



Greif Reports Fiscal 2018 and Fourth Quarter Results

12/5/2018

DELAWARE, Ohio, Dec. 5, 2018 /PRNewswire/ -- Greif, Inc. (NYSE: GEF, GEF.B), a world leader in industrial packaging products and services, today announced fiscal 2018 and fourth quarter results.

Fiscal Year Highlights Include (all results compared to the fiscal year 2017 unless otherwise noted):

- Net sales increased by \$235.6 million to \$3,873.8 million.
- Gross profit increased by \$74.2 million to \$788.9 million.
- Operating profit increased by \$71.0 million to \$370.5 million, and operating profit before special items¹ increased by \$56.7 million to \$391.7 million.
- Income tax expense increased by \$6.1 million to \$73.3 million, but our effective tax rate decreased from 33.6 percent to 24.4 percent.
- Net income of \$209.4 million or \$3.55 per diluted Class A share increased compared to net income of \$118.6 million or \$2.02 per diluted Class A share, despite the negative impact of foreign currency exchange. Net income, excluding the impact of special items, of \$208.7 million or \$3.53 per diluted Class A share increased compared to net income, excluding the impact of special items, of \$173.1 million or \$2.95 per diluted Class A share.
- Net cash provided by operating activities decreased by \$52.0 million to \$253.0 million. The \$52.0 million decrease included a one-time \$65.0 million U.S. pension contribution. Free cash flow excluding the additional U.S. pension contribution² decreased by \$30.4 million to \$177.8 million primarily as a result of higher capital expenditures and the negative impact of foreign exchange on operating working capital and certain accruals of approximately \$24.0 million.

"Greif delivered a strong financial performance in fiscal 2018, despite being impacted by significant cost inflation in most areas of the business," said Pete Watson, Greif's President and Chief Executive Officer. "Fiscal year 2018 Class A earnings per share before special items rose by roughly 20 percent year over year, aided by particularly strong performance in our Paper Packaging & Services and Flexible Products & Services segments. Demand was solid

across many of our markets, and we benefited from productivity initiatives and newer substrate growth, especially with Intermediate Bulk Containers. However, at the end of fiscal 2018 we began to see signs of market softness in discrete areas of our global portfolio. As we look to fiscal 2019, we will continue to monitor these signs closely and adapt if market conditions change. We are confident in our ability to execute on our fiscal 2019 plans and remain well positioned to deliver superior value to our customers and shareholders in the year ahead."

Fourth Quarter Highlights Include (all results compared to the fourth quarter 2017 unless otherwise noted):

- Net sales increased by \$19.6 million to \$987.7 million.
- Gross profit increased by \$22.4 million to \$204.8 million.
- Operating profit increased by \$41.4 million to \$103.3 million and operating profit before special items increased by \$24.4 million to \$113.3 million.
- Income tax expense increased by \$36.9 million to \$42.1 million.
- Net income of \$40.1 million or \$0.67 per diluted Class A share increased compared to net income of \$33.3 million or \$0.57 per diluted Class A share. Net income, excluding the impact of special items, of \$64.3 million or \$1.08 per diluted Class A share increased compared to net income, excluding the impact of special items, of \$57.8 million or \$0.98 per diluted Class A share.
- Net cash provided by operating activities decreased by \$2.7 million to \$197.2 million.

(1) A summary of all special items that are excluded from operating profit before special items, from net income before special items, and from earnings per diluted Class A share before special items is set forth in the Selected Financial Highlights table following the Dividend Summary in this release.

(2) Free cash flow excluding the additional U.S. pension contribution is defined as net cash provided by operating activities, excluding the additional one-time \$65.0 million contribution made by the Company to its U.S. defined benefit plan (the "additional U.S. pension contribution") during the third quarter of 2018, less cash paid for purchases of properties, plants and equipment. The additional U.S. pension contribution will provide certain tax advantages to the Company as a result of the Tax Cuts and Jobs Act ("Tax Reform Act").

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

Our fourth quarter 2018 consolidated CSI3 score improved to 87.8, with the largest improvement recorded in the Flexible Products & Services segment. Our objective is that each business segment delivers a CSI score of 95 or better. Our Paper Packaging & Services segment is above that threshold. Additionally, we recently completed our seventh NPS4 survey and achieved a best ever score of 50, which represents a 25 percent improvement from the baseline survey conducted in the fourth quarter of 2015. This latest survey's score was driven higher by especially strong customer service performance in the Flexible Products & Services segment. Our aspiration is to consistently achieve an NPS score of 55 or greater. We continue to leverage the increased customer interactions that accompany each survey into additional enhancements for our customers and better strategic insight into their business needs.

Segment Results (all results compared to the fourth quarter of 2017 unless otherwise noted)

Net sales are impacted mainly by the volume of primary products⁵ sold, selling prices, product mix and the impact of changes in foreign currencies against the U.S. Dollar. The table below shows the percentage impact of each of these items on net sales for our primary products for the fourth quarter of 2018 as compared to the prior year quarter for the business segments with manufacturing operations:

	Rigid Industrial Packaging & Services	Paper Packaging & Services	Flexible Products & Services
<u>Net Sales Impact - Primary Products</u>	%	%	%
Currency Translation	(5.0) %	—	(3.8) %
Volume	(3.8) %	4.0 %	5.2 %
Selling Prices and Product Mix	8.4 %	6.0 %	3.0 %
Total Impact of Primary Products	(0.4) %	10.0 %	4.4 %

Rigid Industrial Packaging & Services

Net sales decreased by \$4.6 million to \$657.9 million. Net sales excluding foreign currency translation increased by \$29.5 million due primarily to an 8.4 percent increase in selling prices on our primary products as a result of strategic pricing decisions and contractual price changes, partially offset by softness in discrete markets, operational challenges in Brazil, and the continued impact of weaker European conical drum demand due to weather. During the quarter we announced the closure of a plant in the Shanghai region as part of our response to competitive pressures in China.

Gross profit decreased by \$2.2 million to \$116.7 million. The decrease in gross profit was primarily due to lower sales, the timing of contractual pass through arrangements and a \$1.0 million increase in transportation costs, partially offset by lower manufacturing expenses.

Operating profit increased by \$16.9 million to \$42.8 million. Operating profit before special items increased by \$0.5 million to \$53.0 million due to the same factors that impacted gross profit, partially offset by a decrease in the segment's selling, general, and administrative ("SG&A") expense. Foreign currency exchange negatively impacted operating profit before special items by a significant amount due largely to weakening conditions in Argentina that were only partially offset by inflationary price increases in the country.

Paper Packaging & Services

Net sales increased by \$21.8 million to \$244.8 million. The increase was due to higher selling prices resulting from increases in published containerboard pricing, higher volumes and stronger specialty sales.

Gross profit increased by \$20.8 million to \$69.8 million. The increase in gross profit was primarily due to higher containerboard prices and lower old corrugated container input costs, partially offset by a \$4.0 million increase in transportation costs.

Operating profit increased by \$19.5 million to \$53.3 million. Operating profit before special items increased by \$19.5 million to \$53.5 million due to the same factors that impacted gross profit, partially offset by an increase in the segment's SG&A expense as a result of increased performance based compensation.

Flexible Products & Services

Net sales increased by \$1.3 million to \$77.5 million. Net sales excluding foreign currency translation increased by \$4.8 million due to strategic pricing decisions, product mix and higher volumes.

Gross profit increased by \$3.7 million to \$15.7 million primarily due to the same factors that impacted net sales and lower manufacturing costs.

Operating profit increased by \$5.1 million to \$5.4 million. Operating profit before special items increased by \$4.4 million to \$5.0 million. The improvement in operating profit before special items was due primarily to the same factors that impacted gross profit, a decrease in the segment's SG&A expense, and a significant positive impact of foreign currency exchange.

Land Management

Net sales increased by \$1.1 million to \$7.5 million.

Operating profit decreased by \$0.1 million to \$1.8 million.

Dividend Summary

On December 4, 2018, the Board of Directors declared quarterly cash dividends of \$0.44 per share of Class A Common Stock and \$0.65 per share of Class B Common Stock. Dividends are payable on January 1, 2019, to stockholders of record at the close of business on December 18, 2018.

Tax Summary

For the fourth quarter, the Company's income tax rate was 48.6 percent and its income tax rate excluding the impact of special items was 29.8 percent.

As of October 31, 2018, the Company's accounting for the Tax Reform Act was provisional and work is progressing. For example, as it relates to transition tax, the Company continues to analyze the earnings and profits and tax pools of its foreign subsidiaries. The Company has recorded as of that date a provisional estimate for the following items: a provisional tax benefit related to the revaluation of deferred tax assets and liabilities of \$72.0 million; and a provisional tax expense as a result of the accrual for the transition tax liability of \$52.8 million. Adjustments to the provisional estimates will be recorded and disclosed prospectively during the measurement period and may differ materially from these provisional amounts due to, among other items, additional analyses, changes in interpretations and assumptions previously made by the Company, new or additional regulatory guidance that may be issued, and actions the Company may take as a result of the Tax Reform Act.

Company Outlook

SG&A expense	\$400 - \$420
Depreciation & amortization expense	\$125 - \$130
Interest expense	\$50 - \$55
Other expense, net	\$15 - \$20
Net income attributable to noncontrolling interests	\$18 - \$22
Tax rate excluding the impact of special items	28% - 32%
Class A earnings per share before special items	\$3.55 - \$3.95
Capital expenditures	\$130 - \$150
Adjusted Free Cash Flow(6)	\$175 - \$205

Note: 2019 Class A earnings per share and tax rate guidance on a GAAP basis are not provided in this release due to the potential for one or more of the following, the timing and magnitude of which we are unable to reliably forecast: gains or losses on the disposal of businesses, timberland or properties, plants and equipment, net, non-cash asset impairment charges due to unanticipated changes in the business, restructuring-related activities, non-cash pension settlement charges or acquisition costs, and the income tax effects of these items and other income tax-related events. No reconciliation of the fiscal year 2019 Class A earnings per share before special items guidance or tax rate excluding the impact of special items guidance, both non-GAAP financial measures which exclude gains and losses on the disposal of businesses, timberland and properties, plants and equipment, non-cash pension settlement charges, acquisition costs, and restructuring and impairment charges, is included in this release because, due to the high variability and difficulty in making accurate forecasts and projections of some of the excluded information, together with some of the excluded information not being ascertainable or accessible, we are unable to quantify certain amounts that would be required to be included in the most directly comparable GAAP financial measure without unreasonable efforts. No reconciliation of the fiscal year 2019 adjusted free cash flow guidance, a non-GAAP financial measure, to forecasted net cash provided by operating activities, the most directly comparable GAAP financial measure, is included in this release because, due to the high variability and difficulty in making accurate forecasts and projections of daily cash collections on beneficial interest in transferred receivables, we are unable to quantify certain amounts that would be required to be included in the most directly comparable GAAP financial measure without unreasonable effort.

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

(4) Net Promoter Score (NPS) is derived from a survey conducted by a third party that measures how likely a

customer is to recommend Greif as a business partner. NPS scores are calculated by subtracting the percentage of detractors a business has from the percentage of its promoters.

(5) Primary products are manufactured steel, plastic and fibre drums; intermediate bulk containers; linerboard, medium, corrugated sheets and corrugated containers; and 1&2 loop and 4 loop flexible intermediate bulk containers.

(6) Adjusted free cash flow is defined as net cash provided by operating activities, plus beneficial interest in transferred receivables, less cash paid for purchases of properties, plants and equipment. Management adopted this metric for fiscal 2019 in response to new accounting guidance published that reclassified certain cash flows related to the collection of certain receivables sold through the Company's securitization program from operating activities to investing activities.

GREIF, INC. AND SUBSIDIARY COMPANIES

SELECTED FINANCIAL HIGHLIGHTS

UNAUDITED

Three months ended October
31,

Twelve months ended
October 31,

(in millions, except for per share amounts)

2018

2017

2018

2017

Selected Financial Highlights

Net sales	\$ 987.7	\$ 968.1	\$ 3,873.8	\$ 3,638.2
Gross profit	204.8	182.4	788.9	714.7
Gross profit margin	20.7 %	18.8 %	20.4 %	19.6 %
Operating profit	103.3	61.9	370.5	299.5
Operating profit before special items	113.3	88.9	391.7	335.0
EBITDA(7)	130.6	89.4	480.7	382.9
EBITDA before special items	141.5	117.9	503.2	445.5
Net cash provided by operating activities	197.2	199.9	253.0	305.0

Adjusted net cash provided by operating activities	197.2	199.9	318.0	305.0
Free cash flow(8)	149.0	168.2	112.8	208.2
Free cash flow excluding the additional U.S. pension contribution	149.0	168.2	177.8	208.2
Net income attributable to Greif, Inc.	40.1	33.3	209.4	118.6
Diluted Class A earnings per share attributable to Greif, Inc.	\$ 0.67	\$ 0.57	\$ 3.55	\$ 2.02
Diluted Class A earnings per share attributable to Greif, Inc. before special items	\$ 1.08	\$ 0.98	\$ 3.53	\$ 2.95
<u>Special items</u>				
Restructuring charges	\$ 4.8	\$ 4.0	\$ 18.6	\$ 12.7
Acquisition-related costs	—	0.7	0.7	0.7
Non-cash asset impairment charges	4.2	14.9	8.3	20.8
Non-cash pension settlement charge	0.9	1.5	1.3	27.1
(Gain) loss on disposal of properties, plants and equipment and businesses, net	1.0	7.4	(6.4)	1.3
Provisional tax net (benefit) expense resulting from the Tax Reform Act	14.2	—	(19.2)	—
Total special items	\$ 25.1	\$ 28.5	\$ 3.3	\$ 62.6
	October 31, 2018	October 31, 2017		
Operating working capital(9)	\$ 342.4	\$ 327.3		

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

(8) Free cash flow is defined as net cash provided by operating activities less cash paid for purchases of properties, plants and equipment.

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

Conference Call

The Company will host a conference call to discuss the fourth quarter of 2018 results on December 6, 2018, at 8:30 a.m. Eastern Time (ET). To participate, domestic callers should call (833) 231-8265. The Greif ID is 7998133. The number for international callers is +1-(647) 689-4110. Phone lines will open at 8:00 a.m. ET. The conference call will also be available through a live webcast, including slides, which can be accessed at <http://investor.greif.com> by

clicking on the Events and Presentations tab and searching under the events calendar. A replay of the conference call will be available on the Company's website approximately two hours following the call.

About Greif

Greif is a global leader in industrial packaging products and services and is pursuing its vision to become the world's best performing customer service company in industrial packaging. The Company produces steel, plastic, fibre, flexible, corrugated, and reconditioned containers, intermediate bulk containers, containerboard and packaging accessories, and provides filling, packaging and industrial packaging reconditioning services for a wide range of industries. Greif also manages timber properties in the southeastern United States. The Company is strategically positioned with production facilities 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, 2018. The Company undertakes no obligation to update or revise any forward-looking statements.

Although the Company believes that the expectations reflected in forward-looking statements have a reasonable basis, the Company can give no assurance that these expectations will prove to be correct. Forward-looking statements are subject to risks and uncertainties that could cause the Company's actual results to differ materially from those forecasted, projected or anticipated, whether expressed in or implied by the statements. Such risks and uncertainties that might cause a difference include, but are not limited to, the following: (i) historically, our business has been sensitive to changes in general economic or business conditions, (ii) we may not successfully implement our business strategies, including achieving our transformation and growth objectives, (iii) our operations subject us to currency exchange and political risks that could adversely affect our results of operations, (iv) the current and future challenging global economy and disruption and volatility of the financial and credit markets may adversely affect our business, (v) the continuing consolidation of our customer base and suppliers may intensify pricing pressure, (vi) we operate in highly competitive industries, (vii) our business is sensitive to changes in industry demands, (viii) raw material and energy price fluctuations and shortages may adversely impact our manufacturing

operations and costs, (ix) geopolitical conditions, including direct or indirect acts of war or terrorism, could have a material adverse effect on our operations and financial results, (x) we may encounter difficulties arising from acquisitions, (xi) in connection with acquisitions or divestitures, we may become subject to liabilities, (xii) we may incur additional restructuring costs and there is no guarantee that our efforts to reduce costs will be successful, (xiii) tax legislation initiatives or challenges to our tax positions may adversely impact our results or condition, (xiv) full realization of our deferred tax assets may be affected by a number of factors, (xv) several operations are conducted by joint ventures that we cannot operate solely for our benefit, (xvi) certain of the agreements that govern our joint ventures provide our partners with put or call options, (xvii) our ability to attract, develop and retain talented and qualified employees, managers and executives is critical to our success, (xviii) our business may be adversely impacted by work stoppages and other labor relations matters, (xix) we may not successfully identify illegal immigrants in our workforce, (xx) 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, (xxi) we may be subject to losses that might not be covered in whole or in part by existing insurance reserves or insurance coverage, (xxii) our business depends on the uninterrupted operations of our facilities, systems and business functions, including our information technology (IT) and other business systems, (xxiii) a security breach of customer, employee, supplier or Company information may have a material adverse effect on our business, financial condition and results of operations, (xxiv) legislation/regulation related to environmental and health and safety matters and corporate social responsibility could negatively impact our operations and financial performance, (xxv) product liability claims and other legal proceedings could adversely affect our operations and financial performance, (xxvi) 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, (xxvii) changing climate, climate change regulations and greenhouse gas effects may adversely affect our operations and financial performance, (xxviii) the frequency and volume of our timber and timberland sales will impact our financial performance, (xxix) changes in U.S. generally accepted accounting principles (U.S. GAAP) and SEC rules and regulations could materially impact our reported results, (xxx) if the Company fails to maintain an effective system of internal control, the Company may not be able to accurately report financial results or prevent fraud, and (xxxi) the Company has a significant amount of goodwill and long-lived assets which, if impaired in the future, would adversely impact our results of operations. The risks described above are not all-inclusive, and given these and other possible risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. For a detailed discussion of the most significant risks and uncertainties that could cause our actual results to differ materially from those forecasted, projected or anticipated, see "Risk Factors" in Part I, Item 1A of our most recently filed Form 10-K and our other filings with the Securities and Exchange Commission. All forward-looking statements made in this news release are expressly qualified in their entirety by reference to such risk factors. Except to the limited extent required by applicable law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or

otherwise.

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

UNAUDITED

(in millions, except per share amounts)	Three months ended October 31,		Twelve months ended October 31,	
	2018	2017	2018	2017
Net sales	\$ 987.7	\$ 968.1	\$ 3,873.8	\$ 3,638.2
Cost of products sold	782.9	785.7	3,084.9	2,923.5
Gross profit	204.8	182.4	788.9	714.7
Selling, general and administrative expenses	91.5	94.2	397.9	380.4
Restructuring charges	4.8	4.0	18.6	12.7
Non-cash asset impairment charges	4.2	14.9	8.3	20.8
(Gain) loss on disposal of properties, plants and equipment, net	1.9	3.5	(5.6)	(0.4)
(Gain) loss on disposal of businesses, net	(0.9)	3.9	(0.8)	1.7
Operating profit	103.3	61.9	370.5	299.5
Interest expense, net	12.6	13.4	51.0	60.1
Non-cash pension settlement charge	0.9	1.5	1.3	27.1
Other expense, net	3.4	3.8	18.4	12.0
Income before income tax expense and equity earnings of unconsolidated affiliates, net	86.4	43.2	299.8	200.3
Income tax expense	42.1	5.2	73.3	67.2
Equity earnings of unconsolidated affiliates, net of tax	(1.2)	(1.7)	(3.0)	(2.0)
Net income	45.5	39.7	229.5	135.1
Net income attributable to noncontrolling interests	(5.4)	(6.4)	(20.1)	(16.5)
Net income attributable to Greif, Inc.	\$ 40.1	\$ 33.3	\$ 209.4	\$ 118.6

Basic earnings per share attributable to Greif, Inc. common shareholders:				
Class A Common Stock	\$ 0.68	\$ 0.57	\$ 3.56	\$ 2.02
Class B Common Stock	\$ 1.03	\$ 0.85	\$ 5.33	\$ 3.02
Diluted earnings per share attributable to Greif, Inc. common shareholders:				
Class A Common Stock	\$ 0.67	\$ 0.57	\$ 3.55	\$ 2.02
Class B Common Stock	\$ 1.03	\$ 0.85	\$ 5.33	\$ 3.02
Shares used to calculate basic earnings per share attributable to Greif, Inc. common shareholders:				
Class A Common Stock	25.9	25.8	25.9	25.8
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	26.1	25.8	26.0	25.8
Class B Common Stock	22.0	22.0	22.0	22.0

GREIF, INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEETS

UNAUDITED

(in millions)

October 31, 2018

October 31, 2017

ASSETS

CURRENT ASSETS			
Cash and cash equivalents	\$	94.2	\$ 142.3
Trade accounts receivable		456.7	447.0
Inventories		289.5	279.5
Other current assets		136.3	125.7
		<hr/>	<hr/>
		976.7	994.5
LONG-TERM ASSETS			
Goodwill		776.0	785.4
Intangible assets		80.6	98.0
Assets held by special purpose entities		50.9	50.9
Other long-term assets		118.7	115.1
		<hr/>	<hr/>
		1,026.2	1,049.4
PROPERTIES, PLANTS AND EQUIPMENT			
		<hr/>	<hr/>
		1,191.9	1,188.4
		<hr/>	<hr/>
	\$	3,194.8	\$ 3,232.3
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LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable	\$	403.8	\$ 399.2
Short-term borrowings		2.9	14.5
Current portion of long-term debt		19.4	15.0
Other current liabilities		240.4	259.2
		<hr/>	<hr/>
		666.5	687.9
LONG-TERM LIABILITIES			
Long-term debt		887.8	937.8
Liabilities held by special purpose entities		43.3	43.3
Other long-term liabilities		407.5	484.3
		<hr/>	<hr/>
		1,338.6	1,465.4
REDEEMABLE NONCONTROLLING INTERESTS			
		<hr/>	<hr/>
		35.5	31.5
EQUITY			
		<hr/>	<hr/>

Total Greif, Inc. equity	1,107.8	1,010.9
Noncontrolling interests	46.4	36.6
	1,154.2	1,047.5
	\$ 3,194.8	\$ 3,232.3

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

UNAUDITED

(in millions)	Three months ended October 31,		Twelve months ended October 31,	
	2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	\$ 45.5	\$ 39.7	\$ 229.5	\$ 135.1
Depreciation, depletion and amortization	30.4	31.1	126.9	120.5
Asset impairments	4.2	14.9	8.3	20.8
Pension settlement loss	0.9	1.5	1.3	27.1
Other non-cash adjustments to net income	31.7	19.3	(45.6)	9.4
Operating working capital changes	39.3	62.3	(33.0)	(33.8)
Deferred purchase price on sold receivables	33.3	35.9	1.0	5.1
Increase (decrease) in cash from changes in other assets and liabilities	11.9	(4.8)	(35.4)	20.8
Net cash provided by operating activities	197.2	199.9	253.0	305.0
CASH FLOWS FROM INVESTING ACTIVITIES:				

Purchases of properties, plants and equipment	(48.2)	(31.7)	(140.2)	(96.8)
Purchases of and investments in timber properties	(2.3)	(2.2)	(8.9)	(9.5)
Proceeds from the sale of properties, plants and equipment, businesses, timberland and other assets	1.0	1.7	13.9	15.5
Proceeds on insurance recoveries	—	—	—	0.4
Net cash used in investing activities	(49.5)	(32.2)	(135.2)	(90.4)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Payments on debt, net	(125.2)	(100.1)	(55.7)	(72.8)
Dividends paid to Greif, Inc. shareholders	(26.0)	(24.7)	(100.0)	(98.6)
Other	1.9	(0.1)	(2.6)	(4.2)
Net cash used in financing activities	(149.3)	(124.9)	(158.3)	(175.6)
Reclassification of cash to assets held for sale	—	5.5	—	—
Effects of exchange rates on cash	(5.1)	(0.6)	(7.6)	(0.4)
Net increase (decrease) in cash and cash equivalents	(6.7)	47.7	(48.1)	38.6
Cash and cash equivalents, beginning of period	100.9	94.6	142.3	103.7
Cash and cash equivalents, end of period	\$ 94.2	\$ 142.3	\$ 94.2	\$ 142.3

GREIF, INC. AND SUBSIDIARY COMPANIES

FINANCIAL HIGHLIGHTS BY SEGMENT

UNAUDITED

Three months ended October 31, Twelve months ended October 31,

(in millions)

	2018	2017	2018	2017
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Net sales:

Rigid Industrial Packaging & Services	\$	657.9	\$	662.5	\$	2,623.6	\$	2,522.7
Paper Packaging & Services		244.8		223.0		898.5		800.9
Flexible Products & Services		77.5		76.2		324.2		286.4
Land Management		7.5		6.4		27.5		28.2
Total net sales	\$	<u>987.7</u>	\$	<u>968.1</u>	\$	<u>3,873.8</u>	\$	<u>3,638.2</u>

Gross profit:

Rigid Industrial Packaging & Services	\$	116.7	\$	118.9	\$	490.8	\$	502.2
Paper Packaging & Services		69.8		49.0		222.5		150.9
Flexible Products & Services		15.7		12.0		65.2		51.1
Land Management		2.6		2.5		10.4		10.5
Total gross profit	\$	<u>204.8</u>	\$	<u>182.4</u>	\$	<u>788.9</u>	\$	<u>714.7</u>

Operating profit:

Rigid Industrial Packaging & Services	\$	42.8	\$	25.9	\$	183.2	\$	190.1
Paper Packaging & Services		53.3		33.8		158.3		93.5
Flexible Products & Services		5.4		0.3		19.4		5.8
Land Management		1.8		1.9		9.6		10.1
Total operating profit	\$	<u>103.3</u>	\$	<u>61.9</u>	\$	<u>370.5</u>	\$	<u>299.5</u>

EBITDA (10):

Rigid Industrial Packaging & Services	\$	59.9	\$	43.4	\$	249.0	\$	241.9
Paper Packaging & Services		61.9		41.9		191.8		115.3
Flexible Products & Services		5.7		1.4		25.7		11.1
Land Management		3.1		2.7		14.2		14.6
Total EBITDA	\$	<u>130.6</u>	\$	<u>89.4</u>	\$	<u>480.7</u>	\$	<u>382.9</u>

EBITDA before special items:

Rigid Industrial Packaging & Services	\$	71.0	\$	71.4	\$	273.4	\$	294.9
Paper Packaging & Services		62.1		42.2		192.3		126.1
Flexible Products & Services		5.3		1.7		25.6		12.3

Land Management	3.1	2.6	11.9	12.2
Total EBITDA before special items	<u>\$ 141.5</u>	<u>\$ 117.9</u>	<u>\$ 503.2</u>	<u>\$ 445.5</u>

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

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

(in millions)	Three months ended October 31,		Twelve months ended October 31,	
	2018	2017	2018	2017
Net sales:				
United States	\$ 518.3	\$ 473.1	\$ 1,920.5	\$ 1,779.3
Europe, Middle East and Africa	336.3	351.6	1,410.9	1,322.4
Asia Pacific and other Americas	133.1	143.4	542.4	536.5
Total net sales	<u>\$ 987.7</u>	<u>\$ 968.1</u>	<u>\$ 3,873.8</u>	<u>\$ 3,638.2</u>
Gross profit:				
United States	\$ 127.6	\$ 103.7	\$ 451.5	\$ 380.8
Europe, Middle East and Africa	59.1	56.3	257.8	245.8
Asia Pacific and other Americas	18.1	22.4	79.6	88.1
Total gross profit	<u>\$ 204.8</u>	<u>\$ 182.4</u>	<u>\$ 788.9</u>	<u>\$ 714.7</u>

GREIF, INC. AND SUBSIDIARY COMPANIES

GAAP TO NON-GAAP RECONCILIATION

OPERATING WORKING CAPITAL

UNAUDITED

(in millions)	October 31, 2018	October 31, 2017
Trade accounts receivable	\$ 456.7	\$ 447.0
Plus: inventories	289.5	279.5
Less: accounts payable	403.8	399.2
Operating working capital	<u>\$ 342.4</u>	<u>\$ 327.3</u>

GREIF, INC. AND SUBSIDIARY COMPANIES

GAAP TO NON-GAAP RECONCILIATION

CONSOLIDATED EBITDA(11)

UNAUDITED

Three months ended October
31,

Twelve months ended October
31,

(in millions)	2018	2017	2018	2017
Net income	\$ 45.5	\$ 39.7	\$ 229.5	\$ 135.1
Plus: Interest expense, net	12.6	13.4	51.0	60.1
Plus: Income tax expense	42.1	5.2	73.3	67.2
Plus: Depreciation, depletion and amortization expense	30.4	31.1	126.9	120.5
EBITDA	<u>\$ 130.6</u>	<u>\$ 89.4</u>	<u>\$ 480.7</u>	<u>\$ 382.9</u>
Net income	<u>\$ 45.5</u>	<u>\$ 39.7</u>	<u>\$ 229.5</u>	<u>\$ 135.1</u>
Plus: Interest expense, net	12.6	13.4	51.0	60.1
Plus: Income tax expense	42.1	5.2	73.3	67.2
Plus: Non-cash pension settlement charge	0.9	1.5	1.3	27.1
Plus: Other expense, net	3.4	3.8	18.4	12.0
Plus: Equity earnings of unconsolidated affiliates, net of tax	(1.2)	(1.7)	(3.0)	(2.0)
Operating profit	<u>103.3</u>	<u>61.9</u>	<u>370.5</u>	<u>299.5</u>
Less: Non-cash pension settlement charge	0.9	1.5	1.3	27.1
Less: Other expense, net	3.4	3.8	18.4	12.0
Less: Equity earnings of unconsolidated affiliates, net of tax	(1.2)	(1.7)	(3.0)	(2.0)
Plus: Depreciation, depletion and amortization expense	30.4	31.1	126.9	120.5
EBITDA	<u>\$ 130.6</u>	<u>\$ 89.4</u>	<u>\$ 480.7</u>	<u>\$ 382.9</u>

(11) EBITDA is defined as net income, plus interest expense, net, plus income tax expense, plus depreciation, depletion and amortization. As demonstrated in this table, EBITDA can also be calculated with reference to operating profit.

GREIF, INC. AND SUBSIDIARY COMPANIES

GAAP TO NON-GAAP RECONCILIATION

SEGMENT EBITDA (12)

UNAUDITED

(in millions)	Three months ended October 31,		Twelve months ended October 31,	
	2018	2017	2018	2017
Rigid Industrial Packaging & Services				
Operating profit	\$ 42.8	\$ 25.9	\$ 183.2	\$ 190.1
Less: Non-cash pension settlement charge	0.9	1.4	1.3	16.7
Less: Other expense, net	2.2	3.1	17.1	10.5
Less: Equity earnings of unconsolidated affiliates, net of tax	(1.2)	(1.7)	(3.0)	(2.0)
Plus: Depreciation and amortization expense	19.0	20.3	81.2	77.0
EBITDA	\$ 59.9	\$ 43.4	\$ 249.0	\$ 241.9
Restructuring charges	4.2	3.6	17.3	11.2
Acquisition-related costs	—	0.5	0.7	0.5
Non-cash asset impairment charges	4.2	14.9	8.3	20.5
Non-cash pension settlement charge	0.9	1.4	1.3	16.7
(Gain) loss on disposal of properties, plants, equipment, and businesses, net	1.8	7.6	(3.2)	4.1
EBITDA before special items	\$ 71.0	\$ 71.4	\$ 273.4	\$ 294.9
Paper Packaging & Services				
Operating profit	\$ 53.3	\$ 33.8	\$ 158.3	\$ 93.5
Less: Non-cash pension settlement charge	—	0.1	—	10.2
Less: Other (income) expense, net	—	—	0.7	(0.1)
Plus: Depreciation and amortization expense	8.6	8.2	34.2	31.9
EBITDA	\$ 61.9	\$ 41.9	\$ 191.8	\$ 115.3
Restructuring charges	0.1	—	0.4	0.3

Acquisition-related costs	—	0.2	—	0.2
Non-cash pension settlement charge	—	0.1	—	10.2
Loss on disposal of properties, plants, equipment, net	0.1	—	0.1	0.1
EBITDA before special items	\$ 62.1	\$ 42.2	\$ 192.3	\$ 126.1
Flexible Products & Services				
Operating profit	\$ 5.4	\$ 0.3	\$ 19.4	\$ 5.8
Less: Non-cash pension settlement charge	—	—	—	0.1
Less: Other expense, net	1.2	0.7	0.6	1.6
Plus: Depreciation and amortization expense	1.5	1.8	6.9	7.0
EBITDA	\$ 5.7	\$ 1.4	\$ 25.7	\$ 11.1
Restructuring charges	0.5	0.4	0.9	1.2
Non-cash asset impairment charges	—	—	—	0.3
Non-cash pension settlement charge	—	—	—	0.1
Gain on disposal of properties, plants, equipment and businesses, net	(0.9)	(0.1)	(1.0)	(0.4)
EBITDA before special items	\$ 5.3	\$ 1.7	\$ 25.6	\$ 12.3
Land Management				
Operating profit	\$ 1.8	\$ 1.9	\$ 9.6	\$ 10.1
Less: Non-cash pension settlement charge	—	—	—	0.1
Plus: Depreciation, depletion and amortization expense	1.3	0.8	4.6	4.6
EBITDA	\$ 3.1	\$ 2.7	\$ 14.2	\$ 14.6
Non-cash pension settlement charge	—	—	—	0.1
Gain on disposal of properties, plants, equipment, net	—	(0.1)	(2.3)	(2.5)
EBITDA before special items	\$ 3.1	\$ 2.6	\$ 11.9	\$ 12.2
Consolidated EBITDA	\$ 130.6	\$ 89.4	\$ 480.7	\$ 382.9
Consolidated EBITDA before special items	\$ 141.5	\$ 117.9	\$ 503.2	\$ 445.5

(12) 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 (loss) by segment, which, as demonstrated in the table of Consolidated EBITDA, is another method to achieve the same result.

GREIF, INC. AND SUBSIDIARY COMPANIES

GAAP TO NON-GAAP RECONCILIATION

FREE CASH FLOW

UNAUDITED

Three months ended October 31, Twelve months ended October 31,

(in millions)	2018	2017	2018	2017
Net cash provided by operating activities	\$ 197.2	\$ 199.9	\$ 253.0	\$ 305.0
Cash paid for purchases of properties, plants and equipment	(48.2)	(31.7)	(140.2)	(96.8)
Free Cash Flow	\$ 149.0	\$ 168.2	\$ 112.8	\$ 208.2

GREIF, INC. AND SUBSIDIARY COMPANIES

GAAP TO NON-GAAP RECONCILIATION

FREE CASH FLOW EXCLUDING THE ADDITIONAL U.S. PENSION CONTRIBUTION

UNAUDITED

(in millions)	Three months ended October 31,		Twelve months ended October 31,	
	2018	2017	2018	2017
Net cash provided by operating activities	\$ 197.2	\$ 199.9	\$ 253.0	\$ 305.0
Additional U.S. pension contribution	—	—	65.0	—
Adjusted net cash provided by operating activities(13)	\$ 197.2	\$ 199.9	\$ 318.0	\$ 305.0
Cash paid for purchases of properties, plants and equipment	(48.2)	(31.7)	(140.2)	(96.8)
Free cash flow excluding the additional U.S. pension contribution	\$ 149.0	\$ 168.2	\$ 177.8	\$ 208.2

(13) Adjusted net cash provided by operating activities is defined as net cash provided by operating activities excluding the additional U.S. pension contribution.

GREIF, INC. AND SUBSIDIARY COMPANIES

GAAP TO NON-GAAP RECONCILIATION

SEGMENT OPERATING PROFIT BEFORE SPECIAL ITEMS(14)

UNAUDITED

(in millions)	Three months ended October 31,		Twelve months ended October 31,	
	2018	2017	2018	2017
Operating profit:				
Rigid Industrial Packaging & Services	\$ 42.8	\$ 25.9	\$ 183.2	\$ 190.1
Paper Packaging & Services	53.3	33.8	158.3	93.5

Flexible Products & Services	5.4	0.3	19.4	5.8
Land Management	1.8	1.9	9.6	10.1
Total operating profit	<u>\$ 103.3</u>	<u>\$ 61.9</u>	<u>\$ 370.5</u>	<u>\$ 299.5</u>
Restructuring charges:				
Rigid Industrial Packaging & Services	\$ 4.2	\$ 3.6	\$ 17.3	\$ 11.2
Paper Packaging & Services	0.1	—	0.4	0.3
Flexible Products & Services	0.5	0.4	0.9	1.2
Total restructuring charges	<u>\$ 4.8</u>	<u>\$ 4.0</u>	<u>\$ 18.6</u>	<u>\$ 12.7</u>
Acquisition-related costs:				
Rigid Industrial Packaging & Services	\$ —	\$ 0.5	\$ 0.7	\$ 0.5
Paper Packaging & Services	—	0.2	—	0.2
Total acquisition-related costs	<u>\$ —</u>	<u>\$ 0.7</u>	<u>\$ 0.7</u>	<u>\$ 0.7</u>
Non-cash asset impairment charges:				
Rigid Industrial Packaging & Services	\$ 4.2	\$ 14.9	\$ 8.3	\$ 20.5
Flexible Products & Services	—	—	—	0.3
Total non-cash asset impairment charges	<u>\$ 4.2</u>	<u>\$ 14.9</u>	<u>\$ 8.3</u>	<u>\$ 20.8</u>
(Gain) loss on disposal of properties, plants, equipment and businesses, net:				
Rigid Industrial Packaging & Services	\$ 1.8	\$ 7.6	\$ (3.2)	\$ 4.1
Paper Packaging & Services	0.1	—	0.1	0.1
Flexible Products & Services	(0.9)	(0.1)	(1.0)	(0.4)
Land Management	—	(0.1)	(2.3)	(2.5)
Total (gain) loss on disposal of properties, plants, equipment and businesses, net	<u>\$ 1.0</u>	<u>\$ 7.4</u>	<u>\$ (6.4)</u>	<u>\$ 1.3</u>
Operating profit before special items:				
Rigid Industrial Packaging & Services	\$ 53.0	\$ 52.5	\$ 206.3	\$ 226.4
Paper Packaging & Services	53.5	34.0	158.8	94.1
Flexible Products & Services	5.0	0.6	19.3	6.9
Land Management	1.8	1.8	7.3	7.6

Total operating profit before special items	\$ 113.3	\$ 88.9	\$ 391.7	\$ 335.0
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(14) Operating profit before special items is defined as operating profit, plus restructuring charges, plus acquisition-related costs, plus non-cash impairment charges, less gain on disposal of properties, plants, equipment and businesses, net.

GREIF, INC. AND SUBSIDIARY COMPANIES

GAAP TO NON-GAAP RECONCILIATION

NET INCOME, CLASS A EARNINGS PER SHARE, AND TAX RATE EXCLUDING SPECIAL ITEMS

UNAUDITED

(Dollars in millions, except for per share amounts)

	Income before Income Tax Expense and Equity Earnings of Unconsolidated Affiliates, net	Income Tax (Benefit) Expense	Equity Earnings of Unconsolidated Affiliates	Non- Controlling Interest	Net Income Attributable to Greif, Inc.	Diluted Class A Earnings Per Share	Tax Rate
Three months ended October 31, 2018	\$ 86.4	\$ 42.1	\$ (1.2)	\$ 5.4	\$ 40.1	\$ 0.67	48.6 %
Loss on disposal of properties, plants, equipment and businesses, net	1.0	—	—	(0.5)	1.5	0.02	
Restructuring charges	4.8	0.3	—	0.4	4.1	0.08	
Non-cash asset							

impairment charges	4.2	0.8	—	—	3.4	0.05		
Acquisition-related costs	—	(0.2)	—	—	0.2	—		
Non-cash pension settlement charge	0.9	0.1	—	—	0.8	0.02		
Provisional tax net expense resulting from the Tax Reform Act	—	(14.2)	—	—	14.2	0.24		
Excluding Special Items	\$ 97.3	\$ 28.9	\$ (1.2)	\$ 5.3	\$ 64.3	\$ 1.08	29.8	%

Three months ended October 31, 2017

	\$ 43.2	\$ 5.2	\$ (1.7)	\$ 6.4	\$ 33.3	\$ 0.57	12.2	%
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Loss on disposal of properties, plants, equipment and businesses, net	7.4	1.5	—	(0.1)	6.0	0.10		
Restructuring charges	4.0	0.1	—	0.2	3.7	0.06		
Non-cash asset impairment charges	14.9	0.1	—	—	14.8	0.25		
Acquisition-related costs	0.7	0.2	—	—	0.5	0.01		
Non-cash pension settlement charge	1.5	2.0	—	—	(0.5)	(0.01)		
Excluding Special Items	\$ 71.7	\$ 9.1	\$ (1.7)	\$ 6.5	\$ 57.8	\$ 0.98	12.8	%

Twelve months ended October 31, 2018

	\$ 299.8	\$ 73.3	\$ (3.0)	\$ 20.1	\$ 209.4	\$ 3.55	24.4	%
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Gain on disposal of properties, plants, equipment and

businesses, net	(6.4)	(0.9)	—	(0.5)	(5.0)	(0.09)	
Restructuring charges	18.6	3.1	—	0.6	14.9	0.26	
Non-cash asset impairment charges	8.3	1.5	—	—	6.8	0.11	
Acquisition-related costs	0.7	—	—	—	0.7	0.01	
Non-cash pension settlement charge	1.3	0.2	—	—	1.1	0.02	
Provisional tax net benefit resulting from the Tax Reform Act	—	19.2	—	—	(19.2)	(0.33)	
Excluding Special Items	\$ 322.3	\$ 96.4	\$ (3.0)	\$ 20.2	\$ 208.7	\$ 3.53	29.9 %
Twelve months ended October 31, 2017	\$ 200.3	\$ 67.2	\$ (2.0)	\$ 16.5	\$ 118.6	\$ 2.02	33.6 %
Loss on disposal of properties, plants, equipment and businesses, net	1.3	(0.7)	—	(0.2)	2.2	0.04	
Restructuring charges	12.7	(2.2)	—	0.6	14.3	0.24	
Non-cash asset impairment charges	20.8	0.1	—	0.1	20.6	0.35	
Acquisition-related costs	0.7	0.2	—	—	0.5	0.01	
Non-cash pension settlement charge	27.1	10.2	—	—	16.9	0.29	
Excluding Special Items	\$ 262.9	\$ 74.8	\$ (2.0)	\$ 17.0	\$ 173.1	\$ 2.95	28.4 %

The impact of income tax expense and non-controlling interest on each special item is calculated based on tax rates

and ownership percentages specific to each applicable entity. Included in the year ended October 31, 2017 restructuring charges special item is a \$4.4 million income tax charge due to a change in assertions related to unremitted foreign earnings as a result of the restructuring of our intercompany debt portfolio.

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
NET SALES TO NET SALES EXCLUDING THE IMPACT OF
CURRENCY TRANSLATION

UNAUDITED

Three months ended October 31,

(in millions)	2018	2017	Increase (Decrease) in Net Sales (\$)	Increase (Decrease) in Net Sales (%)
Consolidated				
Net Sales	\$ 987.7	\$ 968.1	\$ 19.6	2.0 %
Currency Translation	(37.6)	N/A		
Net Sales Excluding the Impact of Currency Translation	<u>\$ 1,025.3</u>	<u>\$ 968.1</u>	\$ 57.2	5.9 %
Rigid Industrial Packaging & Services				
Net Sales	\$ 657.9	\$ 662.5	\$ (4.6)	(0.7) %
Currency Translation	(34.1)	N/A		
Net Sales Excluding the Impact of Currency Translation	<u>\$ 692.0</u>	<u>\$ 662.5</u>	\$ 29.5	4.5 %
Flexible Products & Services				
Net Sales	\$ 77.5	\$ 76.2	\$ 1.3	1.7 %
Currency Translation	(3.5)	N/A		
Net Sales Excluding the Impact of Currency Translation	<u>\$ 81.0</u>	<u>\$ 76.2</u>	\$ 4.8	6.3 %

(in millions)	Twelve months ended October 31,		Increase in Net Sales (\$)	Increase in Net Sales (%)
	2018	2017		
Consolidated				
Net Sales	\$ 3,873.8	\$ 3,638.2	\$ 235.6	6.5 %
Currency Translation	31.2	N/A		
Net Sales Excluding the Impact of Currency Translation	\$ 3,842.6	\$ 3,638.2	\$ 204.4	5.6 %
Rigid Industrial Packaging & Services				
Net Sales	\$ 2,623.6	\$ 2,522.7	\$ 100.9	4.0 %
Currency Translation	18.9	N/A		
Net Sales Excluding the Impact of Currency Translation	\$ 2,604.7	\$ 2,522.7	\$ 82.0	3.3 %
Flexible Products & Services				
Net Sales	\$ 324.2	\$ 286.4	\$ 37.8	13.2 %
Currency Translation	12.3	N/A		
Net Sales Excluding the Impact of Currency Translation	\$ 311.9	\$ 286.4	\$ 25.5	8.9 %

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