

SEALED AIR CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

<i>(In millions)</i>	December 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 271.7	\$ 594.0
Trade receivables, net of allowance for doubtful accounts of \$9.1 in 2018 and \$6.5 in 2017	473.4	552.4
Income tax receivables	58.4	85.1
Other receivables	81.3	90.2
Inventories, net of inventory reserves of \$18.1 in 2018 and \$15.5 in 2017	544.9	506.8
Assets held for sale	0.6	4.0
Prepaid expenses and other current assets	124.5	33.9
Total current assets	1,554.8	1,866.4
Property and equipment, net	1,036.2	998.4
Goodwill	1,947.6	1,939.8
Identifiable intangible assets, net	101.7	83.6
Deferred taxes	170.5	176.2
Other non-current assets	239.4	215.9
Total assets	\$ 5,050.2	\$ 5,280.3
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current liabilities:		
Short-term borrowings	\$ 232.8	\$ 25.3
Current portion of long-term debt	4.9	2.2
Accounts payable	765.0	723.8
Current liabilities held for sale	—	2.2
Accrued restructuring costs	33.5	15.4
Income tax payable	23.5	47.3
Other current liabilities	428.9	562.0
Total current liabilities	1,488.6	1,378.2
Long-term debt, less current portion	3,236.5	3,230.5
Deferred taxes	20.4	28.5
Other non-current liabilities	653.3	490.8
Total liabilities	5,398.8	5,128.0
Commitments and Contingencies - Note 18		
Stockholders' (deficit) equity:		
Preferred stock, \$0.10 par value per share, 50,000,000 shares authorized; no shares issued in 2018 and 2017	—	—
Common stock, \$0.10 par value per share, 400,000,000 shares authorized; shares issued: 231,619,037 in 2018 and 230,080,944 in 2017; shares outstanding: 155,654,370 in 2018 and 168,595,521 in 2017	23.2	23.0
Additional paid-in capital	2,049.6	1,939.6
Retained earnings	1,835.5	1,735.2
Common stock in treasury, 75,964,667 shares in 2018 and 61,485,423 shares in 2017	(3,336.5)	(2,700.6)
Accumulated other comprehensive loss, net of taxes:		
Unrecognized pension items	(136.4)	(103.4)
Cumulative translation adjustment	(744.8)	(694.4)
Unrealized net loss on net investment hedges	(41.9)	(46.8)
Unrealized net gain (loss) on cash flow hedges	2.7	(0.3)
Total accumulated other comprehensive loss, net of taxes	(920.4)	(844.9)
Total stockholders' (deficit) equity	(348.6)	152.3
Total liabilities and stockholders' (deficit) equity	\$ 5,050.2	\$ 5,280.3

See accompanying Notes to Consolidated Financial Statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

(In millions, except per share data)	Year Ended December 31,		
	2018	2017	2016
Net sales	\$ 4,732.7	\$ 4,461.6	\$ 4,211.3
Cost of sales ⁽¹⁾⁽²⁾	3,230.6	3,049.5	2,810.3
Gross profit	1,502.1	1,412.1	1,401.0
Selling, general and administrative expenses	782.3	815.6	754.3
Amortization expense of intangible assets acquired	15.7	13.1	15.0
Restructuring and other charges	47.8	12.1	2.8
Operating profit	656.3	571.3	628.9
Interest expense, net	(177.9)	(184.2)	(191.9)
Foreign currency exchange loss due to highly inflationary economies	(2.5)	—	(1.7)
Charge related to Venezuelan subsidiaries ⁽³⁾	—	—	(47.3)
Other (expense) income, net ⁽¹⁾⁽²⁾	(18.1)	6.2	(0.1)
Earnings before income tax provision	457.8	393.3	387.9
Income tax provision	307.5	330.5	95.6
Net earnings from continuing operations	150.3	62.8	292.3
Gain on sale of discontinued operations, net of tax	42.8	640.7	—
Net earnings from discontinued operations, net of tax	—	111.4	194.1
Net earnings	\$ 193.1	\$ 814.9	\$ 486.4
Basic:			
Continuing operations	\$ 0.94	\$ 0.34	1.50
Discontinued operations	0.27	3.99	0.99
Net earnings per common share - basic	\$ 1.21	\$ 4.33	\$ 2.49
Diluted:			
Continuing operations	\$ 0.94	\$ 0.33	1.48
Discontinued operations	0.26	3.96	0.98
Net earnings per common share - diluted	\$ 1.20	\$ 4.29	\$ 2.46
Dividends per common share	\$ 0.64	\$ 0.64	\$ 0.61
Weighted average number of common shares outstanding:			
Basic	159.4	186.9	194.3
Diluted	160.2	188.9	197.2

See accompanying Notes to Consolidated Financial Statements.

- (1) Due to the adoption of ASU 2017-07, certain amounts related to defined benefit and other post-employment benefit plans were reclassified from cost of sales to other expense, net. Refer to Note 2, "Recently Adopted and Issued Accounting Standards," in the Notes to Consolidated Financial Statements for more information.
- (2) As part of our review of costs included in the corporate segment, amounts related to division operations were identified and reclassified out of other expense, net to cost of sales. The impact for the years ended December 31, 2017 and 2016 was \$8.1 million and \$6.4 million, respectively.
- (3) Due to the ongoing challenging economic situation in Venezuela, the Company approved a program in the second quarter of 2016 to cease operations in the country. Refer to Note 2, "Summary of Significant Accounting Policies and Recently Issued Accounting Standards" under the "Impact of Inflation and Currency Fluctuation" section of the Notes to the Consolidated Financial Statements for further details.

SEALED AIR CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(In millions)	Year Ended December 31,		
	2018	2017	2016
Net earnings	\$ 193.1	\$ 814.9	\$ 486.4
Adjustments to reconcile net earnings to net cash provided by operating activities			
Depreciation and amortization	131.2	149.3	214.0
Share-based incentive compensation	29.2	44.9	59.9
Profit sharing expense	21.6	23.2	24.6
Charges related to Venezuelan subsidiaries	—	—	46.0
Provisions for bad debt	2.3	2.9	4.3
Provisions for inventory obsolescence	4.8	3.6	6.4
Deferred taxes, net	10.9	121.0	(61.7)
Net (gain) loss on sale of businesses	(42.5)	(641.2)	1.9
Foreign currency losses (gains)	13.7	29.9	(4.9)
Other non-cash items	11.1	11.1	0.9
Changes in operating assets and liabilities:			
Trade receivables, net	(0.9)	(81.4)	(33.9)
Inventories	(61.2)	(55.4)	(17.1)
Accounts payable	42.6	154.1	228.0
Income tax receivable/payable	(16.4)	(207.1)	7.3
Other assets and liabilities	88.5	54.6	(55.2)
Net cash provided by operating activities	\$ 428.0	\$ 424.4	\$ 906.9
Cash flows from investing activities:			
Capital expenditures	\$ (168.6)	\$ (183.8)	\$ (275.7)
Proceeds from sale of business	6.8	1.0	7.8
Businesses acquired in purchase transactions, net of cash acquired	(68.4)	(119.2)	(5.8)
Proceeds from sales of property, equipment and other assets	—	1.7	4.9
Loss from settlement of cross currency swaps	—	(61.8)	—
Investment in equity investments	(7.5)	—	—
Impact of sale of Diversey	(15.3)	2,156.9	—
Settlement of foreign currency forward contracts	(11.1)	(8.7)	(46.0)
Other investing activities	(2.6)	—	—
Net cash (used in) provided by investing activities	\$ (266.7)	\$ 1,786.1	\$ (314.8)
Cash flows from financing activities:			
Net proceeds (payments) from short-term borrowings	\$ 224.0	\$ (93.7)	\$ (154.2)
Proceeds from cross currency swap	—	17.4	—
Payments of long-term debt ⁽¹⁾	(1.6)	(369.5)	(27.1)
Dividends paid on common stock	(104.1)	(119.7)	(121.6)
Repurchases of common stock ⁽²⁾	(582.6)	(1,302.1)	(217.0)
Payments for debt modification/extinguishment costs	(6.1)	—	(0.1)
Acquisition of common stock for tax withholding	(7.9)	(22.1)	(30.7)
Other financing activities	—	—	6.2
Net cash used in financing activities	\$ (478.3)	\$ (1,889.7)	\$ (544.5)
Effect of foreign currency exchange rate changes on cash and cash equivalents	\$ (5.3)	\$ (113.4)	\$ (39.2)
Cash Reconciliation⁽³⁾:			
Cash and cash equivalents	594.0	333.7	321.7
Restricted cash and cash equivalents ⁽⁴⁾	—	52.9	56.5
Balance, beginning of period	\$ 594.0	\$ 386.6	\$ 378.2
Net change during the period	(322.3)	207.4	8.4
Cash and cash equivalents	271.7	594.0	333.7
Restricted cash and cash equivalents ⁽⁴⁾	—	—	52.9
Balance, end of period	\$ 271.7	\$ 594.0	\$ 386.6

SEALED AIR CORPORATION AND SUBSIDIARIES

<i>(In millions)</i>	Year Ended December 31,		
	2018	2017	2016
Supplemental Cash Flow Information:			
Interest payments, net of amounts capitalized	\$ 191.4	\$ 210.8	\$ 215.1
Income tax payments	\$ 155.0	\$ 161.7	\$ 125.8
Payments related to sale of Diversey	\$ 51.6	\$ 180.8	\$ —
Restructuring payments including associated costs	\$ 12.1	\$ 49.3	\$ 66.1
Non-cash items:			
Transfers of shares of our common stock from treasury for our 2017, 2016 and 2015 profit-sharing plan contributions	\$ 23.5	\$ 22.3	\$ 37.6

See accompanying Notes to Consolidated Financial Statements.

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- (1) Payments of borrowings included in financing activities excludes amounts which were paid using cash proceeds from the sale of Diversey. As a result, \$755.2 million of payments of borrowings is included within investing activities for a total payment of borrowings of \$1.1 billion through the year ended December 31, 2017.
- (2) The Company entered into an accelerated share repurchase agreement with a third-party financial institution to repurchase \$400.0 million of the Company's common stock. The full amount was paid as of December 31, 2017; however, only \$320.0 million was used to repurchase shares at that point in time. The ASR program concluded in February 2018.
- (3) Due to the adoption of ASU 2016-18, the Company now is required to include restricted cash as part of the change in the total cash balance. As a result, amounts which were previously classified as cash flows from financing activities related to Sealed Air continuing operations and amounts which were previously classified as cash flows from investing activities related to restricted cash sold with the sale of Diversey have been reclassified as they are recognized in the total change in cash. Refer to Note 2, "Recently Adopted and Issued Accounting Standards," of the Notes to Consolidated Financial Statements for more information.
- (4) Restricted cash and cash equivalents included compensating balance deposits related to certain short-term borrowings and were included in prepaid expenses and other current assets on the Consolidated Balance Sheets as of December 31, 2016.