

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)	2019	2018	2017
Net sales	\$ 4,595.0	\$ 3,873.8	\$ 3,638.2
Costs of products sold	3,635.1	3,084.9	2,923.5
Gross profit	959.9	788.9	714.7
Selling, general and administrative expenses	507.4	397.2	379.7
Restructuring charges	26.1	18.6	12.7
Acquisition-related costs	29.7	0.7	0.7
Non-cash asset impairment charges	7.8	8.3	7.8
Goodwill impairment charges	—	—	13.0
Gain on disposal of properties, plants and equipment, net	(13.9)	(5.6)	(0.4)
(Gain) loss on disposal of businesses, net	3.7	(0.8)	1.7
Operating profit	399.1	370.5	299.5
Interest expense, net	112.5	51.0	60.1
Debt extinguishment charges	22.0	—	—
Non-cash pension settlement charges	—	1.3	27.1
Other expense, net	2.6	18.4	12.0
Income before income tax expense and equity earnings of unconsolidated affiliates, net	262.0	299.8	200.3
Income tax expense	70.7	73.3	67.2
Equity earnings of unconsolidated affiliates, net of tax	(2.9)	(3.0)	(2.0)
Net income	194.2	229.5	135.1
Net income attributable to noncontrolling interests	(23.2)	(20.1)	(16.5)
Net income attributable to Greif, Inc.	\$ 171.0	\$ 209.4	\$ 118.6
Basic earnings per share attributable to Greif, Inc. common shareholders:			
Class A common stock	\$ 2.89	\$ 3.56	\$ 2.02
Class B common stock	\$ 4.33	\$ 5.33	\$ 3.02
Diluted earnings per share attributed to Greif, Inc. common shareholders:			
Class A common stock	\$ 2.89	\$ 3.55	\$ 2.02
Class B common stock	\$ 4.33	\$ 5.33	\$ 3.02

See accompanying Notes to Consolidated Financial Statements.

GREIF, INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

<i>(in millions)</i>	October 31, 2019	October 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 77.3	\$ 94.2
Trade accounts receivable, less allowance of \$6.8 in 2019 and \$4.2 in 2018	664.2	456.7
Inventories:		
Raw materials	238.4	203.9
Work-in-process	11.3	10.0
Finished goods	108.5	75.6
Assets held for sale	4.1	4.4
Prepaid expenses	44.0	39.8
Other current assets	101.2	92.1
	<u>1,249.0</u>	<u>976.7</u>
Long-term assets		
Goodwill	1,517.8	776.0
Other intangible assets, net of amortization	776.5	80.6
Deferred tax assets	15.9	7.9
Assets held by special purpose entities	50.9	50.9
Pension assets	35.4	10.4
Other long-term assets	90.9	100.4
	<u>2,487.4</u>	<u>1,026.2</u>
Properties, plants and equipment		
Timber properties, net of depletion	272.4	274.2
Land	178.0	96.4
Buildings	531.0	431.4
Machinery and equipment	1,866.2	1,554.9
Capital projects in progress	170.4	117.2
	<u>3,018.0</u>	<u>2,474.1</u>
Accumulated depreciation	(1,327.7)	(1,282.2)
	<u>1,690.3</u>	<u>1,191.9</u>
Total assets	<u>\$ 5,426.7</u>	<u>\$ 3,194.8</u>

See accompanying Notes to Consolidated Financial Statements.

GREIF, INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

<i>(in millions)</i>	October 31, 2019	October 31, 2018
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 435.2	\$ 403.8
Accrued payroll and employee benefits	142.4	114.4
Restructuring reserves	11.3	4.4
Current portion of long-term debt	83.7	18.8
Short-term borrowings	9.2	7.3
Other current liabilities	143.6	121.5
	<u>825.4</u>	<u>670.2</u>
Long-term liabilities		
Long-term debt	2,659.0	884.1
Deferred tax liabilities	313.0	179.8
Pension liabilities	177.6	78.0
Post-retirement benefit obligations	12.2	10.7
Liabilities held by special purpose entities	43.3	43.3
Contingent liabilities and environmental reserves	18.7	6.8
Mandatorily redeemable noncontrolling interests	8.4	8.6
Long-term income tax payable	27.8	46.1
Other long-term liabilities	128.9	77.5
	<u>3,388.9</u>	<u>1,334.9</u>
Commitments and Contingencies (Note 13)		
Redeemable Noncontrolling Interests (Note 19)	21.3	35.5
Equity		
Common stock, without par value	162.6	150.5
Treasury stock, at cost	(134.8)	(135.4)
Retained earnings	1,539.0	1,469.8
Accumulated other comprehensive income (loss), net of tax:		
Foreign currency translation	(298.0)	(292.8)
Derivative financial instruments	(12.7)	13.4
Minimum pension liabilities	(123.0)	(97.7)
Total Greif, Inc. shareholders' equity	<u>1,133.1</u>	<u>1,107.8</u>
Noncontrolling interests	58.0	46.4
Total shareholders' equity	<u>1,191.1</u>	<u>1,154.2</u>
Total liabilities and shareholders' equity	<u>\$ 5,426.7</u>	<u>\$ 3,194.8</u>

See accompanying Notes to Consolidated Financial Statements.

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

Year Ended October 31, (in millions)	2019	2018	2017
Cash flows from operating activities:			
Net income	\$ 194.2	\$ 229.5	\$ 135.1
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	206.1	126.9	120.5
Non-cash asset impairment charges	7.8	8.3	20.8
Non-cash pension settlement charges	—	1.3	27.1
Gain on disposals of properties, plants and equipment, net	(13.9)	(5.6)	(0.4)
(Gain) loss on disposals of businesses, net	3.7	(0.8)	1.7
Unrealized foreign exchange (gain) loss	3.0	(0.7)	4.6
Deferred income tax (benefit) expense	2.1	(44.8)	2.3
Transition tax (benefit) expense	(0.8)	52.8	—
Debt extinguishment charges	14.0	—	—
Other, net	4.2	(2.8)	1.2
Increase (decrease) in cash from changes in certain assets and liabilities:			
Trade accounts receivable	55.1	(34.0)	(47.3)
Inventories	33.9	(24.8)	(7.0)
Deferred purchase price on sold receivables	(6.9)	2.1	5.1
Accounts payable	(69.9)	24.3	20.5
Restructuring reserves	6.7	(0.8)	(5.3)
Pension and post-retirement benefit liabilities	(15.3)	(66.8)	(1.7)
Other, net	(34.5)	(11.1)	27.8
Net cash provided by operating activities	389.5	253.0	305.0
Cash flows from investing activities:			
Acquisitions of companies, net of cash acquired	(1,857.9)	—	—
Purchases of properties, plants and equipment	(156.8)	(140.2)	(96.8)
Purchases of and investments in timber properties	(5.4)	(8.9)	(9.5)
Proceeds from the sale of properties, plants, equipment and other assets	28.7	12.5	9.6
Proceeds from the sale of businesses	1.5	1.4	5.9
Proceeds on insurance recoveries	0.6	—	0.4
Net cash used in investing activities	(1,989.3)	(135.2)	(90.4)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	3,732.3	1,020.7	1,446.0
Payments on long-term debt	(2,075.6)	(1,065.4)	(1,627.9)
Proceeds (payments) on short-term borrowings, net	2.2	(11.0)	(36.4)
Proceeds from trade accounts receivable credit facility	181.4	2.8	203.6
Payments on trade accounts receivable credit facility	(89.2)	(2.8)	(53.6)
Dividends paid to Greif, Inc. shareholders	(104.0)	(100.0)	(98.6)
Dividends paid to noncontrolling interests	(9.2)	(4.6)	(4.2)
Payments for debt extinguishment and issuance costs	(44.1)	—	(4.5)
Purchases of redeemable noncontrolling interest	(11.9)	—	—
Cash contribution from noncontrolling interest holder	1.6	2.0	—
Net cash provided (used in) by financing activities	1,583.5	(158.3)	(175.6)
Effects of exchange rates on cash	(0.6)	(7.6)	(0.4)
Net increase (decrease) in cash and cash equivalents	(16.9)	(48.1)	38.6
Cash and cash equivalents at beginning of year	94.2	142.3	103.7
Cash and cash equivalents at end of year	\$ 77.3	\$ 94.2	\$ 142.3