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

June 11, 2021	**(June 9, 2021)**

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 June 9, 2021, Greif, Inc. ("the Company") issued a press release (the “Earnings Release”) announcing the financial results for its second quarter ended April 30, 2021. 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 second quarter of 2021 and the second quarter of 2020, which is equal to the Company's consolidated net income for the applicable period plus restructuring charges, plus acquisition and integration related costs, plus non-cash asset impairment charges, plus non-cash pension settlement charges (income), plus incremental COVID-19 costs, net, plus loss (gain) 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;

(ii) the Company's earnings per diluted Class A share, excluding the impact of adjustments, for the second quarter of 2021 and the second quarter of 2020, which is equal to earnings per diluted Class A share of the Company for the applicable period plus restructuring charges, plus acquisition and integration related costs, plus non-cash asset impairment charges, plus non-cash pension settlement charges (income), plus incremental COVID-19 costs, net, plus loss (gain) 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;

(iii) the Company's consolidated adjusted EBITDA for the second quarter of 2021 and the second quarter of 2020, 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 acquisition and integration related costs, plus non-cash asset impairment charges, plus non-cash pension settlement charges (income), plus incremental COVID-19 costs, net, plus loss (gain) on disposal of properties, plants, equipment and businesses, net, plus timberland gains, net, each on a consolidated basis for the applicable period;

(iv) the Company's consolidated adjusted free cash flow for the second quarter of 2021 and the second quarter of 2020, 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 acquisition and integration related costs, plus cash paid for incremental COVID-19 costs, net, plus cash paid for acquisition and integration related Enterprise Resource Planning ("ERP") systems, each on a consolidated basis for the applicable period;

(v) the Company's net debt for the first and second quarters of 2021 and the second quarter of 2020, which is equal to the Company's consolidated total debt at the end of the applicable period ended less cash and cash equivalents at the end of the applicable period ended.

(vi) net sales excluding foreign currency translation for the Company's Global Industrial Packaging business segment for the second quarter of 2021 and the second quarter of 2020, which is equal to that business segment's net sales for the applicable quarter, after adjusting such sales for the second quarter of 2021 for foreign currency translation;

(vii) adjusted EBITDA for the Company’s Global Industrial Packaging business segment for the second quarter of 2021 and the second quarter of 2020, which is equal to that business segment’s operating profit less other expense, net, less equity earnings of unconsolidated affiliates, net of tax, plus depreciation and amortization expense, plus restructuring charges, plus non-cash asset impairment charges, plus incremental COVID-19 costs, net, plus loss (gain) on disposal of properties, plants, equipment and businesses, net, each for the applicable period;

(viii) net sales excluding foreign currency translation for the Company's Paper Packaging & Services business segment for the second quarter of 2021 and the second quarter of 2020, which is equal to that business segment's net sales for the applicable quarter, after adjusting such sales for the second quarter of 2021 for foreign currency translation;

(ix) adjusted EBITDA for the Company’s Paper Packaging & Services business segment for the second quarter of 2021 and the second quarter of 2020, which is equal to that business segment’s operating profit (loss) less non-cash pension settlement charges (income), less other (income) expense, net, plus depreciation and amortization expense, plus restructuring charges, plus acquisition and integration related costs, plus non-cash pension settlement charges (income), plus incremental COVID-19 costs, net, plus (gain) loss on disposal of properties, plants, equipment and businesses, net, each for the applicable period; and

(x) adjusted EBITDA for the Company’s Land Management business segment for the second quarter of 2021 and the second quarter of 2020, which is equal to that business segment’s operating profit plus depreciation, depletion and amortization expense, plus restructuring charges, plus loss (gain) on disposal of properties, plants, equipment and businesses, net, plus timberland gains, net, each for the applicable period; and

(xi) the Company's leverage ratio for the second quarter of 2021 and the second quarter of 2020, which is equal to trailing twelve month EBITDA divided by net debt, each as calculated under the terms of the Company's Amended and Restated Credit Agreement dated as of February 11, 2019, filed as Exhibit 10.29 to the Company's Annual Report on Form 10-K for its fiscal year ended October 31, 2020.

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

(i) the Company's fiscal year 2021 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 acquisition and integration related costs, plus non-cash asset impairment charges, plus non-cash pension settlement charges (income), plus incremental COVID-19 costs, net, plus loss (gain) 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 2021 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 acquisition and integration related costs, plus cash paid for incremental COVID-19 costs, net, plus cash paid for acquisition and integration related ERP systems. 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 was included in the Earnings Release for items (i) and (ii) 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, acquisition and integration related costs, non-cash asset impairment charges, non-cash pension settlement charges (income), incremental COVID-19 costs, net, loss (gain) 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, acquisition and integration related costs, incremental COVID-19 costs, net, and cash paid for acquisition and integration related ERP systems 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 June 10, 2021, 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 second quarter ended April 30, 2021. The file transcript of the Conference Call, including a correction related to IBC market share noted on page 10, 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 June 9, 2021 announcing the financial results for its second quarter ended April 30, 2021.
99.2	File transcript of conference call with interested investors and financial analysts held by management of Greif Inc. on June 10, 2021.

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: June 11, 2021	By /s/ Lawrence A. Hilsheimer
	Lawrence A. Hilsheimer, Executive Vice President and Chief Financial Officer

Exhibit 99.1

Contact:
Matt Eichmann
740-549-6067
matt.eichmann@greif.com

Greif Reports Strong Second Quarter 2021 Results; Reintroduces Fiscal 2021 Earnings Guidance

DELAWARE, Ohio (June 9, 2021) – Greif, Inc. (NYSE: GEF, GEF.B), a global leader in industrial packaging products and services, today announced second quarter 2021 results.

Second Quarter Financial Highlights include (all results compared to the second quarter of 2020 unless otherwise noted)[(1)]:

- Net income of $149.8 million or $2.51 per diluted Class A share increased compared to net income of $11.4 million or $0.19 per diluted Class A share. Net income, excluding the impact of adjustments[(2)], of $67.3 million or $1.13 per diluted Class A share increased compared to net income, excluding the impact of adjustments, of $56.5 million or $0.95 per diluted Class A share. Adjusted EBITDA[(3)] decreased by $4.7 million to $176.6 million.
- Net cash provided by operating activities increased by $52.5 million to a source of $152.3 million. Adjusted free cash flow[(4)] increased by $47.7 million to a source of $126.7 million.
- Total debt decreased by $368.9 million to $2,313.4 million. Net debt[(5)] decreased by $406.9 million to $2,203.0 million and decreased by $235.0 million sequentially from the first quarter of 2021. The Company’s leverage ratio[(6)] decreased to 3.2x compared to 3.6x.

Strategic Actions and Announcements

- Completed the sale of approximately 69,200 acres of timberlands in southwest Alabama to Weyerhaeuser Company (NYSE: WY) for approximately $149.0 million in cash.
- Achieved record Intermediate Bulk Container (IBC) volume, reflecting strong market demand.
- Reintroduced annual guidance given better visibility into the remainder of the fiscal year and continued confidence in the improving fundamentals of our business.
- Published Greif's 12th consecutive sustainability report highlighting the Company's commitments to environmental, social and governance (ESG) principles and key metrics. Also announced a new science-aligned goal to reduce the Company's Scope 1 and 2 greenhouse gas emissions by 28% by 2030, versus a 2019 baseline.

“Greif delivered a strong second quarter, with solid results across the company and meaningful progress against our strategy” said Pete Watson, Greif’s President and Chief Executive Officer. “In addition to strong underlying business performance that drove improved earnings and free cash flow, we enhanced colleague engagement and customer service levels, advanced our commitment to sustainability and achieved a notable reduction in our leverage. With improved visibility into customer demand patterns, we are reintroducing annual guidance for fiscal 2021 and are well positioned to benefit from a growing global economy.”

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(1) As previously reported, during the first quarter of 2021, the former Rigid Industrial Packaging & Services and Flexible Products & Services segments were combined into a single reportable segment now known as the Global Industrial Packaging segment. On February 24, 2021 the Company filed a Current Report on Form 8-K with the SEC to furnish certain historical GAAP and non-GAAP financial information in a revised presentation aligned with the Company's new reportable segment structure.

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

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

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

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

(6) Leverage ratio is defined as trailing twelve month EBITDA divided by net debt, each as calculated under the terms of the Company's Amended and Restated Credit Agreement dated as of February 11, 2019, filed as Exhibit 10.29 to the Company's Annual Report on Form 10-K for its fiscal year ended October 31, 2020 (the "2019 Credit Agreement").

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, Sustainability and Colleague Engagement

The Company's consolidated CSI[7] score was 93.4 during the fiscal second quarter and 92.8 on a trailing four quarter basis. Our long term objective is for each business segment to achieve a CSI score of 95.0 or greater.

CSI for the Global Industrial Packaging segment was 94.8, which was 2.5% higher than the prior year quarter. CSI for the Paper Packaging & Services segment was 91.5, which was roughly flat to the prior year quarter.

During the quarter, the Company completed its 12th annual sustainability report. The report is prepared in full accordance with the GRI Standards: Core option and the Sustainability Accounting Standards Board (SASB) Application Guidance and fulfills the United Nations Global Compact annual Communication on Progress. This is also our first report that begins aligning our climate-related disclosures with recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). The sustainability report is available for review at https://sustainability.greif.com. Report highlights include:

- Discussion of the drivers to Greif's sustainability strategy: delivering superior customer service; reducing our footprint; addressing risk; valuing our people; advancing the circular economy; financial performance; and profitable growth

- An overview of Greif's value chain, key findings from the Company's second materiality assessment and actions being taken in response to the assessment

- In depth review of Greif's current sustainability goals, performance and highlight stories

Finally, the Company believes that a team of highly engaged colleagues is critical to providing industry leading customer service that helps generate enhanced financial results. In order to improve and track the Company’s engagement levels, an annual survey is administered to colleagues by Gallup. Based on feedback received in Greif’s most recent survey just completed, the Company’s engagement rating was in the 90th percentile of all Gallup manufacturing clients.

Segment Results (all results compared to the second quarter of 2020 unless otherwise noted)

Net sales are impacted mainly by the volume of primary products[8] 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 second quarter of 2021 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	4.5 %	0.2 %
Volume	3.3 %	14.0 %
Selling Prices and Product Mix	13.1 %	7.2 %
Total Impact of Primary Products	20.9 %	21.4 %

Global Industrial Packaging

Net sales increased by $128.0 million to $798.0 million. Net sales excluding foreign currency translation increased by $97.4 million primarily due to higher volumes and higher average sale prices.

Gross profit increased by $26.9 million to $170.1 million. The increase in gross profit was primarily due to the same factors that impacted net sales.

Operating profit increased by $1.3 million to $76.4 million. Adjusted EBITDA increased by $7.1 million to $106.2 million primarily due to the same factors that impacted gross profit, partially offset by higher SG&A expense that was mainly attributable to higher incentive accruals.

Paper Packaging & Services

Net sales increased by $55.4 million to $537.0 million. Net sales excluding foreign currency translation increased by $54.6 million primarily due to higher published containerboard and boxboard prices and higher volumes. Net sales for the second quarter 2020 included $35.4 million of net sales attributable to the divested Consumer Packaging Group business, which was sold on April 1, 2020.

Gross profit decreased by $1.0 million to $93.9 million. The decrease in gross profit was primarily due to to higher old corrugated container and other raw material input costs and higher transportation expenses, mostly offset by higher net sales.

Operating profit increased by $32.8 million to $27.3 million due to the prior year quarter loss of $38.6 million on divestment of the Consumer Packaging Business, which was primarily related to the allocation of goodwill to the transaction. Adjusted EBITDA decreased by $10.8 million to $68.3 million primarily due to the same factors that impacted gross profit combined with the impact of higher SG&A costs as a result of higher corporate allocations resulting from higher incentive accruals at the corporate level.

Land Management

Net sales decreased by $1.1 million to $5.6 million.

Operating profit increased by $94.5 million to $96.9 million primarily due to the $95.7 million gain on sale of 69,200 acres of timberlands in the quarter. Adjusted EBITDA decreased by $1.0 million. Given the completion of the timberland sale, the Company owns approximately 175,000 acres of timber properties in the southeastern United States as of April 30, 2021.

Tax Summary

During the second quarter, the Company recorded an income tax rate of 10.1 percent. The Company's tax rate excluding the impact of adjustments was 20.0 percent. Both tax rates reflect second quarter benefits of $4.0 million from return to provision adjustments and reserve releases due to audit settlements and statute of limitations expirations. In addition, the application of FIN 18 frequently causes fluctuations in our quarterly effective tax rates. For fiscal 2021, the Company expects its tax rate to range between 17.0 and 21.0 percent and its tax rate excluding adjustments to range between 22.0 and 26.0 percent.

Dividend Summary

On June 8, 2021, 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 July 1, 2021, to stockholders of record at the close of business on June 21, 2021.

Company Outlook

(in millions, except per share amounts)	**Fiscal 2021 Outlook Reported at Q2**
Class A earnings per share before adjustments	$4.55 - $4.85
Adjusted free cash flow	$285 - $325

Note: Fiscal 2021 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: 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 incremental COVID-19 costs, net; non-cash pension settlement (income) charges; or acquisition and integration costs, and the income tax effects of these items and other income tax-related events. No reconciliation of the fiscal 2021 Class A earnings per share before adjustments guidance, a non-GAAP financial measure which excludes restructuring charges, acquisition and integration costs, non-cash asset impairment charges, non-cash pension settlement (income) charges, incremental COVID-19 costs, net, loss (gain) on the disposal of properties, plants, equipment and businesses, net and timberland gains, 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 2021 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.

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

(8) Primary products are manufactured steel, plastic and fibre drums; new and reconditioned intermediate bulk containers; 1&2 loop and 4 loop flexible intermediate bulk containers; linerboard, containerboard, corrugated sheets and corrugated containers, and boxboard and tube and core products.

Conference Call

The Company will host a conference call to discuss the second quarter of 2021 results on June 10, 2021, at 8:30 a.m. Eastern Time (ET). Participants may access the call using the following online registration link: http://www.directeventreg.com/registration/event/8874456. 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 June 10, 2021. 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 (800) 585-8367 or (416) 621-4642 and use the conference ID 8874456.

About Greif

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

Forward-Looking Statements

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “aspiration,” “objective,” “project,” “believe,” “continue,” “on track” or “target” or the negative thereof and similar expressions, among others, identify forward-looking statements. All forward-looking statements are based on assumptions, expectations and other information currently available to management. Such forward-looking statements are subject to certain risks and uncertainties that could cause the Company’s actual results to differ materially from those forecasted, projected or anticipated, whether expressed or implied. The most significant of these risks and uncertainties are described in Part I of the Company’s Annual Report on Form 10-K for the fiscal year ended October 31, 2020. 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 currency exchange and political risks 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, energy and transportation price fluctuations and shortages may adversely impact our manufacturing operations and costs, (ix) the frequency and volume of our timber and timberland sales will impact our financial performance, (x) we may not successfully implement our business strategies, including achieving our growth objectives, (xi) we may encounter difficulties or liabilities arising from acquisitions or divestitures, (xii) the acquisition of Caraustar Industries, Inc. and its subsidiaries subjects us to various risks and uncertainties, (xiii) we may incur additional restructuring 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 may have a material adverse effect on our business, financial condition, results of operations and cash flows, (xxi) changes in U.S. generally accepted accounting principles (GAAP) and SEC rules and regulations concerning the maintenance of effective internal controls could materially impact our reported financial results, (xxii) 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, (xxiii) full realization of our deferred tax assets may be affected by a number of factors, (xxiv) our level of indebtedness could adversely affect our liquidity, limit our flexibility in responding to business opportunities, and increase our vulnerability to adverse changes in economic and industry conditions, (xxv) we have a significant amount of goodwill and long-lived assets which, if impaired in the future, would adversely impact our results of operations, (xxvi) 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, (xxvii) legislation/regulation related to environmental and health and safety matters and corporate social responsibility could negatively impact our operations and financial performance, (xxviii) product liability claims and other legal proceedings could adversely affect our operations and financial performance, (xxix) 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, (xxx) changing climate, climate change regulations and greenhouse gas effects may adversely affect our operations and financial performance. 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 April 30, 2021	Three months ended April 30, 2020	Six months ended April 30, 2021	Six months ended April 30, 2020
Net sales	$ 1,340.6	$ 1,158.3	$ 2,487.1	$ 2,270.7
Cost of products sold	1,074.7	917.6	2,009.0	1,807.4
Gross profit	265.9	240.7	478.1	463.3
Selling, general and administrative expenses	146.8	121.1	281.1	256.5
Restructuring charges	12.0	4.4	15.1	7.7
Acquisition and integration related costs	1.8	4.8	3.8	9.9
Non-cash asset impairment charges	0.2	1.3	1.5	1.4
Loss (gain) on disposal of properties, plants and equipment, net	0.1	(1.3)	1.7	(1.8)
Loss on disposal of businesses, net	0.1	38.4	—	38.4
Timberland gains, net	(95.7)	—	(95.7)	—
Operating profit	200.6	72.0	270.6	151.2
Interest expense, net	26.7	29.3	51.9	60.0
Non-cash pension settlement charges (income)	0.1	—	8.6	(0.1)
Other expense, net	2.8	1.1	2.8	2.4
Income before income tax expense and equity earnings of unconsolidated affiliates, net	171.0	41.6	207.3	88.9
Income tax expense	17.3	26.5	23.4	37.9
Equity earnings of unconsolidated affiliates, net of tax	(0.3)	(0.7)	(1.0)	(0.9)
Net income	154.0	15.8	184.9	51.9
Net income attributable to noncontrolling interests	(4.2)	(4.4)	(11.7)	(8.2)
Net income attributable to Greif, Inc.	$ 149.8	$ 11.4	$ 173.2	$ 43.7
Basic earnings per share attributable to Greif, Inc. common shareholders:				
Class A common stock	$ 2.51	$ 0.19	$ 2.91	$ 0.74
Class B common stock	$ 3.77	$ 0.29	$ 4.36	$ 1.10
Diluted earnings per share attributable to Greif, Inc. common shareholders:				
Class A common stock	$ 2.51	$ 0.19	$ 2.91	$ 0.74
Class B common stock	$ 3.77	$ 0.29	$ 4.36	$ 1.10
Shares used to calculate basic earnings per share attributable to Greif, Inc. common shareholders:				
Class A common stock	26.5	26.4	26.5	26.3
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	26.7	26.4	26.6	26.3
Class B common stock	22.0	22.0	22.0	22.0

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

(in millions)	April 30, 2021	October 31, 2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 110.4	$ 105.9
Trade accounts receivable	751.1	636.6
Inventories	371.9	293.6
Assets held by special purpose entities	—	50.9
Other current assets	149.3	215.8
	1,382.7	1,302.8
LONG-TERM ASSETS		
Goodwill	1,531.2	1,518.4
Intangible assets	683.2	715.3
Operating lease assets	299.7	307.5
Other long-term assets	192.0	140.0
	2,706.1	2,681.2
PROPERTIES, PLANTS AND EQUIPMENT	1,499.1	1,526.9
	$ 5,587.9	$ 5,510.9
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 579.6	$ 450.7
Short-term borrowings	44.7	28.4
Current portion of long-term debt	114.1	123.1
Current portion of operating lease liabilities	52.7	52.3
Current portion of liabilities held by special purpose entities	—	43.3
Other current liabilities	318.8	302.3
	1,109.9	1,000.1
LONG-TERM LIABILITIES		
Long-term debt	2,154.6	2,335.5
Operating lease liabilities	249.6	257.7
Other long-term liabilities	624.8	696.9
	3,029.0	3,290.1
REDEEMABLE NONCONTROLLING INTERESTS	19.3	20.0
EQUITY		
Total Greif, Inc. equity	1,374.2	1,152.2
Noncontrolling interests	55.5	48.5
	1,429.7	1,200.7
	$ 5,587.9	$ 5,510.9

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

	Three months ended April 30,		Six months ended April 30,	
(in millions)	2021	2020	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	$ 154.0	$ 15.8	$ 184.9	$ 51.9
Depreciation, depletion and amortization	58.8	61.2	118.1	122.5
Asset impairments	0.2	1.3	1.5	1.4
Pension settlement charges (income)	0.1	—	8.6	(0.1)
Timberland gains, net	(95.7)	—	(95.7)	—
Other non-cash adjustments to net income	(29.2)	55.4	(13.3)	63.0
Operating working capital changes	8.6	(3.8)	(44.0)	(31.5)
Increase (decrease) in cash from changes in other assets and liabilities	55.5	(30.1)	3.7	(87.9)
Net cash provided by operating activities	152.3	99.8	163.8	119.3
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of properties, plants and equipment	(30.3)	(27.9)	(57.7)	(65.4)
Purchases of and investments in timber properties	(1.5)	(1.2)	(2.5)	(2.8)
Proceeds on the sale of timberlands, net	145.1	—	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	—	83.1	—	84.6
Other	0.8	(3.6)	(2.5)	(3.6)
Net cash provided by investing activities	114.1	50.4	118.3	12.8
CASH FLOWS FROM FINANCING ACTIVITIES:				
Payments on long-term debt, net	(227.7)	(120.4)	(187.0)	(61.9)
Dividends paid to Greif, Inc. shareholders	(26.3)	(26.1)	(52.2)	(52.0)
Payments for liabilities held in special purpose entities	—	—	(43.3)	—
Other	(3.4)	(7.7)	(4.9)	(8.5)
Net cash used in financing activities	(257.4)	(154.2)	(287.4)	(122.4)
Effects of exchange rates on cash	—	(14.4)	9.8	(14.6)
Net increase (decrease) in cash and cash equivalents	9.0	(18.4)	4.5	(4.9)
Cash and cash equivalents, beginning of period	101.4	90.8	105.9	77.3
Cash and cash equivalents, end of period	$ 110.4	$ 72.4	$ 110.4	$ 72.4

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

(in millions)	Three months ended April 30, 2021	Three months ended April 30, 2020	Six months ended April 30, 2021	Six months ended April 30, 2020
Net sales:				
Global Industrial Packaging	$ 798.0	$ 670.0	$ 1,457.3	$ 1,301.7
Paper Packaging & Services	537.0	481.6	1,017.9	955.3
Land Management	5.6	6.7	11.9	13.7
Total net sales	$ 1,340.6	$ 1,158.3	$ 2,487.1	$ 2,270.7
Gross profit:				
Global Industrial Packaging	$ 170.1	$ 143.2	$ 300.4	$ 263.3
Paper Packaging & Services	93.9	94.9	173.5	195.0
Land Management	1.9	2.6	4.2	5.0
Total gross profit	$ 265.9	$ 240.7	$ 478.1	$ 463.3
Operating profit (loss):				
Global Industrial Packaging	$ 76.4	$ 75.1	$ 130.4	$ 119.9
Paper Packaging & Services	27.3	(5.5)	41.6	27.0
Land Management	96.9	2.4	98.6	4.3
Total operating profit	$ 200.6	$ 72.0	$ 270.6	$ 151.2
EBITDA[9]:				
Global Industrial Packaging	$ 95.1	$ 96.0	$ 170.9	$ 159.6
Paper Packaging & Services	64.1	33.5	107.0	106.5
Land Management	97.6	3.3	100.4	6.2
Total EBITDA	$ 256.8	$ 132.8	$ 378.3	$ 272.3
Adjusted EBITDA[10]:				
Global Industrial Packaging	$ 106.2	$ 99.1	$ 185.7	$ 165.7
Paper Packaging & Services	68.3	79.1	124.4	157.0
Land Management	2.1	3.1	5.0	6.0
Total Adjusted EBITDA	$ 176.6	$ 181.3	$ 315.1	$ 328.7

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

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

	Three months ended April 30,		Six months ended April 30,	
(in millions)	**2021**	**2020**	**2021**	**2020**
Net income	$ 154.0	$ 15.8	$ 184.9	$ 51.9
Plus: Interest expense, net	26.7	29.3	51.9	60.0
Plus: Income tax expense	17.3	26.5	23.4	37.9
Plus: Depreciation, depletion and amortization expense	58.8	61.2	118.1	122.5
EBITDA	$ 256.8	$ 132.8	$ 378.3	$ 272.3
Net income	$ 154.0	$ 15.8	$ 184.9	$ 51.9
Plus: Interest expense, net	26.7	29.3	51.9	60.0
Plus: Income tax expense	17.3	26.5	23.4	37.9
Plus: Non-cash pension settlement charges (income)	0.1	—	8.6	(0.1)
Plus: Other expense, net	2.8	1.1	2.8	2.4
Plus: Equity earnings of unconsolidated affiliates, net of tax	(0.3)	(0.7)	(1.0)	(0.9)
Operating profit	$ 200.6	$ 72.0	$ 270.6	$ 151.2
Less: Non-cash pension settlement charges (income)	0.1	—	8.6	(0.1)
Less: Other expense, net	2.8	1.1	2.8	2.4
Less: Equity earnings of unconsolidated affiliates, net of tax	(0.3)	(0.7)	(1.0)	(0.9)
Plus: Depreciation, depletion and amortization expense	58.8	61.2	118.1	122.5
EBITDA	$ 256.8	$ 132.8	$ 378.3	$ 272.3
Plus: Restructuring charges	12.0	4.4	15.1	7.7
Plus: Acquisition and integration related costs	1.8	4.8	3.8	9.9
Plus: Non-cash asset impairment charges	0.2	1.3	1.5	1.4
Plus: Non-cash pension settlement charges (income)	0.1	—	8.6	(0.1)
Plus: Incremental COVID-19 costs, net [11]	1.2	0.9	1.8	0.9
Plus: Loss on disposal of properties, plants, equipment, and businesses, net	0.2	37.1	1.7	36.6
Plus: Timberland gains, net	(95.7)	—	(95.7)	—
Adjusted EBITDA	$ 176.6	$ 181.3	$ 315.1	$ 328.7

[11] 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[12]
UNAUDITED

(in millions)	Three months ended April 30, 2021	Three months ended April 30, 2020	Six months ended April 30, 2021	Six months ended April 30, 2020
Global Industrial Packaging				
Operating profit	76.4	75.1	130.4	119.9
Less: Other expense, net	2.8	1.3	2.7	3.8
Less: Equity earnings of unconsolidated affiliates, net of tax	(0.3)	(0.7)	(1.0)	(0.9)
Plus: Depreciation and amortization expense	21.2	21.5	42.2	42.6
EBITDA	$ 95.1	$ 96.0	$ 170.9	$ 159.6
Plus: Restructuring charges	10.2	2.7	13.0	5.0
Plus: Non-cash asset impairment charges	0.2	1.3	1.5	1.4
Plus: Incremental COVID-19 costs, net	0.5	0.4	0.8	0.4
Plus: Loss (gain) on disposal of properties, plants, equipment and businesses, net	0.2	(1.3)	(0.5)	(0.7)
Adjusted EBITDA	$ 106.2	$ 99.1	$ 185.7	$ 165.7
Paper Packaging & Services				
Operating profit (loss)	27.3	(5.5)	41.6	27.0
Less: Non-cash pension settlement charges (income)	0.1	—	8.6	(0.1)
Less: Other (income) expense, net	—	(0.2)	0.1	(1.4)
Plus: Depreciation and amortization expense	36.9	38.8	74.1	78.0
EBITDA	$ 64.1	$ 33.5	$ 107.0	$ 106.5
Plus: Restructuring charges	1.7	1.7	2.0	2.7
Plus: Acquisition and integration related costs	1.8	4.8	3.8	9.9
Plus: Non-cash pension settlement charges (income)	0.1	—	8.6	(0.1)
Plus: Incremental COVID-19 costs, net	0.7	0.5	1.0	0.5
Plus: (Gain) loss on disposal of properties, plants, equipment and businesses, net	(0.1)	38.6	2.0	37.5
Adjusted EBITDA	$ 68.3	$ 79.1	$ 124.4	$ 157.0
Land Management				
Operating profit	96.9	2.4	98.6	4.3
Plus: Depreciation, depletion and amortization expense	0.7	0.9	1.8	1.9
EBITDA	$ 97.6	$ 3.3	$ 100.4	$ 6.2
Plus: Restructuring charges	0.1	—	0.1	—
Plus: Loss (gain) on disposal of properties, plants, equipment and businesses, net	0.1	(0.2)	0.2	(0.2)
Plus: Timberland gains, net	$ (95.7)	$ —	$ (95.7)	$ —
Adjusted EBITDA	$ 2.1	$ 3.1	$ 5.0	$ 6.0
Consolidated EBITDA	$ 256.8	$ 132.8	$ 378.3	$ 272.3
Consolidated Adjusted EBITDA	$ 176.6	$ 181.3	$ 315.1	$ 328.7

[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 and integration related costs, plus non-cash asset impairment charges, plus non-cash pension settlement charges (income), plus incremental COVID-19 costs, net, plus loss (gain) on disposal of properties, plants, equipment and businesses, 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[13]
UNAUDITED

	Three months ended April 30,		Six months ended April 30,	
(in millions)	**2021**	**2020**	**2021**	**2020**
Net cash provided by operating activities	$ 152.3	$ 99.8	$ 163.8	$ 119.3
Cash paid for purchases of properties, plants and equipment	(30.3)	(27.9)	(57.7)	(65.4)
Free cash flow	$ 122.0	$ 71.9	$ 106.1	$ 53.9
Cash paid for acquisition and integration related costs	1.8	5.8	3.8	9.9
Cash paid for incremental COVID-19 costs, net	1.3	0.9	1.9	0.9
Cash paid for acquisition and integration related ERP systems	1.6	0.4	3.4	1.0
Adjusted free cash flow	$ 126.7	$ 79.0	$ 115.2	$ 65.7

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

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 April 30, 2021	$ 171.0	$ 17.3	$ (0.3)	$ 4.2	$ 149.8	$ 2.51	10.1 %
Restructuring charges	12.0	2.8	—	1.3	7.9	0.13	
Acquisition and integration related costs	1.8	0.4	—	—	1.4	0.02	
Non-cash asset impairment charges	0.2	0.1	—	0.1	—	—	
Non-cash pension settlement charges	0.1	—	—	—	0.1	—	
Incremental COVID-19 costs, net	1.2	0.4	—	—	0.8	0.01	
Loss on disposal of properties, plants, equipment and businesses, net	0.2	0.2	—	—	—	—	
Timberland gains, net	(95.7)	(3.0)	—	—	(92.7)	$ (1.54)	
Excluding Adjustments	$ 90.8	$ 18.2	$ (0.3)	$ 5.6	$ 67.3	$ 1.13	20.0 %
Three months ended April 30, 2020	$ 41.6	$ 26.5	$ (0.7)	$ 4.4	$ 11.4	$ 0.19	63.7 %
Restructuring charges	4.4	1.0	—	—	3.4	0.05	
Acquisition and integration related costs	4.8	1.2	—	—	3.6	0.07	
Non-cash asset impairment charges	1.3	—	—	—	1.3	0.02	
Incremental COVID-19 costs, net	0.9	0.2	—	—	0.7	0.01	
Loss on disposal of properties, plants, equipment and businesses, net	37.1	0.5	—	0.5	36.1	0.61	
Excluding Adjustments	$ 90.1	$ 29.4	$ (0.7)	$ 4.9	$ 56.5	$ 0.95	32.6 %
Six months ended April 30, 2021	$ 207.3	$ 23.4	$ (1.0)	$ 11.7	$ 173.2	$ 2.91	11.3 %
Restructuring charges	15.1	3.6	—	1.3	10.2	0.17	
Acquisition and integration related costs	3.8	0.9	—	—	2.9	0.05	
Non-cash asset impairment charges	1.5	0.5	—	0.1	0.9	0.02	
Non-cash pension settlement charges	8.6	2.1	—	—	6.5	0.09	
Incremental COVID-19 costs, net	1.8	0.5	—	0.1	1.2	0.02	
Loss on disposal of properties, plants, equipment and businesses, net	1.7	0.7	—	—	1.0	0.02	
Timberland gains, net	(95.7)	(3.0)	—	—	(92.7)	(1.54)	
Excluding Adjustments	$ 144.1	$ 28.7	$ (1.0)	$ 13.2	$ 103.2	$ 1.74	19.9 %
Six months ended April 30, 2020	$ 88.9	$ 37.9	$ (0.9)	$ 8.2	$ 43.7	$ 0.74	42.6 %
Restructuring charges	7.7	1.9	—	0.3	5.5	0.09	
Acquisition and integration related costs	9.9	2.4	—	—	7.5	0.13	
Non-cash asset impairment charges	1.4	—	—	—	1.4	0.02	
Non-cash pension settlement income	(0.1)	—	—	—	(0.1)	—	
Incremental COVID-19 costs, net	0.9	0.2	—	—	0.7	0.01	
Loss on disposal of properties, plants, equipment and businesses, net	36.6	0.4	—	0.5	35.7	0.60	
Excluding Adjustments	$ 145.3	$ 42.8	$ (0.9)	$ 9.0	$ 94.4	$ 1.59	29.5 %

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 SALES TO NET SALES EXCLUDING THE IMPACT OF CURRENCY TRANSLATION
UNAUDITED

(in millions)	Three months ended April 30, 2021	Three months ended April 30, 2020	Increase (Decrease) in Net Sales ($)	Increase (Decrease) in Net Sales (%)
Consolidated				
Net Sales	$ 1,340.6	$ 1,158.3	$ 182.3	15.7 %
Currency Translation	(31.4)	N/A		
Net Sales Excluding the Impact of Currency Translation	$ 1,309.2	$ 1,158.3	$ 150.9	13.0 %
Global Industrial Packaging				
Net Sales	$ 798.0	$ 670.0	$ 128.0	19.1 %
Currency Translation	(30.6)	N/A		
Net Sales Excluding the Impact of Currency Translation	$ 767.4	$ 670.0	$ 97.4	14.5 %
Paper Packaging & Services				
Net Sales	$ 537.0	$ 481.6	$ 55.4	11.5 %
Currency Translation	(0.8)	N/A		
Net Sales Excluding the Impact of Currency Translation	$ 536.2	$ 481.6	$ 54.6	11.3 %

(in millions)	Six months ended April 30, 2021	Six months ended April 30, 2020	Increase (Decrease) in Net Sales ($)	Increase (Decrease) in Net Sales (%)
Consolidated				
Net Sales	$ 2,487.1	$ 2,270.7	$ 216.4	9.5 %
Currency Translation	(40.2)	N/A		
Net Sales Excluding the Impact of Currency Translation	$ 2,446.9	$ 2,270.7	$ 176.2	7.8 %
Global Industrial Packaging				
Net Sales	$ 1,457.3	$ 1,301.7	$ 155.6	12.0 %
Currency Translation	(39.3)	N/A		
Net Sales Excluding the Impact of Currency Translation	$ 1,418.0	$ 1,301.7	$ 116.3	8.9 %
Paper Packaging & Services				
Net Sales	1,017.9	955.3	$ 62.6	6.6 %
Currency Translation	(0.9)	N/A		
Net Sales Excluding the Impact of Currency Translation	$ 1,017.0	$ 955.3	$ 61.7	6.5 %

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

(in millions)	April 30, 2021	January 31, 2021	April 30, 2020
Total Debt	$ 2,313.4	$ 2,539.4	$ 2,682.3
Cash and cash equivalents	(110.4)	(101.4)	(72.4)
Net Debt	$ 2,203.0	$ 2,438.0	$ 2,609.9

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 4/30/2021**	**Trailing Twelve Months Ended 4/30/2020**
Net income	$ 257.3	$ 189.2
Plus: Interest expense, net	107.7	126.9
Plus: Debt extinguishment charges	—	0.1
Plus: Income tax expense	48.8	77.1
Plus: Depreciation, depletion and amortization expense	238.1	241.8
EBITDA	$ 651.9	$ 635.1
Plus: Restructuring charges	46.1	22.6
Plus: Acquisition and integration related costs	10.9	23.2
Plus: Non-cash asset impairment charges	18.6	7.1
Plus: Non-cash pension settlement charges (income)	9.0	(0.1)
Plus: Incremental COVID-19 costs, net	3.5	0.9
Plus: (Gain) loss on disposal of properties, plants, equipment, and businesses, net	(15.3)	30.5
Plus: Timberland gains, net	(95.7)	—
Adjusted EBITDA	$ 629.0	$ 719.3
Credit Agreement adjustments to EBITDA[14]	34.0	4.4
Credit Agreement EBITDA	$ 663.0	$ 723.7

Adjusted Net Debt *(in millions)*	**For the Period Ended 4/30/2021**	**For the Period Ended 4/30/2020**
Total debt	$ 2,313.4	$ 2,682.3
Cash and cash equivalents	(110.4)	(72.4)
Net debt	$ 2,203.0	$ 2,609.9
Credit Agreement adjustments to debt[15]	(90.9)	2.3
Adjusted net debt	$ 2,112.1	$ 2,612.2
Leverage Ratio	**3.2x**	**3.6x**

[14]Adjustments to EBITDA are specified by the 2019 Credit Agreement and include certain timberland gains, equity earnings of unconsolidated affiliates, net of tax, certain acquisition savings, deferred financing costs, capitalized interest, and other items.

[15]Adjustments to net debt are specified by the 2019 Credit Agreement and include the European accounts receivable program, letters of credit, deferred financing costs, and derivative balances.

GREIF, INC. AND SUBSIDIARY COMPANIES
PROJECTED 2021 GUIDANCE RECONCILIATION
ADJUSTED FREE CASH FLOW
UNAUDITED

(in millions)	Fiscal 2021 Guidance Range	
	Scenario 1	Scenario 2
Net cash provided by operating activities	$ 405.0	$ 462.0
Cash paid for purchases of properties, plants and equipment	(137.0)	(158.0)
Free cash flow	$ 268.0	$ 304.0
Cash paid for acquisition and integration related costs	7.0	9.0
Cash paid for incremental COVID-19 costs, net	3.0	4.0
Cash paid for acquisition and integration related ERP systems	7.0	8.0
Adjusted free cash flow	$ 285.0	$ 325.0

GREIF, INC. AND SUBSIDIARY COMPANIES
PROJECTED 2021 MODELING ASSUMPTIONS
UNAUDITED

(in millions)	Fiscal 2021 Modeling Assumptions Reported at Q2
Depreciation and amortization expense	$237 - $242
Interest expense, net	$97 - $101
Tax rate excluding the impact of special items	22% - 26%
Adjusted capital expenditures	$130 - $150

Exhibit 99.2

Greif, Inc.

Second Quarter 2021 Earnings Results Conference Call

June 10, 2021

CORPORATE PARTICIPANTS

Lawrence Allen Hilsheimer *Greif, Inc. - Executive VP & CFO*

Matt Eichmann *Greif, Inc. - VP of IR, External Relations & Sustainability*

Peter G. Watson *Greif, Inc. - President, CEO & Director*

CONFERENCE CALL PARTICIPANTS

Adam Jesse Josephson *KeyBanc Capital Markets Inc., Research Division - MD & Senior Equity Research Analyst*

Gabrial Shane Hajde *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

George Leon Staphos - *BofA Securities, Research Division - - MD and Co-Sector Head in Equity Research*

Justin Laurence Bergner *Gabelli Funds, LLC - Research Analyst*

Mark William Wilde *BMO Capital Markets Equity Research - Senior Analyst*

Matthew T. Krueger *Robert W. Baird & Co. Incorporated, Research Division -Senior Research Associate*

PRESENTATION

Operator

Good day, and thank you for standing by. Welcome to the Greif Q2 2021 Earnings Call. At this time, all participants are in a listen-only mode. Please be advised that today's conference is being recorded. After the speakers' presentation, there will be question and answer session. To ask a question during the session, you will need to press star one on your telephone.

I would now like to turn the call over to your speaker today, Matt Eichmann. Please go ahead.

Matt Eichmann - *Greif, Inc. - VP of IR, External Relations & Sustainability*

Thanks a lot, Amy, and good morning, everyone. Welcome to Greif's Second Quarter Fiscal 2021 Earnings Conference Call.
This is Matt Eichmann. I'm joined by Pete Watson, Greif's President and Chief Executive Officer; and Larry Hilsheimer, Greif's Chief Financial Officer. Pete and Larry will take questions at the end of today's call.

In accordance with Regulation Fair Disclosure, we encourage you to ask questions regarding issues you consider important because we're prohibited from discussing material, nonpublic information with you on an individual basis. Please limit yourself to one question and one follow up before we returning to the queue.

Please turn to slide two. 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 reconciliations to the most directly comparable GAAP metrics can be found in the appendix of today's presentation.

And now I turn the presentation over to Pete on slide three.

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

Thank you, Matt, and good morning, everyone. We really appreciate your interest in Greif.

Our purpose at Greif is to safely package and protect our customers' goods and materials to serve the essential needs of communities all around the world. And that common purpose, combined with our vision to excel in customer service, binds our global colleagues and motivates us to perform at our best. And I want to make sure I thank the global Greif team for these efforts.

In the second quarter, we generated strong year-over-year volume growth in most of our key global industrial packaging substrates. We also experienced robust demand in our corrugated sheet feeder network and significant demand improvement in our tube and core business. While inflation remains challenging, we are executing strategic pricing decisions and contractual price increases to recover costs and stay ahead of the inflation curve. This disciplined focus is helping us deliver solid financial results and reduce our leverage.

Our second quarter adjusted free cash flow grew by more than $47 million versus the prior year, and we repaid $235 million of debt. With improved visibility into the back half of the year, we are reintroducing fiscal 2021 annual guidance and anticipate generating adjusted Class A earnings per share of $4.70 at the midpoint.

Finally, we continue to make meaningful progress against our strategic priorities. We recently completed our fourth annual colleague engagement survey, which ranks us in the top decile of all manufacturers. In addition, we published our 12th annual sustainability report, reflecting the progress we've made around ESG and enhanced our customer service capabilities in line with our stated vision.

I'd ask you now to turn to slide four. The Global Industrial Packaging business delivered strong second quarter results. Global steel drum volumes increased by roughly 3% on a per day basis versus the prior year, while global rigid IBCs and large plastic drum volumes rose by nearly 8% on a per day basis, and our global IBC volumes were a quarterly record. Average selling prices were up across all key global substrates year-over-year due to raw material pass-through arrangements and strategic pricing decisions.

Product demand was strongest in APAC, where steel drum and rigid IBC and FIBC volumes rose by 14% and 11%, respectively, on a per day basis versus the prior year and benefited from improved industrial trends. Demand conditions were solid throughout most of Europe, where steel drum, rigid IBCs and FIBCs rose by mid-single digits on a per day basis.

In North America, which features our most diverse product portfolio mix, steel drum volumes were down single digits, while rigid IBCs, fiber drums and FIBCs displayed mid-single-digit growth on a per day basis versus prior year.

We continue to see improvement across many of our key end markets. For example, sales in the petrol products and lubricant end markets improved sequentially and were higher year-over-year. Paint and coatings sales also rose due to better auto and construction demand. And sales in the bulk and specialty chemical end markets were negatively impacted by ongoing customer force majeure actions and supply chain constraints, but underlying demand still remains solid. We see little indication of customers rebuilding inventory. And while supply chain conditions remain tight, we have not experienced any negative material impact related to sourcing raw materials.

GIP stronger volumes and higher average selling prices drove higher segment sales and gross profit year-over-year. GIP's second quarter adjusted EBITDA rose by roughly $7 million due to higher sales, partially offset by higher SG&A expense, mainly attributed to a $13.5 million of higher incentive accruals for this segment. The business also benefited from a $7 million FX tailwind. And for comparison purposes, please keep in mind that GIP had a very strong Q2 2020, when the segment benefited from panic buying and opportunistic sourcing benefits.

GIP's strong second quarter performance carried over in May, the start of our fiscal third quarter. Global steel drum and rigid IBC volumes both grew by low to mid-double digits on a per day basis versus the prior year, due to stronger market demand and an easier prior year comparison, and that sequentially, versus April, were basically flat. May volumes in our filling business improved notably from early in Q2, which is one indication that conditions in the U.S. Gulf Coast are starting to pick back up.

I please ask you to turn to slide five. Paper Packaging second quarter sales rose by roughly $55 million versus the prior year due to stronger volumes in our corrugated sheet and tube and core businesses and higher published containerboard and boxboard prices. For comparison purposes, the prior year included $35 million of sales attributed to the divested CPG business.

Paper Packaging second quarter adjusted EBITDA fell by roughly $11 million versus prior year, primarily due to a significant $24 million recovered fiber and transport cost headwind. SG&A expenses also increased year-over-year, primarily due to the $11.5 million of higher incentive accruals.

In March, we announced a new set of price increases for recycled boxboard grades with immediate effect in response to strong demand and cost inflation. And we have fully implemented increases on all non-RISI-type customer contracts and will benefit from this in the fiscal third quarter.

Similar to quarter one, demand in our converting operations remain robust. Second quarter volumes in CorrChoice, our corrugated sheet feeder system, were up roughly 37% per day versus the prior year quarter, as demand for durables, e-commerce growth, the auto supply chain and food and beverage remained very strong. Specialty sales, which includes litho-laminate, bulk packaging and coatings, were up more than 31% versus the prior year quarter. Volumes of our tube and core business accelerated through the second quarter and were up nearly 6% versus the prior year.

In addition to continued strong demand in construction and film end market segments, demand for textiles picked up this quarter and reflects a double-digit increase year-over-year in this business.

Paper Packaging's fiscal third quarter is off to a strong start. In May, our volumes in CorrChoice and our tube and core business were up both double digits on a per day basis versus the prior year and reflect flat to single-digit growth sequentially versus April.

I'd ask you now to turn to slide six. I'd also like to take a moment to highlight our ongoing ESG efforts that are embedded into our strategy. In April, we published our latest sustainability report outlining the ESG achievements we made in 2020 as well as the outcomes from our second materiality assessment, which helped to shape our future priorities. We also recently announced a new greenhouse gas reduction target and continue to advance projects to improve our product circularity.

Finally, we are deploying an inclusive leadership program to all global managers throughout the remainder of 2021 to further enhance Greif's already strong engagement culture. I encourage all of you to visit our website to review our sustainability progress and become more familiar with our strategy.

I'd like to now turn it over to our Chief Financial Officer, Larry Hilsheimer.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Thank you, Pete. Good morning, everyone.

Please turn to slide seven to review our quarterly financial performance. Second quarter net sales, excluding the impact of foreign exchange, rose by 13% versus prior year due to stronger volumes and higher selling prices in our two primary business segments. Second quarter adjusted EBITDA fell by roughly 3% versus the prior year quarter. While sales were higher, cost inflation, especially in transportation and OCC, dragged on profits.

In GIP, we are implementing price increases in response to strong product demand and to stay ahead of inflation in order to maintain appropriate profitability. We are working diligently on implementing price increases in Paper Packaging as we respond to robust demand and seek a return to appropriate segment profitability.

SG&A expense rose by roughly $26 million versus the prior year quarter due to roughly $25 million of higher incentive accruals across the company. This year-over-year change is due to an accrual decrease last year, as we forecasted a poor Q3 and second half, which, this year, has swung to an accrual increase due to our anticipated strong second half results being substantially over our budget.

Our second quarter non-GAAP tax rate was 20%, reflecting a onetime benefit of roughly $4 million from return to provision adjustments and reserve releases due to audit settlements and statute expirations. Second quarter adjusted Class A earnings per share rose by roughly 19% to $1.13 per share.

Finally, adjusted free cash flow rose by 60% to nearly $127 million versus the prior year, primarily due to improved profitability and working capital management, partially offset by slightly higher capital expenditures. Trailing 12-month average working capital as a percentage of sales improved by 180 basis points year-over-year to just over 11%.

Please turn to slide eight to review our outlook and key modeling assumptions. We have reintroduced annual guidance given better visibility into the remainder of our fiscal year and continued confidence in our businesses' improving fundamentals. The transformation that we commenced earnestly in late 2015 has produced tangible and meaningful change. With our anticipated fiscal '21 results, we will have more than doubled earnings per share since 2015 despite COVID-19's negative impact. The closure and/or divestiture of more than 70 non-core were suboptimal plants and without any share repurchase benefit. In fact, we currently have 600,000 more shares outstanding now versus the end of 2015.

We forecast our fiscal '21 adjusted free cash flow to range between $285 million and $325 million, inclusive of between $130 million to $150 million spent on CapEx. And we expect working capital to be a substantial cash use this year commensurate with our announced price increases to offset cost inflation.

Finally, we assume that OCC will average $101 per ton for this fiscal year and $122 a ton during our second half. We expect fiscal 2021 interest expense to range $97 million to $101 million and our full year non-GAAP tax rate to be between 22% and 26%.

Please turn to slide nine. We have a consistent, 3-pronged capital deployment strategy focused on reinvesting in the business, returning cash to shareholders and delevering the balance sheet. During the quarter, we paid roughly $26 million in dividends and repaid $235 million in debt. Our compliance leverage ratio was 3.2x as of April 30, 2021, and we continue to drive toward our targeted range of 2x to 2.5x. As a reminder, we will not engage in any material M&A until we're back within that range.

Finally, as we continue to generate cash, pay down debt and reduce leverage, we will shift enterprise value to the benefit of our equity holders and eventually move to a steadily increasing dividend policy.

With that, I'll turn the call back to Pete for his closing comments before our Q&A.

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

Okay. Thank you, Larry, and I'd ask everybody to please turn to slide ten.

And to wrap it up, Greif delivered really a solid second quarter, and I'm pleased with our business performance. We're making strong progress across all of our strategic priorities and are focused on the operating levers within our control. Our extensive global portfolio, differentiated service capabilities, with our sharp focus on operational execution, positions us to uniquely serve the needs of our customers and generate significant value creation for the benefit of our shareholders.

And I really appreciate your interest in Greif. Amy, please feel free to open the line for questions.

QUESTIONS AND ANSWERS

Operator

Thank you. At this time, we will be able to be conducting our question and answer session. To allow for as many questions possible we ask you to please limit your questions to one question with one related follow up. You may then re-enter the queue for any additional questions. Your first question comes from the line of George Staphos with Bank of America Securities.

George Leon Staphos - *BofA Securities, Research Division - MD and Co-Sector Head in Equity Research*

So my two questions, and they're related, so we look at the implied guidance for the second half, and you -- this is my phrasing, you're going to be looking at some boomer third and fourth quarter earnings, yet, certainly, inflation has been a major headwind for you. What gives you -- what two or three things give you confidence that the guidance you're giving is manageable, achievable even with that pretty large headwind right now on inflation?

The related question, can you talk to what pricing assumptions you have built into that guidance? And if an existing customer puts in an order today with you, specifically here on URB, what is the price that they are paying versus the May published price?

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes. George, I'll comment on some of this, and Pete will probably add to it as well. We have a very high degree of confidence on our pattern of working to stay ahead of inflation, particularly in our Global Industrial Packaging business, where we have, I'd say, more direct control on pricing with our price adjustment mechanism contracts but also our openers for other items. The team has been very diligent as we've been talking about inflation for a couple of years now.

And so as we see things playing out in our third quarter, we have pretty good visibility to the fact that our margins are going to maintain and slightly grow in gross profit dollars, and we're confident that, that will maintain into the fourth quarter.

Our volumes in the first month of our third quarter grew at exceptional levels. And so we're not seeing anything slowing that down. We're bullish on the economy, and we're bullish on staying ahead of the inflation. In fact, in the inflationary time, through these PAM adjustment mechanisms, this actually helped our value-add significantly because of just the timing of inventory deliveries against the price increases.

With respect to the paper business, as Pete commented in his remarks, we have executed every dollar of the price increases that we have announced in our non-index type business. In our URB business, 60% of our business is not tied to RISI index. So we have announced $150 since last October, and we're getting every dollar of it in the market.

I don't know, Pete, if you had any other comments.

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

Yes. So George, from a volume standpoint, again, as Larry said, we expect to have a strong end of the -- strong second half volumes really consistent with what we've seen in Q2.

In terms of pricing, to Larry's point, just on URB, to give you perspective, so our backlogs are nine weeks plus in this grade. Our customers are on allocation. We have no capacity to take on any new customers at any price. That's how challenged it is. And as we both indicated, all our noncontract customers were up to full $150 a ton price. And that's a really -- very robust market. Our price guidance into our full year guidance is what we've realized in the indexes today. So it doesn't forecast any future potential price changes, which we're not going to comment on anyway.

Operator

Your next question comes from the line of Gabe Hajde with Wells Fargo.

Gabrial Shane Hajde - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

Listen, I was -- I guess, more of a high-level question, looking at kind of housing starts and just looking at some different research out there, talking about maybe potential for de-urbanization. And like I said, if I look at that 5-year average for housing starts, it was around 1.25 million and projections for that to be 1.5 million plus.

So I was kind of hoping if you could remind us sort of, in your two different businesses, where you're highest exposure to construction and/or tangentially, whether it's carpet tubes and cores and stuff like that. And what that business has looked like maybe over the past couple of years? And then what benefit they can provide?

I know it's difficult maybe more in the GIP business because you don't have great line of sight as to where some of these paints and coatings, et cetera, may ultimately end up. But just directionally, if that's been a drag and could potentially be, like I said, a medium-term benefit for you.

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

No. Thanks for the question, Gabe. So in our Paper Packaging business, and you said it, our tube and core -- some of the key end markets are carpet and products that will go into a house. And as you know, 2019, we had weak tube and core volumes. That was part of the end markets that were weaker. Those are starting to recover with the growth in homebuilding and home goods, et cetera. So that's part of why we're -- our tubes and cores were up almost 6% year-over-year in the quarter.

Our -- the rest of our Paper Packaging business, CorrChoice and our mills, as you know, are raw material suppliers. So it's more difficult to align the end markets in that business, but it does help indirectly for our mills and for our CorrChoice operations that provide products that go into new homes and buildings.

On our GIP side, when you look at the chemicals our products package, many of those chemicals are flexible foam or rigid foam. And those are all components that either go into furnishings, furniture, laminates, materials that go into home. So it certainly has been one part of the end market segment that has improved and will continue to help our business.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes. I'll supplement what Pete said to Gabe, because a little bit of where you're going, not only in construction, but we all know what's going on in the auto segment that where things are robust but shy of where they could be if they had their semiconductors.

What's interesting for us and what we've talked about before, Pete and I had a long view that we talked about even last year in this same call that we thought the economy would recover well right now, and that we thought that by '22, we'd maybe be back to an '18 economy. And that's still our belief.

And what's interesting is that the volumes in our -- the remainder of our year are still projected to be significantly below our '18 levels. So we believe '22 has even more positive in front of us. And now a lot of that, like construction, depends on, can they get labor? Can they get their work done?

Gabrial Shane Hajde - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

Right. Okay. And then I guess, dialing in on GIP in the second quarter. I just want to make sure that I heard everything correctly. If there's directionally a $14 million swing, I think, in incentive comp, and then $6 million benefit from raw materials last year that did not recur this year. And even if I adjust for the $7 million swing in FX, it looks like there's effectively a 100% drop-through from volumes. And I know that's not the case.

So I'm just curious if you can parse out for us if there's any sort of benefit from better utilization or what the improvement was year-over-year. I know you guys have taken a lot of cost out. So I guess, really what we're trying to understand or I'm trying to understand is what the benefit is kind of go forward, what the normal drop-through should be from volume versus structural cost improvements that you guys have made.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes. Gabe, the -- one of the big drivers of the improvement in GIP is really about the margin expansion that you've been seeing us drive over the past few years. And we talked about it in prior quarters, the dramatic improvement that we've made in the mechanics of our pass-through mechanisms in tightening up what used to be an unacceptable lag. And that really drives improvement in a period of time when you are having rapidly increasing raw material costs.

So a good bit of this margin expansion, while we have done a good job of improving our cost management, is really the margin expansion relative to pricing processes. And some of that is the annual -- the openers for non-raws. Some of it is making sure that in contract renewals, we have been very aggressive on pricing because we knew we were facing into an inflationary period. And then the last component is the element of the mechanics of the PAMs. The manufacturing cost improvement has actually been a relatively minor part of this. So it's really volume and margin expansion are the two components.

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

And Gabe, one other part on the volume. We certainly had healthy market demand in our end markets, but we're also seeing really good dividends from our strategic capital investments, particularly on IBC volumes and the IBC reconditioning and our investments in plastic drums. So we've also got three additional blow-molders that are going into Houston, in Shanghai and to Central Europe. So this strategic growth initiative in our resin-based products will continue to benefit that business as well.

Operator

Your next question comes from the line of Mark Wilde with BMO Capital Markets.

Mark William Wilde - *BMO Capital Markets Equity Research - Senior Analyst*

I wanted just to start out, Larry. Can you talk with us a little bit about what we should expect from kind of SG&A in the back half of the year? I mean, it's a big jump here in the second quarter, and it really offset a lot of the improvement in gross profit. It's also above 11% level. So I'm just trying to figure out whether that type of level is something we should expect kind of through the back half of the year.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes. It's a fair question, Mark. And we continue to focus on how do we drive SG&A costs out of the business. And some of that has to do with the fact that the SG&A that we took over when we acquired Caraustar was higher than ours, and we continue to work on that. Some of that's been delayed because of the COVID impact on implementing our ERP system. Unfortunately, this pushed us back about six to nine months on various implementations, and that's having some impact on our SG&A costs. The incentive adjustment that we mentioned is just a play just on performance year-over-year, and that will play out over time to get back to the -- our target levels unless we're far exceeding our targets, which is the case this year.

So specifically, though, if I look to the back end of this year, and we do anticipate that SG&A expense for the remainder of the year would be about $0.21 per share of a drag relative to what it was in the first half of the year, and that is because we will start to see more travel and entertainment, particularly relative to last year, but even relative to the first part of this year. Now we're not going to go crazy on any of that stuff. We're going to manage that to be significantly lower than it was pre-pandemic. But it is going to be higher in the second half of the year.

And if I look at operations as a whole, if I just walk you, so the first half of the year was $1.74 EPS. Operations, excluding the OCC impact, is going to be a lift of about $2.22 a share. That offset in there is $0.21 a share of higher SG&A expenses in the second half of the year versus the first half, and part -- about $0.13 of that is additional incentive increases for -- in the second half of the year as it's earned out over the remainder of the year. Then you've got OCC offsetting things about a $0.60 impact higher OCC in the second half of the year than the first half. And I might just as well finish this walk, $0.07 benefit, lower interest expense; $0.51 a share higher tax expense because of the higher earnings; and then there's a $0.04 of the NCI and other miscellaneous stuff gets you to $2.96 for the second half of the year versus the first half $1.74. Hopefully, that's responsive.

Mark William Wilde - *BMO Capital Markets Equity Research - Senior Analyst*

All right. And then just as a follow-on. I'd like to kind of double back on George's question around pricing. You talked about sort of the fact that these open markets, non-indexed URB prices that had been fully passed through. I'm just curious, if we think about the paper segment overall, what would be an approximate number on kind of just quarter-to-quarter improvement as we go into the third quarter?

As I look at it, it seems like you must have had limited benefit in the second quarter from that second containerboard price hike. And I'd also like to get -- so if you could confirm that. And then I'd also like to get some sense of where pricing is actually moving in the uncoated business on the converted products. So you've raised kind of open market URB prices, but what's happened to tube and core prices? And what's sort of a cadencing for kind of roll-through in converted products?

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

Yes. So let me talk first about containerboard, Mark. As you know, that flowed through. The benefit to our mill system started at the end of the last month of our second quarter. So we'll have full capture in Q3 on that $60 a ton increase. So we've got full capture on that.

Downstream in corrugated, it's been a very strong market. We have actually got benefit of that very quickly after the containerboard increases. So Q3 in our corrugated and containerboard system will have full implementation. That has been offset by higher OCC and higher chemical costs, adhesives, et cetera. But from a pricing standpoint, we've captured that fully, plus some in our converting.

And uncoated, so we've announced $150 a ton. The index has only recognized $80. And as we both said, we have raised all our noncontract prices, the full $150 a ton price an immediate effect.

Downstream in tube and core, it's very similar to our corrugated implementation. It's been very strong. We've been very aggressive with it, and we are fully capturing that business, pricing on the tube and core business. And really, if you look at PPS performance overall, our converting businesses, CorrChoice and tube and core, performed at very high levels. The big challenge we had is in our mill system, where we have the price/cost squeeze with OCC and chemicals and catching up on the price.

So you'll start seeing in Q3 and Q4 that realization is -- of price. On coated CRB, we don't have downstream capability. We most recently announced $50 on that effective July 5th. So the index has only recognized $70. And again, the noncontractual customers that are related to index are all up. The $140 and the $50 will be implemented in July 5th. So I hope that covers what you're looking for.

Operator

Your next question comes from the line of Adam Josephson with KeyBanc.

Adam Jesse Josephson - *KeyBanc Capital Markets Inc., Research Division - MD & Senior Equity Research Analyst*

Larry, one on tax. So if I go back to your Investor Day in mid-2009, you were talking about a significant improvement in your tax strategy, and you mentioned your long-term targeted adjusted tax rate range was 26% to 30%. If you hit the low end of your guidance this year, you're going to be down to 22%. So it strikes me as an exceptionally low adjusted tax rate, even compared to what you were thinking two years ago when you had mentioned all the improvements you were making in your tax planning.

So can you just help -- and over the past four years, I think you've consistently outperformed your tax rate guidance from the start of each year. So what is your long-term tax rate expectation? Is this your anomalous in any way? And just help us understand what's going on there because you've been meaningfully undershooting the mark on tax.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes. I think, actually, if you look at on an annual basis, most of the time, we've been within the range but on the lower end of our range. But the -- you're right, when we did that conference back in '17, that was what we'd laid out, but that was also pre tax reform, which lowered the U.S. tax rate pretty significantly. And that obviously was a benefit of a few points on the range that we provided then to where it is now.

The other element that's impacting our tax rate is I also had alluded at that point that we had a lot of reserves set up for some planning things that were -- which were of a nature that required us to have a reserves established. We've worked through a lot of the statutes of limitations and a lot of exams in the U.S. and in other countries around the world. And as we've gotten through those, we've gotten favorable settlements on a lot of things, and that results in those reserves being released because there's no longer contingent tax liability related to those. And those things are what's causing some of the bumpiness in the tax rate on an overall basis.

But if I think the go-forward becomes more difficult to project at this point just because of what's going on in the -- within the new administration and their view on U.S. taxes on corporations but also, the work that they're trying to do globally to get into setting up minimum taxes on certain areas. So it's difficult for me to tell you right now what I anticipate our expected tax rate to be. I would say that if there was no changes in the current tax structure that over the next two to three years, I would expect that our range would come down another point or so because of some other things that we've got going on relative to tax planning.

And so I think our tax team has done a very, very good job of executing on the strategies that we were referencing back in that '17 call. We've got another one or two arrows in the quiver that we're going to do, and as long -- and again, that is just subject to what happens on tax reform.

Adam Jesse Josephson - *KeyBanc Capital Markets Inc., Research Division - MD & Senior Equity Research Analyst*

Got it. I appreciate that, Larry. And on cash flow, can you help us with the -- you mentioned you expect a substantial working capital drag this year. Can you quantify that? The reason I ask is your CapEx is going to be below normal this year. You'll have a significant working capital drag. I'm just trying to project to next year because obviously, the midpoint of your guidance this year is about $300 million. Next year, your commitment is around $430 million, so it implies about $130 million of improvement. Part of that would be working capital presumably no longer being a drag and maybe who knows what will happen with EBITDA next year. But I'm just trying to understand the working capital and CapEx components, specifically this year versus potentially next year.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes. And I mentioned in my comments the phenomenal job that our teams have been doing on managing working capital as a percentage of sales, which is the primary measure we look at because the cost of inventory is something that's much more difficult to control, whether talking about OCC or steel or resin.

When you look at steel or resin, they've effectively both doubled in cost over the last eight months, and that then translates into obviously higher sales prices, higher receivable balances and higher inventory. And that's what creates the working capital drag. It's all driven by cost. It's not driven at all by poor management. As a matter of fact, our management of working capital has been incredibly strong. So that's what's causing the drag. It's what, Matt, roughly $80 million?

Matt Eichmann - *Greif, Inc. - VP of IR, External Relations & Sustainability*

Yes. I was going to say, if you look at '18 levels, it was a drag of, call it, $35 million, and that's pre-Caraustar. So it's going to probably be double that kind of to Larry's point.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes, $80 million probably. And on CapEx, I mean, the frustrating thing for us on CapEx is we're ready able and willing to spend, but the reality of what's impacted our CapEx spend is things out of our control. It's -- you can't get the deliveries. I mean, people are running behind on producing equipment and -- the IT piece -- which, yes, I was going to go on to. We have not been able to execute, as I mentioned, in response to Mark's question, a lot of ERP implementation because of COVID travel restrictions. And so that has deferred the spending on the IT side as well.

So we go in -- we went into the year with a plan to spend in that $150 million, $170 million range. And now obviously, we're looking at $20 million less. Again, our plan into the future, and we haven't budgeted for next year yet, but it would be that it would be up higher because we have lots of things we would like to get done, but we're captive to what we can get delivered.

Operator

Your next question comes from the line of Ghansham Panjabi with Baird.

Matthew T. Krueger - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Associate*

This is actually Matt Krueger sitting in for Ghansham. So given all the moving pieces on a year-over-year basis for the back half of the year, I was just, first, hoping that you could provide some added detail on the expected weighting of EPS between the two remaining quarters for the back half of the year. I mean, just given the meaningful acceleration implied some of the comparison issues and then obviously, all the pricing that's being layered in, any help there would be great.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Sure. I mean, I would say this, we get into this every year about what's going to be better, Q3 or Q4. And a lot of it just goes to when does the ag season harvest. I would tell you that going in, our assumption is that it's going to be sort of a normal pattern and that our Q3 would be stronger than Q4, but they are not substantially different. I mean, you can basically take that differential on our EPS from that $2.96, divide it by two, and you skew it a little bit to three and a little less to four. And that's essentially it. I mean, it's not -- there's not a huge difference between the two quarters.

Matthew T. Krueger - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Associate*

Great. That's really helpful. And then I was just hoping that we could get some more detail on what the estimated impact from Winter Storm Uri was on the Global Industrial Packaging business. Anything you can provide from a volume perspective, and then also, any margin impact as well would be great.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes. We -- in looking at that, we had about 41 production days across a number of plants. Now it's not -- so take about five days from -- or six days on a few of them, where production was just shut down and it impacted sales. So from a volume perspective, it was about a $1.5 million dollar impact. We had substantially increased utility costs after the storm that we -- was another $1 million or so. And then we had some broken pipes and those kind of things from freezing because they don't have insulation down there. It was another $100,000, $200,000. And so you got about $2.7 million of actual cost.

Now there's a lot of indirect stuff there that you ended up with force majeure actions going down into some of the businesses of our customers being impacted by things they couldn't get orders, and that impacted things. We did not try to figure out all of that. We do know that our Gulf Coast regions' volume levels are significantly less than the other areas of the world. That gives us cause for optimism going forward and into '22 because as Pete mentioned, we're really -- we're just now starting to see volumes in our filling business start to pick up, and that's a very good sign for us. So we're pretty bullish going forward. But it was about $2.7 million.

Operator

Your next question comes from the line of Justin Bergner with Gabelli.

Justin Laurence Bergner - *Gabelli Funds, LLC - Research Analyst*

One big picture question and then just a couple of specific cleanups. Big picture, outside of URB, are there other parts of your business in Industrial Packaging or Paper Packaging, where you're sort of unable to meet incremental demand?

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

Supply chains are tight. Our demand is really robust. We are meeting demand for our customers. My comment, Justin, was really that anybody that's new that we don't do business with that would like to do business with us, in that substrate, we just can't because our backlog or demand is so great. But we have actually grown other parts of our business because of our reliability. Now that has forced a lot of overtime and a lot of 6- and 7-day work weeks.

But URB is a little more severe. We are doing a really good job serving our customers and ensuring that we're meeting their needs. And actually, in our GIP business and our converting business in paper, we're actually making some inroads because of that reliability. And it's all related to our customer service scores continue to improve in spite of a tough demand environment.

Justin Laurence Bergner - *Gabelli Funds, LLC - Research Analyst*

Okay. Then moving to the specific questions. Just to clarify, the $25 million incentive accrual headwind, that was all in Q2, and then there'll be a smaller incremental effect in the second half. Is that incremental to the first half or incremental year-on-year?

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

So yes, the $25 million was a -- or $24.6 million was a combination of last -- so that was a year-over-year, Q2. And last year, we had -- we decreased the accrual for incentives. And this year, we increased the accrual for incentives relative to what we had budgeted. So that was -- that $25 million in the first. The second half is about the same. Again, for the remainder of the entire year, it's about $52.6 million -- not about. It's $52.6 million is what we're currently planning on a year-over-year higher incentives.

Justin Laurence Bergner - *Gabelli Funds, LLC - Research Analyst*

Okay. And then lastly, just on the tax rate. You mentioned that the tax rate might come down to 100 basis points, but that's not from the 26% to 30%. That's from the 26% to 30%, which initially had come down a few hundred basis points because of the tax reform bill, correct? So it might be -- it's more than 100 basis points down from the 26% to 30%, just to clarify.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Oh, yes. No, no. Yes, I'm talking about from where we're at now and where we're guiding to where we think we'll be going forward.

Operator

As a reminder if you would like to ask a question, please press star and number one on your telephone keypad. Your next question comes from the line of Mark Wilde with BMO Capital Markets.

Mark William Wilde - *BMO Capital Markets Equity Research - Senior Analyst*

Yes. Just a few follow-ups here real quickly. One, on the land sales, the gross price, that was just absolutely exceptional. Can you talk with us about sort of how the tax leakage looks and how you're thinking about the balance of the portfolio in the land business? Have we ever get down to a point where just scale in that business is an issue?

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes. Sure, Mark. First of all, I'll just say -- I'll answer your second question first. We don't have any intention to liquidate any more of our land portfolio. We talked about that for strategic optionality. We view it that way. It obviously helps us on our interest rate, and we like the business. And we had some unique circumstances. I mean, we always talked about rainy days, and I think it was raining pretty hard last year. So we decided to execute on it.

And that goes also to the other factor that drove that. Because of some other tax planning that we had been doing relative to timber gains that had been deferred from transactions a decade ago, we recognized that we had some capital losses that were available for us to utilize to offset gains on timber transactions. And so that played into what we executed on.

The gain ended up being more than we thought because, as you said, we got values per acre that were outside anything the bankers told us they thought they could get, which is obviously good news. But as to tax leakage, it was minimal. We had -- we were basically able to utilize other tax loss carryforwards that we had available to us to eliminate any federal tax. We had some small state and local taxes, and that was it.

Mark William Wilde - *BMO Capital Markets Equity Research - Senior Analyst*

Okay. Another follow-on I had was probably perhaps more for Pete. And that is just can you give us a sense of sort of size and approximate market share in the IBC business? I remember when you bought Fusti about 11 years ago, it was kind of the #3 player in the market. Schütz is kind of the dominant guy, then Mauser. And so I think your strategy was to kind of expand their geographic footprint and try to pick up some share.

So I wondered if you could just give us a sense of how big that business is right now and sort of where you'd see yourselves vis-a-vis the competition. And finally, how rapidly is that market growing overall right now?

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

Yes, Mark. So we've got [between 10-20%] (corrected by the Company after the call) global market share in IBCs and IBC reconditioning. And we're third behind the two privately held companies, Schütz and Mauser. We've stated that, that's a high-growth area. We've made capital -- strategic capital investments. We now have 20 IBC blow-molders around the world. We're in the process of adding three. That is a business or a product line that's growing mid- to high single digits. So it's the fastest-growing product line on a global basis in our portfolio.

And I think what's really important, too, is in the last two years, we've either done joint venture partnerships or strategic partnerships with reconditioners to create a really compelling end-of-life product service. And that creates a really circularity play for IBC. So it's really an important part. And right now, our biggest footprint is in Europe. We are growing our North American footprint. And as I said, we're adding a second line into Asia now in China.

So -- and also from -- if you look at our product portfolio in GIP, prior to this strategy, where over 60% of our product mix was in steel drums, that's moved to 50%. And our resin-based products now are a little over 20%. So you'll continue to see that transfer and switch in terms of portfolio mix a little bit more into resin-based products, IBCs, plastic drums and less on steel drums.

Mark William Wilde - *BMO Capital Markets Equity Research - Senior Analyst*

Okay. And then if I could slip one more, Pete. I just wanted to talk briefly about the boxboard business. One thing is, I'm assuming that some of that tightness that you're experiencing in URB is the outcome of having shut down Mobile. But I'm just curious, you've got those two coated mills. And I wonder whether you might convert to URB at one of those mills, and whether in the CRB business, the two remaining mills, whether they kind of risk being kind of behind the technological curve.

It just seems like with what Graphic is doing at Kalamazoo, we're seeing more and more of the CRB business move to fourdrinier machines that can do kind of multi-plys and maybe offer customers improvements in performance and basis weights. So just to get your thoughts around potential conversion and where you stand from just a technological standpoint there.

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

Yes. On the URB side, we closed the mill -- two machines mills in Mobile's 140,000 tons. That was a combination of -- it was a really high-cost Q4 mill that when we ever had economic downtime back in '18 and '19, it was always in that mill. And it needed a pretty significant amount of capital, so we decided to close it. The benefit, obviously, was that it created more volume in the rest of our system. We do have the capability in one of our CRB plants to run both URB and CRB, and we do that now. So there's a possibility that, that machine could run more URB products in the future. I'm not going to say that's what we're going to do.

So it really leaves us with two pure-play CRB machines, one in the Midwest and one in the West Coast. They're operating fairly consistently now. We have nice niches in those markets. So I wouldn't say we compete specifically with some of those newer machines. But we find our niches really high service, very responsive. So I think those two machines will stay CRB.

What we do in the future regarding our boxboard system, we're evaluating some of that, but we really don't have anything material to comment on that right now. But we are evaluating that.

Operator

Your next question comes from the line of George Staphos with Bank of America Securities.

George Leon Staphos - *BofA Securities, Research Division - MD and Co-Sector Head in Equity Research*

My line disconnected. Two quick sort of cleanups for me. One, Pete, I think you mentioned that URB lead times are nine weeks. If you could affirm that or correct that if I got it incorrectly. And really, more relatedly, what are you seeing right now in terms of your lead times as you -- and backlog as you can measure them on the containerboard side?

And then on CapEx, recognizing it wasn't your choice, you're going to be $20 million lower this year. Where are you finding you can't spend? You mentioned ERP systems, I think, in answering Mark's question earlier. Are there any places where that lack of being able to install what you wanted is creating stress in your business? And therefore, are there any sort of important things we need to focus on for '22 in terms of what you need to get bolted in so that the year progresses like you'd like? And should we just similarly expect if you're at $130 million to $150 million this year, that maybe next year is pushing you closer to $200 million as we do normal, plus add on another $20 million?

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

Yes. George, just to comment. Backlogs in URB are at nine weeks. Containerboard is eight to nine weeks depending on machine. So they're really robust markets, and those backlogs reflect that.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes. On CapEx, George, the delay in the ERP system is not anything that's going to materially impact our operations in any negative way at all. It does delay some opportunities for efficiency gains and back-office operations and that kind of thing. But it's not significantly material.

The other element on the CapEx is growth plans where we have things where we're going to put in, like new paint lines or new other equipment or things like that, and we just can't get the deliveries. We're still able to operate. It's not impacting that. It's just not, again, allowing us to get to the improvements that we've been working to build.

As to whether it will end up resulting in extra spend next year, probably not because you get into just a human capital capacity of what you can get done in a given year. So I would expect, but we haven't finished our process yet for budget for next year, that we'll be back in $150 million to $170 million. But that could change, and we'll talk about that as we go into guidance in our December call.

Operator

Your final question comes from the line of Adam Josephson with KeyBanc.

Adam Jesse Josephson - *KeyBanc Capital Markets Inc., Research Division - MD & Senior Equity Research Analyst*

Just a two-part one, Larry. So when you talk about reinstituting guidance just based on better visibility, is that better visibility because you only have five months left in the fiscal year at this point? Or because there's much less macro uncertainty? And how does that relate to what you might do next year in terms of giving guidance at the outset of the fiscal year?

And the other question on -- I had was, I guess, given that the beat relative to your initial guidance in the quarter was because of FX and tax, both of which are effectively nonoperational, why preannounce the quarter?

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

On your first question, it's both, Adam. The -- in fact, we only have five months left, plus the fact that the economy has played out like Pete and I thought it was going to. And it just became more reaffirming. And so we feel very confident about our view of the remainder of the year. I can't imagine any reason why we would not give annual guidance in December. We -- that's been our plan is to go back to our old practice.

Relative to why did we preannounce, I've always operated on, if you're going to -- something's going to change more than 10% from what you've already got out there, then you probably ought to tell people that when you know it. So we use that as our guidance as to why.

And the one thing I would comment on is, yes, you're right. You can analyze it to say that this was really about FX and tax, but that doesn't take into account the phenomenal improvement in operating performance in GIP, which overcame transport, higher other costs, overtime cost and incentive accrual adjustments. So we're pretty bullish about where things are right now.

Operator

This concludes our question and session. I will now turn the call back over to Matt for closing remarks.

Matt Eichmann - *Greif, Inc. - VP of IR, External Relations & Sustainability*

Thanks very much for joining us, everyone, today. And we hope you have a great remainder of your week and a pleasant weekend ahead. Thank you.

Operator

This concludes today's conference call. On behalf of Greif, we thank you for participating. You may now disconnect.