



## Greif Reports First Quarter 2019 Results

2/27/2019

DELAWARE, Ohio, Feb. 27, 2019 /PRNewswire/ -- Greif, Inc. (NYSE: GEF, GEF.B), a world leader in industrial packaging products and services, today announced first quarter 2019 results.

First Quarter Highlights include (all results compared to the first quarter of 2018 unless otherwise noted):

- Net sales decreased by \$8.7 million to \$897.0 million.
- Gross profit increased by \$1.1 million to \$172.8 million.
- Net income of \$29.7 million or \$0.51 per diluted Class A share decreased compared to net income of \$56.5 million or \$0.96 per diluted Class A share. Net income, excluding the impact of adjustments(1), of \$38.3 million or \$0.65 per diluted Class A share increased compared to net income, excluding the impact of adjustments, of \$28.8 million or \$0.49 per diluted Class A share. Adjusted EBITDA(2) increased by \$14.2 million to \$106.3 million.
- Net cash used in operating activities decreased by \$44.1 million to \$9.6 million. Adjusted Free Cash Flow(3) increased by \$45.9 million to a use of \$35.6 million.
- On December 20, 2018, announced an agreement to acquire Caraustar Industries, Inc., and completed the transaction on February 11, 2019.
- Announced Investor Day 2019 will be held on June 26, 2019 in New York City.

"Greif delivered solid financial performance in fiscal first quarter 2019, despite being negatively impacted by the continuation of market softness in discrete regions of our global portfolio," said Pete Watson, Greif's President and Chief Executive Officer. "First quarter Adjusted EBITDA rose by roughly 15 percent versus the prior year quarter, while Class A earnings per share, excluding the impact of adjustments, increased by more than 33 percent. Performance was particularly strong in our Paper Packaging & Services segment due to a favorable price/cost environment and solid unit demand, and in our Flexible Products & Services segment due to customer service improvements and solid operating performance.

"On February 11, 2019, Greif completed the acquisition of Caraustar Industries for cash consideration of \$1.8 billion. Caraustar is a vertically integrated paper packaging company and operates a business with close operational adjacency to Greif's existing mill operations. The company is a leader in the production of uncoated recycled paperboard and coated recycled paperboard, operates one of the largest recovered fiber businesses in the U.S and is a leading manufacturer of tube and core products for industrial uses. Caraustar shares our vision of providing industry-leading customer service and has a long tenured domestic blue-chip customer base," Watson continued.

"The acquisition of Caraustar will drive significant value creation for Greif shareholders by enhancing Greif's margins and EBITDA and by strengthening and balancing our portfolio. Caraustar's strong free cash flow, combined with Greif's existing free cash generation, will permit rapid de-leveraging and enhance our longer term financial flexibility. The business is an excellent cultural fit and we welcome our new 4,000 colleagues to the global Greif team."

(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, plus income tax expense, plus depreciation, depletion and amortization expense, plus restructuring charges, plus acquisition-related costs, plus non-cash impairment 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 the additional pension contribution made in Q3 2018, 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 improved by roughly three percent versus the prior year quarter. Greif's objective is that each business segment delivers a CSI score of 95.0 or better. The Paper Packaging & Services segment is currently above that threshold at 96.0 and the Flexible Products & Services segment is close with a CSI score of 93.0. CSI for the Rigid Industrial Packaging & Services segment was roughly flat to the prior year quarter at 91.0. The Company's focus on CSI adds discipline to the business, improves business insights, strengthens customer relationships and fosters a better understanding of their unique needs.

## Reporting metrics

In conjunction with first quarter results, the Company will be utilizing Adjusted EBITDA more frequently in its public disclosures. Management believes Adjusted EBITDA is a more useful metric for disclosure because it is commonly used within the packaging industry and closely aligns to the metric used in our long term incentive plan. Please see the tables accompanying this release for a reconciliation between Adjusted EBITDA and operating profit by segment.

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

Net sales are impacted mainly by the volume of primary products(5) sold, selling prices, product mix and the impact of changes in foreign currencies against the U.S. Dollar. The table below shows the percentage impact of each of these items on net sales for our primary products for the first quarter of 2019 as compared to the prior year quarter for the business segments with manufacturing operations:

	Rigid Industrial		
	Packaging & Services	Paper Packaging & Services	Flexible Products & Services
<u>Net Sales Impact - Primary Products</u>	%	%	%
Currency Translation	(5.1) %	—	(4.5) %
Volume	(3.5) %	1.4 %	(2.5) %
Selling Prices and Product Mix	5.8 %	5.4 %	3.9 %

Total Impact of Primary Products	(2.8) %	6.8 %	(3.1) %
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### Rigid Industrial Packaging & Services

Net sales decreased by \$17.5 million to \$597.9 million. Net sales excluding foreign currency translation increased by \$5.5 million due primarily to a 5.8 percent increase in selling prices on our primary products as a result of strategic pricing decisions, partially offset by continued softness in certain regions.

Gross profit decreased by \$11.8 million to \$98.6 million. The decrease in gross profit was primarily due to the same factors that impacted net sales.

Operating profit decreased by \$7.9 million to \$23.3 million. Adjusted EBITDA increased by \$0.7 million to \$48.7 million, due to SG&A efficiencies, partially offset by lower gross profit and the negative impact of foreign currency translation.

### Paper Packaging & Services

Net sales increased by \$13.5 million to \$217.3 million. The increase was due to higher selling prices resulting from increases in published containerboard pricing, higher volumes and stronger specialty sales.

Gross profit increased by \$10.6 million to \$53.9 million. The increase in gross profit was primarily due to higher containerboard prices, lower old corrugated container input costs and improved manufacturing efficiencies.

Operating profit increased by \$7.4 million to \$35.3 million. Adjusted EBITDA increased by \$10.5 million to \$46.5 million due to the same factors that impacted gross profit.

### Flexible Products & Services

Net sales decreased by \$4.9 million to \$75.1 million. Net sales excluding foreign currency translation decreased by \$1.1 million due to market softness in parts of Europe.

Gross profit increased by \$2.2 million to \$17.4 million primarily due to improved manufacturing efficiencies, partially offset by decreased net sales.

Operating profit increased by \$2.8 million to \$6.0 million. Adjusted EBITDA increased by \$2.8 million to \$7.9 million. The improvement in Adjusted EBITDA was primarily due to the same factors that impacted gross profit and the positive impact of foreign currency translation.

### Land Management

Net sales increased by \$0.2 million to \$6.7 million.

Operating profit decreased by \$0.6 million to \$2.6 million. Adjusted EBITDA increased by \$0.2 million to \$3.2 million.

### Dividend Summary

On February 26, 2019, the Board of Directors declared quarterly cash dividends of \$0.44 per share of Class A Common Stock and \$0.66 per share of Class B Common Stock. Dividends are payable on April 1, 2019, to stockholders of record at the close of business on March 18, 2019.

### Tax Summary

During the first quarter, the Company recorded an income tax rate of 35.9 percent and a tax rate excluding the impact of adjustments of 30.1 percent. As previously disclosed, the application of FIN 18 may cause fluctuations in our quarterly effective tax rates. For Fiscal 2019, the Company expects its tax rate to range between 29-33 percent and its tax rate excluding adjustments to range between 28-32 percent.

## Company Outlook

The Company completed its acquisition of Caraustar Industries, Inc. on February 11, 2019. Fiscal 2019 outlook has been updated to include the acquired Caraustar business, the results of which will be recorded within the Paper Packaging & Services segment going forward.

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(in millions, except per share amounts)	Fiscal 2019 Outlook Reported at Q4	Fiscal 2019 Outlook Reported at Q1
Class A earnings per share before special items	\$3.55 - \$3.95	\$3.60 - \$4.00
Adjusted Free Cash Flow	\$175 - \$205	\$215 - \$245

Note: 2019 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 2019 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, and 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 2019 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.

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

(5)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.

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GREIF, INC. AND SUBSIDIARY COMPANIES

SELECTED FINANCIAL HIGHLIGHTS

UNAUDITED

(in millions, except for per share amounts)	Three months ended January 31,	
	2019	2018
<u>Selected Financial Highlights</u>		
Net sales	\$ 897.0	\$ 905.7
Gross profit	172.8	171.7
Gross profit margin	19.3 %	19.0 %
Operating profit	67.2	65.5
EBITDA(6)	98.8	89.5
Adjusted EBITDA(7)	106.3	92.1
Net cash provided by operating activities	(9.6)	(53.7)
Adjusted Free cash flow(8)	(35.6)	(81.5)
Net income attributable to Greif, Inc.	29.7	56.5
Diluted Class A earnings per share attributable to Greif, Inc.	\$ 0.51	\$ 0.96
Adjusted Diluted Class A earnings per share attributable to Greif, Inc.	\$ 0.65	\$ 0.49
<u>Adjustments</u>		
Restructuring charges	\$ 3.7	\$ 4.1
Acquisition-related costs	2.6	0.2
Non-cash asset impairment charges	2.1	2.9
Gain on disposal of properties, plants and equipment and businesses, net	(0.9)	(4.6)
Tax net expense (benefit) resulting from the Tax Reform Act	(1.8)	29.1
Total Adjustments	\$ 5.7	\$ 31.7
	January 31, 2019	October 31, 2018
Operating working capital(9)	\$ 511.0	\$ 342.4

(6)EBITDA is defined as net income, plus interest expense, net, plus income tax expense, plus depreciation, depletion and amortization.

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

(8)Adjusted free cash flow is defined as net cash provided by operating activities, plus cash paid for acquisition-related costs, plus the additional pension contribution made in Q3 2018, less cash paid for purchases of properties, plants and equipment.

(9)Operating working capital is defined as trade accounts receivable plus inventories less accounts payable. During the first quarter of 2019, the Company amended its European and Singapore receivables purchase facilities to effectively convert the trade accounts receivable sales transactions to debt transactions secured by certain trade accounts receivable. The amendments resulted in an increase in trade receivables of \$92.1 million as of January 31, 2019.

## Conference Call

The Company will host a conference call to discuss the first quarter of 2019 results on February 28, 2019, at 8:30

a.m. Eastern Time (ET). To participate, domestic callers should call 833-231-8265. The Greif ID is 7186283. 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.

## Investor Day 2019

Investor Day 2019 will be held on Wednesday, June 26, 2019 at the Sofitel Hotel in New York City. Registration and breakfast will commence at 8 a.m. ET and the event will commence at 9 a.m. ET. Greif's President and Chief Executive Officer Pete Watson, Chief Financial Officer Larry Hilsheimer and various other senior operational leaders will provide an overview of the Company; discuss ongoing business performance and strategy; review the recently announced Carastar acquisition and its linkage to Greif's strategy; and conduct a forum for questions and answers. A webcast for the event will also be conducted and details will be provided in June 2019.

## 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. Greif also 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](http://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, 2018. 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, (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 in 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](mailto:matt.eichmann@greif.com)

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

UNAUDITED

(in millions, except per share amounts)	Three months ended January 31,	
	2019	2018
Net sales	\$ 897.0	\$ 905.7
Cost of products sold	724.2	734.0
Gross profit	172.8	171.7
Selling, general and administrative expenses	98.1	103.6
Restructuring charges	3.7	4.1
Acquisition-related costs	2.6	0.2
Non-cash asset impairment charges	2.1	2.9
Gain on disposal of properties, plants and equipment, net	(0.9)	(4.6)
Operating profit	67.2	65.5
Interest expense, net	11.7	13.3
Other (income) expense, net	(0.2)	7.7
Income before income tax expense and equity earnings of unconsolidated affiliates, net	55.7	44.5
Income tax expense (benefit)	20.0	(15.6)
Equity earnings of unconsolidated affiliates, net of tax	(0.1)	—
Net income	35.8	60.1
Net income attributable to noncontrolling interests	(6.1)	(3.6)
Net income attributable to Greif, Inc.	\$ 29.7	\$ 56.5
Basic earnings per share attributable to Greif, Inc. common shareholders:		
Class A common stock	\$ 0.51	\$ 0.96
Class B common stock	\$ 0.75	\$ 1.44
Diluted earnings per share attributable to Greif, Inc. common shareholders:		
Class A common stock	\$ 0.51	\$ 0.96
Class B common stock	\$ 0.75	\$ 1.44
Shares used to calculate basic earnings per share attributable to Greif, Inc. common shareholders:		
Class A common stock	26.0	25.8
Class B common stock	22.0	22.0
Shares used to calculate diluted earnings per share attributable to Greif, Inc. common shareholders:		
Class A common stock	26.0	25.8
Class B common stock	22.0	22.0

GREIF, INC. AND SUBSIDIARY COMPANIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

UNAUDITED



(in millions)	January 31, 2019	October 31, 2018
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 84.5	\$ 94.2
Trade accounts receivable	561.4	456.7
Inventories	326.6	289.5
Other current assets	137.6	136.3
	<u>1,110.1</u>	<u>976.7</u>
LONG-TERM ASSETS		
Goodwill	778.2	776.0
Intangible assets	77.4	80.6
Assets held by special purpose entities	50.9	50.9
Other long-term assets	100.5	118.7
	<u>1,007.0</u>	<u>1,026.2</u>
PROPERTIES, PLANTS AND EQUIPMENT	<u>1,183.1</u>	<u>1,191.9</u>
	<u>\$ 3,300.2</u>	<u>\$ 3,194.8</u>
<b>LIABILITIES AND EQUITY</b>		
CURRENT LIABILITIES		
Accounts payable	\$ 377.0	\$ 403.8
Short-term borrowings	6.4	7.3
Current portion of long-term debt	18.8	18.8
Other current liabilities	204.2	240.3
	<u>606.4</u>	<u>670.2</u>
LONG-TERM LIABILITIES		
Long-term debt	1,060.5	884.1
Liabilities held by special purpose entities	43.3	43.3
Other long-term liabilities	394.6	407.5
	<u>1,498.4</u>	<u>1,334.9</u>
REDEEMABLE NONCONTROLLING INTERESTS	<u>23.9</u>	<u>35.5</u>
EQUITY		
Total Greif, Inc. equity	<u>1,119.2</u>	<u>1,107.8</u>
Noncontrolling interests	<u>52.3</u>	<u>46.4</u>
	<u>1,171.5</u>	<u>1,154.2</u>
	<u>\$ 3,300.2</u>	<u>\$ 3,194.8</u>

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

UNAUDITED

Three months ended January 31,

(in millions)	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 35.8	\$ 60.1
Depreciation, depletion and amortization	31.3	31.7
Asset impairments	2.1	2.9
Other non-cash adjustments to net income	(2.4)	(31.7)
Operating working capital changes	(45.5)	(65.3)
Deferred purchase price on sold receivables	(6.9)	(22.9)
Increase (decrease) in cash from changes in other assets and liabilities	(24.0)	(28.5)
Net cash used in operating activities	(9.6)	(53.7)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of properties, plants and equipment	(26.0)	(28.0)
Purchases of and investments in timber properties	(0.9)	(2.6)
Proceeds from the sale of properties, plants and equipment, businesses, timberland and other assets	2.3	7.4
Proceeds on insurance recoveries	0.2	—
Net cash used in investing activities	(24.4)	(23.2)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from (payments on) debt, net	61.0	49.4
Dividends paid to Greif, Inc. shareholders	(25.7)	(24.5)
Other	(12.3)	(0.4)
Net cash provided by financing activities	23.0	24.5
Reclassification of cash to assets held for sale	(0.4)	—
Effects of exchange rates on cash	1.7	4.4
Net increase (decrease) in cash and cash equivalents	(9.7)	(48.0)
Cash and cash equivalents, beginning of period	94.2	142.3
Cash and cash equivalents, end of period	\$ 84.5	\$ 94.3

GREIF, INC. AND SUBSIDIARY COMPANIES

FINANCIAL HIGHLIGHTS BY SEGMENT

UNAUDITED

Three months ended January 31,

(in millions)	2019	2018
Net sales:		

Rigid Industrial Packaging & Services	\$	597.9	\$	615.4
Paper Packaging & Services		217.3		203.8
Flexible Products & Services		75.1		80.0
Land Management		6.7		6.5
Total net sales	\$	897.0	\$	905.7
<b>Gross profit:</b>				
Rigid Industrial Packaging & Services	\$	98.6	\$	110.4
Paper Packaging & Services		53.9		43.3
Flexible Products & Services		17.4		15.2
Land Management		2.9		2.8
Total gross profit	\$	172.8	\$	171.7
<b>Operating profit:</b>				
Rigid Industrial Packaging & Services	\$	23.3	\$	31.2
Paper Packaging & Services		35.3		27.9
Flexible Products & Services		6.0		3.2
Land Management		2.6		3.2
Total operating profit	\$	67.2	\$	65.5
<b>EBITDA (10):</b>				
Rigid Industrial Packaging & Services	\$	43.2	\$	44.5
Paper Packaging & Services		44.0		36.0
Flexible Products & Services		7.9		4.8
Land Management		3.7		4.2
Total EBITDA	\$	98.8	\$	89.5
<b>Adjusted EBITDA (11):</b>				
Rigid Industrial Packaging & Services	\$	48.7	\$	48.0
Paper Packaging & Services		46.5		36.0
Flexible Products & Services		7.9		5.1
Land Management		3.2		3.0
Total Adjusted EBITDA	\$	106.3	\$	92.1

(10)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.

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

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

UNAUDITED

Three months ended January 31,

(in millions)	2019	2018
<b>Net sales:</b>		
United States	\$ 457.6	\$ 432.7
Europe, Middle East and Africa	311.0	331.3
Asia Pacific and other Americas	128.4	141.7
Total net sales	<u>\$ 897.0</u>	<u>\$ 905.7</u>
<b>Gross profit:</b>		
United States	\$ 100.8	\$ 91.5
Europe, Middle East and Africa	54.2	58.0
Asia Pacific and other Americas	17.8	22.2
Total gross profit	<u>\$ 172.8</u>	<u>\$ 171.7</u>

GREIF, INC. AND SUBSIDIARY COMPANIES

GAAP TO NON-GAAP RECONCILIATION

CONSOLIDATED ADJUSTED EBITDA(12)

UNAUDITED

Three months ended January 31,

(in millions)	2019	2018
Net income	\$ 35.8	\$ 60.1
Plus: Interest expense, net	11.7	13.3
Plus: Income tax expense	20.0	(15.6)
Plus: Depreciation, depletion and amortization expense	31.3	31.7
EBITDA	<u>\$ 98.8</u>	<u>\$ 89.5</u>
Net income	<u>\$ 35.8</u>	<u>\$ 60.1</u>
Plus: Interest expense, net	11.7	13.3
Plus: Income tax expense	20.0	(15.6)
Plus: Other (income) expense, net	(0.2)	7.7
Plus: Equity earnings of unconsolidated affiliates, net of tax	(0.1)	—
Operating profit	<u>\$ 67.2</u>	<u>\$ 65.5</u>

Less: Other (income) expense, net	(0.2)	7.7
Less: Equity earnings of unconsolidated affiliates, net of tax	(0.1)	—
Plus: Depreciation, depletion and amortization expense	31.3	31.7
EBITDA	<u>\$ 98.8</u>	<u>\$ 89.5</u>
Plus: Restructuring charges	3.7	4.1
Plus: Acquisition-related costs	2.6	0.2
Plus: Non-cash asset impairment charges	2.1	2.9
Less: (Gain) loss on disposal of properties, plants, equipment, and businesses, net	(0.9)	(4.6)
Adjusted EBITDA	<u>\$ 106.3</u>	<u>\$ 92.1</u>

(12) Adjusted EBITDA is defined as net income, plus interest expense, net, plus income tax expense, plus depreciation, depletion and amortization expense, plus restructuring charges, plus acquisition-related costs, plus non-cash impairment 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(13)

UNAUDITED

Three months ended January 31,

(in millions)	2019	2018
<b>Rigid Industrial Packaging &amp; Services</b>		
Operating profit	23.3	31.2
Less: Other (income) expense, net	(0.1)	7.3
Less: Equity earnings of unconsolidated affiliates, net of tax	(0.1)	—
Plus: Depreciation and amortization expense	19.7	20.6
EBITDA	<u>\$ 43.2</u>	<u>\$ 44.5</u>
Plus: Restructuring charges	3.6	3.8
Plus: Acquisition-related costs	0.1	0.2
Plus: Non-cash asset impairment charges	2.1	2.9
Less: (Gain) loss disposal of properties, plants, equipment, and businesses, net	(0.3)	(3.4)
Adjusted EBITDA	<u>\$ 48.7</u>	<u>\$ 48.0</u>
<b>Paper Packaging &amp; Services</b>		
Operating profit	35.3	27.9
Less: Other expense, net	0.1	0.2
Plus: Depreciation and amortization expense	8.8	8.3
EBITDA	<u>\$ 44.0</u>	<u>\$ 36.0</u>
Plus: Restructuring charges	0.1	—

Plus: Acquisition-related costs	2.5	—
Less: (Gain) loss on disposal of properties, plants, equipment, net	(0.1)	—
Adjusted EBITDA	<u>\$ 46.5</u>	<u>\$ 36.0</u>
<b>Flexible Products &amp; Services</b>		
Operating profit	6.0	3.2
Less: Other (income) expense, net	(0.2)	0.2
Plus: Depreciation and amortization expense	1.7	1.8
EBITDA	<u>\$ 7.9</u>	<u>\$ 4.8</u>
Plus: Restructuring charges	—	0.3
Adjusted EBITDA	<u>\$ 7.9</u>	<u>\$ 5.1</u>
<b>Land Management</b>		
Operating profit	2.6	3.2
Plus: Depreciation, depletion and amortization expense	1.1	1.0
EBITDA	<u>\$ 3.7</u>	<u>\$ 4.2</u>
Plus: Timberland gains	—	—
Less: (Gain) loss on disposal of properties, plants, equipment, net	(0.5)	(1.2)
Adjusted EBITDA	<u>\$ 3.2</u>	<u>\$ 3.0</u>
Consolidated EBITDA	<u>\$ 98.8</u>	<u>\$ 89.5</u>
Consolidated Adjusted EBITDA	<u>\$ 106.3</u>	<u>\$ 92.1</u>

(13) Adjusted EBITDA is defined as net income, plus interest expense, net, plus income tax expense, plus depreciation, depletion and amortization expense, plus restructuring charges, plus acquisition-related costs, plus non-cash impairment 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 <sup>(14)</sup>

UNAUDITED

Three months ended January 31,

(in millions)	2019	2018
Net cash used in operating activities	<u>\$ (9.6)</u>	<u>\$ (53.7)</u>
Cash paid for purchases of properties, plants and equipment	(26.0)	(28.0)
Free cash flow	<u>\$ (35.6)</u>	<u>\$ (81.7)</u>
Cash paid for acquisition-related costs	—	0.2

Adjusted free cash flow

\$ (35.6)      \$ (81.5)

(14) Adjusted free cash flow is defined as net cash provided by operating activities, plus cash paid for acquisition-related costs, plus the additional pension contribution made in Q3 2018, less cash paid for purchases of properties, plants and equipment.

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 Attributable to Greif, Inc.	Diluted Class A Earnings Per Share	Tax Rate
<b>Three months ended January 31, 2019</b>	\$ 55.7	\$ 20.0	\$ (0.1)	\$ 6.1	\$ 29.7	\$ 0.51	35.9%
Gain on disposal of properties, plants, equipment and businesses, net	(0.9)	(0.2)	—	(0.1)	(0.6)	(0.01)	
Restructuring charges	3.7	0.9	—	—	2.8	0.04	
Acquisition-related costs	2.6	0.1	—	—	2.5	0.04	
Non-cash asset impairment charges	2.1	—	—	—	2.1	0.04	
Tax net benefit resulting from the Tax Reform Act	—	(1.8)	—	—	1.8	0.03	
Excluding Adjustments	\$ 63.2	\$ 19.0	\$ (0.1)	\$ 6.0	\$ 38.3	\$ 0.65	30.1%
<b>Three months ended January 31, 2018</b>	\$ 44.5	\$ (15.6)	\$ —	\$ 3.6	\$ 56.5	\$ 0.96	(35.1)%
Gain on disposal of properties, plants, equipment and businesses, net	(4.6)	(0.3)	—	—	(4.3)	(0.07)	
Restructuring charges	4.1	0.5	—	0.2	3.4	0.06	
Acquisition-related costs	0.2	0.1	—	—	0.1	—	
Non-cash asset impairment charges	2.9	0.7	—	—	2.2	0.03	
Tax net benefit resulting from the Tax Reform Act	—	29.1	—	—	(29.1)	(0.49)	
Excluding Adjustments	\$ 47.1	\$ 14.5	\$ —	\$ 3.8	\$ 28.8	\$ 0.49	30.8%

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.

GAAP TO NON-GAAP RECONCILIATION  
NET SALES TO NET SALES EXCLUDING THE IMPACT OF  
CURRENCY TRANSLATION

UNAUDITED

Three months ended January 31,

(in millions)	2019	2018	Increase in Net Sales (\$)	Increase in Net Sales (%)
<b>Consolidated</b>				
Net Sales	\$ 897.0	\$ 905.7	\$ (8.7)	(1.0)%
Currency Translation	26.8	N/A		
Net Sales Excluding the Impact of Currency Translation	\$ 923.8	\$ 905.7	\$ 18.1	2.0%
<b>Rigid Industrial Packaging &amp; Services</b>				
Net Sales	\$ 597.9	\$ 615.4	\$ (17.5)	(2.8)%
Currency Translation	23.0	N/A		
Net Sales Excluding the Impact of Currency Translation	\$ 620.9	\$ 615.4	\$ 5.5	0.9%
<b>Flexible Products &amp; Services</b>				
Net Sales	\$ 75.1	\$ 80.0	\$ (4.9)	(6.1)%
Currency Translation	3.8	N/A		
Net Sales Excluding the Impact of Currency Translation	\$ 78.9	\$ 80.0	\$ (1.1)	(1.4)%

GREIF, INC. AND SUBSIDIARY COMPANIES  
PROJECTED 2019 GUIDANCE RECONCILIATION  
ADJUSTED FREE CASH FLOW

UNAUDITED

Fiscal 2019 Guidance Range

(in millions)	Scenario 1	Scenario 2
Net cash provided by operating activities	\$ 350.0	\$ 400.0
Cash paid for purchases of properties, plants and equipment	(170.0)	(190.0)
Free cash flow	\$ 180.0	\$ 210.0
Cash paid for acquisition-related costs and debt extinguishment	\$ 35.0	\$ 35.0
Adjusted free cash flow	\$ 215.0	\$ 245.0



GREIF, INC. AND SUBSIDIARY COMPANIES

PROJECTED 2019 KEY METRICS

UNAUDITED

(in millions)	Fiscal 2019 Outlook Reported at Q4	Fiscal 2019 Outlook Reported at Q1
Depreciation & amortization expense	\$125 - \$130	\$195 - \$205
Interest expense	\$50 - \$55	\$120 - \$130
Other expense, net	\$15 - \$20	No change
Net income attributable to noncontrolling interest	\$18 - \$22	No change
Tax rate excluding the impact of special items	28% - 32%	No change
Capital expenditures	\$130 - \$150	\$170 - \$190

View original content to download multimedia:<http://www.prnewswire.com/news-releases/greif-reports-first-quarter-2019-results-300803647.html>

SOURCE Greif, Inc.