

Greif, Inc.



B+ 1 year PD
0.60% to 1.89%

- Elevated leverage (4.60x vs. peer median 3.74x) and declining profitability over the past 3 years increase credit concerns despite acquisitions of ~\$850mn since FY-22.
- Despite the integration risks, the entity is a global player with substance. Highly diversified in terms of products and geography with solid liquidity buffers.

Strengths

- Financial Liquidity:** Greif maintains a current ratio of 1.53 and a quick ratio of 1.13, reflecting adequate short-term liquidity, slightly above peer medians, ensuring sufficient coverage of short-term liabilities.
- Product and Geographic Diversification:** Operates in >40 countries and offers a diverse range of products, including steel, plastic, and paper-based packaging, reducing dependency on any single market or product line.
- Customer and End-Market Diversity:** With exposure to multiple industries—chemicals, petroleum, agriculture, and pharmaceuticals—Greif reduces revenue concentration risk, ensuring relative stability across economic cycles.

Challenges

- Transition & Integration Risks:** Their transition from geography-based to substrate-based model, including an acquisitions driven shift to more sustainability (e.g. Goodwill increased by 41.6% since FY-22), involved significant organizational change. The latter certainly raises questions about integration risks given their trend in profitability and revenue. Based on increase in Goodwill, IP, and debt they may have spent ~\$850mn in M&A since FY-22.
- Leverage & Debt Maturities:** Net debt/EBITDA ratio rose to 4.60x in FY-24, vs peer median of 3.74x, limits their overall financial flexibility. Maturity Wall in 2027, shall be manageable, yet could lead to more restrictions.
- Declining Profitability:** EBITDA margin dropped to 13.3% in FY-24, below the peer median of 14.7%, driven by rising costs and weaker operational efficiency.

Scorecard Summary

Financial vs Business Risk Weighting Factors					
	Ownership	Public			
	Company Stage	Stabilized			
	Financials	Complete			
	Weight	Score	Dimension	Weight	Score
Financial	75%	3.4	Liquidity	15%	2.9
			Leverage	40%	3.0
			Profitability	45%	2.3
Business	25%	7.1	Industry Risk	20%	6.5
			Competitive Position	50%	7.0
			Mgmt / Governance	30%	7.7
			Sponsor / Parent		
Modifiers		1.1	Revenue Segment	0.6	
			Trend Analysis	(0.22)	
			Financial Flexibility	0.25	

Company Overview

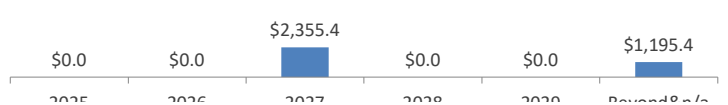
Headquarters	Delaware, OH
Type	Public
Employees	~13,000
Year Founded	1877
Website	https://www.greif.com/
Business	Global provider of industrial packaging solutions.
Revenues	\$5,448.1M

- Company Overview:** Greif, Inc. is a global leader in industrial packaging, offering rigid industrial containers, paper-based packaging, and value-added services. The company's operations span over 40 countries, with a diversified product portfolio serving key industries like chemicals, petroleum, agriculture, and food
- Product:** *Rigid Industrial Packaging* - steel drums, plastic containers, intermediate bulk containers (IBCs), and closures; *Paper Packaging* - corrugated sheets, containers, recycled paperboard, and protective packaging; *Services* - Logistics, reconditioning, and recycling solutions.
- Customers:** Greif serves a broad array of industries, including chemicals, food and beverage, pharmaceuticals, and agriculture, ensuring stable and diversified revenue streams.
- Ownership:** Publicly traded on the NYSE under GEF, with significant institutional ownership, including BlackRock and Vanguard.
- Debt Structure:** Vast majority of deb is accumulatd under a 2022, and a 2023 Credit Agreement maturing in Q1-2027, and thereby reflecting a maturity wall.
- Other:** The entity seems to have a history of lawsuits related to environmental claims and violations of fair labor standards. However, their 10Ks don't elaborate on that.

Financial Benchmarking & Debt Maturity Profile

# of Benchmarks:	23	Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	1.56	1.12	21%
	Quick Ratio	0.95	0.83	41%
Leverage	Net Debt / EBITDA	3.74	4.60	29%
	Debt to Assets	50.4%	53.2%	47%
Profitability	EBITDA Margin	14.7%	13.3%	21%
	ROCE %	11.5%	8.8%	28%
	Revenue	\$2,513M	\$5,448M	
Industry Benchmarks - Primary: Metal, Glass and Plastic Containers				

Debt Maturities



Financial Statement Highlights

\$ '000s	(C) Oct-22 T12	(B) Oct-23 T12	(A) Oct-24 T12	Change	
				(C) to (B)	(B) to (A)
Income Statement					
Total Revenue	6,349,500	5,218,600	5,448,100		4.4%
Gross Profit	1,285,400	1,146,100	1,070,800		-6.6%
Adjusted EBITDA	837,800	836,100	725,900		-13.2%
Gross Profit Margin	20.2%	22.0%	19.7%		(231) bps
Net Income	394,000	379,100	295,500		-22.1%
Balance Sheet					
Cash And Cash Equivalents	147,100	180,900	197,700		9.3%
Total Current Assets	1,499,400	1,369,100	1,549,400		13.2%
Total Assets	5,469,900	5,960,800	6,647,600		11.5%
Total Current Liabilities	1,089,800	1,016,600	1,388,100		36.5%
Total Debt	2,731,900	3,052,000	3,538,100		15.9%
Total Equity	1,810,100	2,111,600	2,247,400		6.4%
Key Ratios					
Current Ratio	1.38	1.35	1.12		-17.1%
Quick Ratio	1.01	1.01	0.83		-18.3%
Net Debt / EBITDA	3.09	3.43	4.60		34.0%
Debt to Assets	49.9%	51.2%	53.2%		+202 bps
EBITDA Margin	13.2%	16.0%	13.3%		(270) bps
ROCE %	14.2%	12.2%	8.8%		(341) bps

- Revenue declined by 14.2% from \$6.35bn in FY-22 to \$5.22bn in FY-23, and rebounded by 4.4% to \$5.45bn.
- Despite increased revenue in FY-24, EBITDA Margin declined by 270bps, Net Income declined by 22.1%, and Debt increased by 15.9%.
- Interest expense increased by 121% over three years, from \$61mn to \$135mn in FY-24.

Business Risk Highlights

- Industry:** The industrial packaging sector is moderately cyclical, influenced by macroeconomic factors. While demand is generally stable, exposure to commodity price fluctuations and regulatory changes can be a challenge. The North American metal, glass, and plastic containers industry is a substantial segment of the packaging market, with the plastic bottles and containers sector alone projected to reach approximately USD 60.2bn by 2029, growing at a CAGR of 5.95% from 2022 to 2029.
- Competitive Position:** Greif holds a strong market position in rigid industrial packaging, but faces competition from Mauser Packaging and Berry Global, which have stronger profitability metrics.
- Management:** Greif's management shows strategic ambition with ~\$850mn since FY-22 in acquisitions and restructuring to improve efficiency. Despite solid liquidity, elevated leverage and declining profitability raise concerns. Execution risks remain high, requiring improved capital allocation and cost control for long-term credit stability.
- PE Sponsor:** N/A - the entity is publicly traded.