

WESTROCK COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share data)	Year Ended September 30,		
	2018	2017	2016
Net sales	\$ 16,285.1	\$ 14,859.7	\$ 14,171.8
Cost of goods sold	12,891.2	12,119.5	11,413.2
Selling, general and administrative, excluding intangible amortization	1,493.3	1,399.6	1,379.4
Selling, general and administrative intangible amortization	296.6	229.6	211.8
Multiemployer pension withdrawals	184.2	—	—
Pension risk transfer expense	—	—	370.7
Pension lump sum settlement	—	32.6	—
Land and Development impairments	31.9	46.7	—
Restructuring and other costs	105.4	196.7	366.4
Operating profit	1,282.5	835.0	430.3
Interest expense, net	(293.8)	(222.5)	(212.5)
(Loss) gain on extinguishment of debt	(0.1)	1.8	2.7
Other income, net	12.7	11.5	14.4
Equity in income of unconsolidated entities	33.5	39.0	9.7
Gain on sale of HH&B	—	192.8	—
Income from continuing operations before income taxes	1,034.8	857.6	244.6
Income tax benefit (expense)	874.5	(159.0)	(89.8)
Income from continuing operations	1,909.3	698.6	154.8
Loss from discontinued operations (net of income tax benefit of \$0, \$0 and \$32.3)	—	—	(544.7)
Consolidated net income (loss)	1,909.3	698.6	(389.9)
Less: Net (income) loss attributable to noncontrolling interests	(3.2)	9.6	(6.4)
Net income (loss) attributable to common stockholders	<u>\$ 1,906.1</u>	<u>\$ 708.2</u>	<u>\$ (396.3)</u>
Basic earnings per share from continuing operations	\$ 7.46	\$ 2.81	\$ 0.60
Basic loss per share from discontinued operations	—	—	(2.16)
Basic earnings (loss) per share attributable to common stockholders	<u>\$ 7.46</u>	<u>\$ 2.81</u>	<u>\$ (1.56)</u>
Diluted earnings per share from continuing operations	\$ 7.34	\$ 2.77	\$ 0.59
Diluted loss per share from discontinued operations	—	—	(2.13)
Diluted earnings (loss) per share attributable to common stockholders	<u>\$ 7.34</u>	<u>\$ 2.77</u>	<u>\$ (1.54)</u>
Cash dividends paid per share	<u>\$ 1.72</u>	<u>\$ 1.60</u>	<u>\$ 1.50</u>

See Accompanying Notes

WESTROCK COMPANY
CONSOLIDATED BALANCE SHEETS

(In millions, except per share data)	September 30,	
	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 636.8	\$ 298.1
Restricted cash	—	5.9
Accounts receivable (net of allowances of \$49.7 and \$45.8)	2,010.7	1,886.8
Inventories	1,829.6	1,797.3
Other current assets	248.5	329.2
Assets held for sale	59.5	173.6
Total current assets	4,785.1	4,490.9
Property, plant and equipment, net	9,082.5	9,118.3
Goodwill	5,577.6	5,528.3
Intangibles, net	3,122.0	3,329.3
Restricted assets held by special purpose entities	1,281.0	1,287.4
Prepaid pension asset	420.0	368.0
Other assets	1,092.3	966.8
Total Assets	<u>\$ 25,360.5</u>	<u>\$ 25,089.0</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of debt	\$ 740.7	\$ 608.7
Accounts payable	1,716.8	1,492.1
Accrued compensation and benefits	399.3	416.7
Other current liabilities	476.5	492.3
Total current liabilities	3,333.3	3,009.8
Long-term debt due after one year	5,674.5	5,946.1
Pension liabilities, net of current portion	261.3	279.4
Postretirement benefit liabilities, net of current portion	134.8	153.4
Non-recourse liabilities held by special purpose entities	1,153.7	1,161.9
Deferred income taxes	2,321.5	3,410.2
Other long-term liabilities	994.8	737.4
Commitments and contingencies (Notes 14 and 17)		
Redeemable noncontrolling interests	4.2	4.7
Equity:		
Preferred stock, \$0.01 par value; 30.0 million shares authorized; no shares outstanding	—	—
Common stock, \$0.01 par value; 600.0 million shares authorized; 253.5 million and 254.5 million shares outstanding at September 30, 2018 and September 30, 2017, respectively	2.5	2.5
Capital in excess of par value	10,588.9	10,624.9
Retained earnings	1,573.3	172.4
Accumulated other comprehensive loss	(695.3)	(457.3)
Total stockholders' equity	11,469.4	10,342.5
Noncontrolling interests	13.0	43.6
Total equity	11,482.4	10,386.1
Total Liabilities and Equity	<u>\$ 25,360.5</u>	<u>\$ 25,089.0</u>

See Accompanying Notes

WESTROCK COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	Year Ended September 30,		
	2018	2017	2016
Operating activities:			
Consolidated net income (loss)	\$ 1,909.3	\$ 698.6	\$ (389.9)
Adjustments to reconcile consolidated net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	1,252.2	1,112.1	1,141.9
Cost of real estate sold	121.2	207.9	87.7
Deferred income tax benefit	(1,069.4)	(20.4)	(160.9)
Share-based compensation expense	66.8	58.0	75.7
Pension and other postretirement funding (more) than expense (income)	(96.8)	(51.0)	275.6
Multiemployer pension withdrawals	184.2	—	—
Gain on sale of HH&B	—	(192.8)	—
Land and Development impairments	31.9	46.7	—
Other impairment adjustments	13.5	56.8	200.8
Impairment of Specialty Chemicals goodwill and intangibles	—	—	579.4
Other	(85.5)	(92.2)	(87.1)
Change in operating assets and liabilities, net of acquisitions and divestitures:			
Accounts receivable	(143.4)	(97.9)	36.6
Inventories	(72.1)	(48.2)	50.6
Other assets	(22.6)	(33.7)	(92.7)
Accounts payable	180.3	302.2	(197.1)
Income taxes	130.6	(67.1)	73.2
Accrued liabilities and other	20.7	21.5	94.6
Net cash provided by operating activities	2,420.9	1,900.5	1,688.4
Investing activities:			
Capital expenditures	(999.9)	(778.6)	(796.7)
Cash paid for purchase of businesses, net of cash acquired	(239.9)	(1,588.5)	(376.4)
Debt purchased in connection with an acquisition	—	—	(36.5)
Investment in unconsolidated entities	(114.3)	(2.5)	(179.9)
Proceeds from sale of HH&B	—	1,005.9	—
Proceeds from sale of property, plant and equipment	23.3	52.6	31.2
Other	31.9	25.3	6.9
Net cash used for investing activities	(1,298.9)	(1,285.8)	(1,351.4)
Financing activities:			
Proceeds from issuance of notes	1,197.3	998.4	—
(Repayments) additions to revolving credit facilities	(115.5)	421.8	125.5
Additions to debt	855.2	742.6	1,511.8
Repayments of debt	(2,032.9)	(2,331.9)	(1,073.3)
Other financing (repayments) additions	(24.2)	23.9	53.3
Specialty Chemicals spin-off of net cash and trust funding	—	—	(105.0)
Issuances of common stock, net of related minimum tax withholdings	26.6	35.8	11.8
Purchases of common stock	(195.1)	(93.0)	(335.3)
Cash dividends paid to stockholders	(440.9)	(403.2)	(380.7)
Cash distributions paid to noncontrolling interests	(33.3)	(47.0)	(33.5)
Other	7.7	(2.8)	(5.6)
Net cash used for financing activities	(755.1)	(655.4)	(231.0)
Effect of exchange rate changes on cash and cash equivalents	(28.2)	(2.1)	6.6
Increase (decrease) in cash and cash equivalents	338.7	(42.8)	112.6
Cash and cash equivalents at beginning of period (2016 includes \$20.5 from discontinued operations)	298.1	340.9	228.3
Cash and cash equivalents at end of period	\$ 636.8	\$ 298.1	\$ 340.9