

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

GREIF, INC. AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF INCOME

Year Ended October 31, (in millions, except per share amounts)	2017	2016	2015
Net sales	\$ 3,638.2	\$ 3,323.6	\$ 3,616.7
Costs of products sold	2,923.5	2,638.7	2,946.9
Gross profit	714.7	684.9	669.8
Selling, general and administrative expenses	380.4	376.8	413.2
Restructuring charges	12.7	26.9	40.0
Timberland gains	—	—	(24.3)
Non-cash asset impairment charges	7.8	51.4	45.9
Goodwill impairment charges	13.0	—	—
Pension settlement charge	27.1	—	—
Gain on disposal of properties, plants and equipment, net	(0.4)	(10.3)	(7.0)
Loss on disposal of businesses, net	1.7	14.5	9.2
Operating profit	272.4	225.6	192.8
Interest expense, net	60.1	75.4	74.8
Other expense, net	12.0	9.0	3.2
Income before income tax expense and equity earnings of unconsolidated affiliates, net	200.3	141.2	114.8
Income tax expense	67.2	66.5	48.4
Equity earnings of unconsolidated affiliates, net of tax	(2.0)	(0.8)	(0.8)
Net income	135.1	75.5	67.2
Net (income) loss attributable to noncontrolling interests	(16.5)	(0.6)	4.7
Net income attributable to Greif, Inc.	\$ 118.6	\$ 74.9	\$ 71.9
Basic earnings per share attributable to Greif, Inc.:			
Class A Common Stock	\$ 2.02	\$ 1.28	\$ 1.23
Class B Common Stock	\$ 3.02	\$ 1.90	\$ 1.83
Diluted earnings per share attributed to Greif, Inc.:			
Class A Common Stock	\$ 2.02	\$ 1.28	\$ 1.23
Class B Common Stock	\$ 3.02	\$ 1.90	\$ 1.83

Refer to the accompanying Notes to Consolidated Financial Statements.

GREIF, INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

<i>(in millions)</i>	October 31, 2017	October 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 142.3	\$ 103.7
Trade accounts receivable, less allowance of \$8.9 in 2017 and \$8.8 in 2016	447.0	399.2
Inventories:		
Raw materials	192.1	185.4
Work-in-process	11.5	12.2
Finished goods	75.9	79.8
Assets held for sale	2.2	3.8
Prepaid expenses	35.3	30.0
Other current assets	88.2	98.2
	<u>994.5</u>	<u>912.3</u>
Long-term assets		
Goodwill	785.4	786.4
Other intangible assets, net of amortization	98.0	110.6
Deferred tax assets	10.5	9.0
Assets held by special purpose entities	50.9	50.9
Pension assets	10.3	22.2
Other long-term assets	94.3	89.7
	<u>1,049.4</u>	<u>1,068.8</u>
Properties, plants and equipment		
Timber properties, net of depletion	276.2	277.8
Land	99.5	99.5
Buildings	428.3	398.1
Machinery and equipment	1,540.2	1,484.8
Capital projects in progress	80.2	91.3
	<u>2,424.4</u>	<u>2,351.5</u>
Accumulated depreciation	(1,236.0)	(1,179.6)
	<u>1,188.4</u>	<u>1,171.9</u>
Total assets	<u>\$ 3,232.3</u>	<u>\$ 3,153.0</u>

Refer to the accompanying Notes to Consolidated Financial Statements.

GREIF, INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

<i>(in millions)</i>	October 31, 2017	October 31, 2016
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 399.2	\$ 372.0
Accrued payroll and employee benefits	111.8	93.7
Restructuring reserves	5.2	10.4
Current portion of long-term debt	15.0	—
Short-term borrowings	14.5	51.6
Other current liabilities	142.2	131.5
	<u>687.9</u>	<u>659.2</u>
Long-term liabilities		
Long-term debt	937.8	974.6
Deferred tax liabilities	217.8	193.0
Pension liabilities	159.5	179.8
Postretirement benefit obligations	12.6	13.7
Liabilities held by special purpose entities	43.3	43.3
Contingent liabilities and environmental reserves	7.1	6.8
Mandatorily redeemable noncontrolling interests	9.2	9.0
Other long-term liabilities	78.1	83.9
	<u>1,465.4</u>	<u>1,504.1</u>
Commitments and Contingencies (Note 13)		
Redeemable Noncontrolling Interests (Note 20)	31.5	31.8
Equity		
Common stock, without par value	144.2	141.4
Treasury stock, at cost	(135.6)	(135.6)
Retained earnings	1,360.5	1,340.0
Accumulated other comprehensive loss, net of tax:		
Foreign currency translation	(249.3)	(270.2)
Interest rate derivative	5.1	—
Minimum pension liabilities	(114.0)	(128.2)
Total Greif, Inc. shareholders' equity	<u>1,010.9</u>	<u>947.4</u>
Noncontrolling interests	36.6	10.5
Total shareholders' equity	<u>1,047.5</u>	<u>957.9</u>
Total liabilities and shareholders' equity	<u>\$ 3,232.3</u>	<u>\$ 3,153.0</u>

Refer to the accompanying Notes to Consolidated Financial Statements.

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

Year Ended October 31, (in millions)	2017	2016	2015
Cash flows from operating activities:			
Net income	\$ 135.1	\$ 75.5	\$ 67.2
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	120.5	127.7	134.6
Timberland gains	—	—	(24.3)
Non-cash asset impairment charges	20.8	51.4	45.9
Pension settlement charge	27.1	—	—
Gain on disposals of properties, plants and equipment, net	(0.4)	(10.3)	(7.0)
Loss on disposals of businesses, net	1.7	14.5	9.2
Unrealized foreign exchange loss	4.6	4.1	—
Deferred income tax expense (benefit)	2.3	1.5	(5.9)
Gain from Venezuela monetary assets and liabilities remeasurement	—	—	(4.9)
Loss for Venezuela non-monetary assets to net realizable value	—	—	9.3
Other, net	1.2	—	(2.2)
Increase (decrease) in cash from changes in certain assets and liabilities:			
Trade accounts receivable	(47.3)	(18.6)	39.5
Inventories	(7.0)	3.4	38.9
Deferred purchase price on sold receivables	5.1	5.2	(5.7)
Accounts payable	20.5	39.4	(56.6)
Restructuring reserves	(5.3)	(10.7)	18.8
Pension and postretirement benefit liabilities	(1.7)	(8.9)	(4.0)
Other, net	27.8	26.8	(46.5)
Net cash provided by operating activities	305.0	301.0	206.3
Cash flows from investing activities:			
Acquisitions of companies, net of cash acquired	—	(0.4)	(1.6)
Collection (issuance) of subordinated note receivable	—	44.2	(44.2)
Purchases of properties, plants and equipment	(96.8)	(100.1)	(135.8)
Purchases of and investments in timber properties	(9.5)	(7.1)	(38.4)
Purchases of properties, plants and equipment with insurance proceeds	—	(4.4)	—
Proceeds from the sale of properties, plants, equipment and other assets	9.6	12.3	49.3
Proceeds from the sale of businesses	5.9	23.8	19.6
Proceeds on insurance recoveries	0.4	6.6	4.6
Net cash used in investing activities	(90.4)	(25.1)	(146.5)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	1,446.0	1,102.3	912.3
Payments on long-term debt	(1,627.9)	(1,119.2)	(870.1)
Proceeds from (payments on) short-term borrowings, net	(36.4)	4.7	2.6
Proceeds from trade accounts receivable credit facility	203.6	283.5	123.0
Payments on trade accounts receivable credit facility	(53.6)	(431.1)	(85.4)
Long-term debt and credit facility financing fees paid	(4.5)	—	—
Dividends paid to Greif, Inc. shareholders	(98.6)	(98.7)	(98.7)
Dividends paid to noncontrolling interests	(4.2)	(4.9)	(4.0)
Proceeds from the sale of membership units of a consolidated subsidiary	—	0.3	—
Exercise of stock options	—	—	0.2
Acquisitions of treasury stock	—	(5.2)	—
Purchases of redeemable noncontrolling interest	—	(6.0)	—
Cash contribution from noncontrolling interest holder	—	1.5	—
Net cash used in financing activities	(175.6)	(272.8)	(20.1)