it plays out the way we think it is, on that first $75 million, it will be about $0.15 for the whole year next year. We'll execute on the other $75 million open market.

Hopefully, it has way less impact per share because, hopefully, our stock price goes up and it cost us more money to buy it back.

Justin Laurence Bergner
And then just lastly, the $100 million headwind from price cost versus the benefit in '21, is that still sort of the right number? Has it become a little bit larger or smaller?

Lawrence Allen Hilsheimer
No, no, it's -- that number was fixed. I mean that was what we got out the rapidly increasing prices last year that just wasn't going to repeat this year and didn't. And we've lost more than that as we've gone through the year just in the normal playback through volume decrease and stuff. The $100 million is a fixed number.

Operator
Our next question comes from Adam Josephson from KeyBanc Capital Markets.

Adam Jesse Josephson
Larry, just one follow-up on the volume question I had earlier, which is, if you were down 3% in 3Q, July was the worst. And then you said, I think, August was trending fairly similarly to July. Should we assume that July was down 5%, if not more, as was August?

Lawrence Allen Hilsheimer
I don't remember what July was down actually, I don't even -- do you know that, Matt?

Matt Leahy
I don't have that in here, no.

Lawrence Allen Hilsheimer
I don't have that -- but I mean if I look at August versus July on steel globally, it's upper single -- mid to upper single digits, but I hesitate on that because so much of it is driven by China and just what's slowed down there.

Ole G. Rosgaard
And Adam, what you also have to remember, Adam, is the -- we're obviously pushing our inventories down, so are our customers. And there comes a point where you need to replenish your inventories. So whether it's 50%, I don't know, but there is an element of that. So you will see customers starting to -- once they come to the end of that cycle, starting to increase their purchase again or their demand again.

Adam Jesse Josephson
Right. No, I'm just trying to figure out what a reasonable volume expectation is for fiscal 4Q. In other words, what is embedded in your guidance? I assume it's down more than 3%, but I obviously don't know that.

Lawrence Allen Hilsheimer
Well, yes, I said mid-single digits. Yes.

Ole G. Rosgaard
It's about that.

Lawrence Allen Hilsheimer
It's on steel and plastic. Yes. So that's about right.

Adam Jesse Josephson
I was talking total company, but okay. Yes. And then regarding Mark asked about the sustainability of these URB and containerboard prices, given what's happening to OCC prices and the historic spread between the two and your response was, it's all supply/demand. So volumes are falling in tubes and cores and in containerboard. So is it reasonable to think in light of that that these -- I mean, based on the demand trends that you're seeing in tubes and core and containerboard, is there any reason to think that these prices are sustainable?

Lawrence Allen Hilsheimer
I mean we don't comment on future prices, Adam. I mean you can obviously make your assumptions. We're very comfortable that our business is going to continue to operate well. We're going to obviously try our best not to give up price because it's very valuable to us. But to the extent that demand drops dramatically in the market. Yes, I mean, it's going to follow supply demand. So if you're projecting that demand is going to drop, I think it's not an unreasonable expectation that prices would at some point come down.

Adam Jesse Josephson
Yes. Just one last thing along those lines, and I appreciate that, is URB versus containerboard. URB has historically been more economically sensitive than containerboard because a lot of containerboard goes into food and beverage and other nondurables. What do you think a reasonable expectation is for URB versus containerboard demand if we are going into a pretty meaningful recession over the next year or so?

Lawrence Allen Hilsheimer
I mean, our URB, the end markets it goes into is extremely diverse. I mean if you go back and you look at the pie chart stuff that we've provided over time, I mean, it's extremely diversified. So -- but it's different than containerboard. I mean it's -- there's a lot of differences in the end market. So I don't think they correlate that closely, and I don't think it is fair to assume that they're worse.

Ole G. Rosgaard
Yes, there's 2 points. As we also explained during Investor Day, we rebalanced our portfolio. So we have a lesser extent of containerboard in our overall portfolio. And just a comment on demand. So on URB, the demand is stable, which indicates that there's no -- there will be no price pressure, at least at the moment. And also CRB, you have strong demand.

Adam Jesse Josephson
Whereas in containerboard, Ole, demand?

Ole G. Rosgaard
I didn't comment on containerboard.

Lawrence Allen Hilsheimer
We talked about our backlogs, our backlogs remain the same.

Ole G. Rosgaard
Exactly, yes.

Operator
Our next question comes from Mark Wilde from Bank of Montreal.

Mark William Wilde
Can you give us any color on just where you're thinking about the best internal reinvestment opportunities? In other words, if you're going to invest, kind of, on projects -- capital projects in your existing businesses over the next 2 to 3 years? What's that going to be focused on? Is it more sheet plants? Is it some mill upgrades? Is it IBC build-outs? What would that pie chart look like?

Lawrence Allen Hilsheimer
Yes. I mean, Mark, if you go back and I appreciate you weren't at Investor Day for a very good reason, at least from my opinion. But we're going to do the sheet feeder in Southwest, which is a significant spend next year, will get us over integrated in the containerboard space. We're going to spend -- continue to spend in the IBC space, it's a primary focus of us. Small plastics, I think Jerry cans and that expanding our business from where we have in isolated places around the world where we're -- a very attractive business for us.
You'll see us spending more and more on automation and just recognizing, of course, labor components and upgrading our facilities, those kind of things. Those are the primary focus. Did I miss anything?

Ole G. Rosgaard
No. I think you got it.

Mark William Wilde
And I'm just curious, are there any opportunities you think that potentially recapitalize in the URB business? I mean if you look at sort of across the industry, there are a lot of old cylinder machines that are probably 80 or 90 years old. And so I'm just curious about the potential to perhaps recap some of that capacity?

Ole G. Rosgaard
Yes. It's something that we've looked at, Mark, I would say to you that our team has not yet been able to convince me that the returns from that type of investment on a wholesale basis make any sense for us. People like to play out 20 and 30 year curves and you modify one assumption an 8th of a percent and it changes the answer. And so, I mean, we'll continue to examine it, and we will spend money to the extent needed to make sure that the plants continue to operate well, and we'll continue to explore whether something of the nature you mentioned makes sense. But so far it hasn't.

Operator
Our next question comes from Michael Hoffman from Stifel.

Michael Hoffman
A lot of questions with regards to the economy and supply demand. How do you think of your own channels and what's in your, sort of, channels as far as inventory? What your customer channel looks like? And then what your competitor channels look like? That ultimately will be the major shock if there's -- if we're overstuffed.

Ole G. Rosgaard
Yes. I mean we have some places in the world, Michael, where we had some excess inventory related to concerns about supply chain. We -- I have been working that down and will continue to do so. That obviously was one of the big drivers of cash flow in this quarter year-over-year was a dramatic improvement in working capital, and that focus will continue.

In terms of inventories of our product and customers, we don't have that many customers who actually keep much of our inventory because you're basically storing air. When you think about it, empty steel drums, empty plastic drums, we do have some customers who actually store them in semitrailers, and some of them, they pay us rent for them actually while they keep them. But that's a small portion of what we have. And I'd say the same thing relative to our competitors in that space. You just don't store that much. And the same goes on the containerboard side. I mean, the box plants don't store a lot of paper waiting to use it. It's more real time.

Michael Hoffman
So the channels aren't overstuffed. So this really comes down plainly to what your perception is about an economic cycle.

Lawrence Allen Hilsheimer
Yes. We -- I mean Ole mentioned that we did have some impact of some supply destocking in the limited group of customers that I mentioned that do store some of our inventory. But we think that's coming to the end. And so we would expect order patterns to pick back up, offset by any further drop in the economy.

Ole G. Rosgaard
Yes. Those inventories are safety stock, Michael. So they're not huge. So they'll come to an end shortly.

Operator
We have no further questions. I would like to turn the call back over to Matt Leahy for closing remarks.

Matt Leahy
Great. Thanks, everyone, for joining today. I hope you found the call helpful. Have a safe, enjoyable week. And thank you again. Take care.

Operator
This concludes today's conference call. Thank you for your participation. You may now disconnect.