UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 7, 2017 (March 1, 2017)

GREIF, INC.
(Exact name of registrant as specified in its charter)

Delaware	**001-00566**	**31-4388903**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

425 Winter Road, Delaware, Ohio	**43015**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (740) 549-6000

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 2 – Financial Information

Item 2.02. Results of Operations and Financial Condition.

On March 1, 2017, Greif, Inc. (the “Company”) issued a press release (the “Earnings Release”) announcing the financial results for its first quarter ended January 31, 2017 . The full text of the Earnings Release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The Earnings Release included the following non-GAAP financial measures (the “non-GAAP Measures”):

(i) the Company's consolidated operating profit, before special items, for the first quarter of 2017 and the first quarter of 2016, which is equal to the Company's consolidated operating profit for the applicable period plus restructuring charges, plus non-cash asset impairment charges, plus non-cash pension settlement charges, less gains on disposal of properties, plants, equipment and businesses, net, each on a consolidated basis for the applicable period, along with the Company's consolidated operating profit margin before special items for the first quarter of 2017 and the first quarter of 2016, which is equal to the amounts of the non-GAAP Measure described above for the applicable period divided by the Company's consolidated net sales for the applicable period;

(ii) the Company's net income, excluding the impact of special items, for the first quarter of 2017 and the first quarter of 2016, which is equal to the Company's consolidated net income for the applicable period plus restructuring charges, plus non-cash asset impairment charges, plus non-cash pension settlement charges, less gains on disposal of properties, plants, equipment and businesses, net, each on a consolidated basis for the applicable period;

(iii) earnings per diluted class A share of the Company, excluding the impact of special items, for the first quarter of 2017 and the first quarter of 2016, which is equal to earnings per diluted class A share of the Company for the applicable period plus restructuring charges, plus non-cash asset impairment charges, plus non-cash pension settlement charges, less gains on disposal of properties, plants, equipment and businesses, net, each net of tax and noncontrolling interest and on a consolidated basis for the applicable period;

(iv) the Company’s consolidated free cash flow for the first quarter of 2017 and the first quarter of 2016, which is equal to the Company’s consolidated net cash used by operating activities for the applicable period less cash paid for purchases of properties, plants and equipment for the applicable period;

(v) operating profit before special items and excluding the impact of divestitures for the Company’s Rigid Industrial Packaging & Services business segment for the first quarter of 2017 and the first quarter of 2016, which is equal to that business segment’s operating profit plus restructuring charges, plus non-cash asset impairment charges, plus non-cash pension settlement charges, plus loss on disposal of properties, plants, equipment, and businesses, net, and further adjusted for divestitures occurring during the first quarter of 2016 as applicable to that business segment;

(vi) operating profit before special items for the Company’s Paper Packaging & Services business segment for the first quarter of 2017 and the first quarter of 2016, which is equal to that business segment’s operating profit plus non-cash asset impairment charges, plus non-cash pension settlement charges, less gains on disposal of properties, plants, equipment, and businesses, net;

(vii) net sales excluding the impact of divestitures for the Company's Flexible Products & Services business segment related to primary product volumes for the first quarter of 2017 and the first quarter of 2016, which is equal to that business segment's net sales for the applicable quarter as adjusted for a divestiture that occurred during the first quarter of 2016 related to primary products volumes applicable to that business segment; and

(viii) operating profit before special items for the Company’s Flexible Packaging & Services business segment for the first quarter of 2017 and the first quarter of 2016, which is equal to that business segment’s operating profit or loss, as applicable, plus restructuring charges, plus non-cash asset impairment charges, plus non-cash pension pension settlement charges, less gains or plus losses, as applicable, on disposal of properties, plants, equipment, and businesses, net;

The Earnings Release also included a forward-looking non-GAAP financial measure, 2017 Class A earnings per share before special items which excludes gains and losses on the disposal of businesses, timberland or properties, plants and equipment, net, non-cash asset impairment charges, non-cash pension settlement charges, restructuring-related activities or acquisition costs, and the income tax effects of these items and other income tax-related events. No reconciliation of this forward-looking non-GAAP financial measure was included in the Earnings Release because, due to the high variability and difficulty in making accurate forecasts and projections of some of the excluded information, together with some of the excluded information not being ascertainable or accessible, the Company is unable to quantify certain amounts that would be required to be included in the most directly comparable GAAP financial measure without unreasonable efforts.

Management of the Company uses the non-GAAP Measures to evaluate ongoing operations and believes that these non-GAAP Measures are useful to investors. The exclusion of the impact of the identified special items (restructuring charges, acquisition related costs, non-cash asset impairment charges, non-cash pension settlement charges, timberland gains and disposals of properties, plants , equipment and businesses, net), divestitures and currency translation enable management and investors to perform meaningful comparisons of current and historical performance of the Company. Management of the Company also believes that the exclusion of the impact of the identified special items, divestitures and currency translation provide a stable platform on which to compare the historical performance of the Company and that investors desire this information. Management believes that the use of consolidated free cash flow, which excludes cash paid for capital expenditures from the Company's consolidated net cash provided by operating activities, provides additional information on which to evaluate the cash flow generated by the Company and believes that this is information that investors find valuable. The non-GAAP Measures are intended to supplement and should be read together with our financial results. The non-GAAP Measures should not be considered an alternative or substitute for, and should not be considered superior to, our reported financial results. Accordingly, users of this financial information should not place undue reliance on the non-GAAP Measures.

Section 7 – Regulation FD

Item 7.01. Regulation FD Disclosure.

On March 1, 2017, the Company released recorded remarks of management, made available on the Company's website at www.greif.com/investors , regarding the Company's financial results for its first quarter ended January 31, 2017 . The file transcript of management's recorded remarks is attached as Exhibit 99.2 to this Current Report on Form 8-K.

On March 2, 2017, management of the Company held a conference call with interested investors and financial analysts (the "Conference Call") to discuss the Company's financial results for its first quarter ended January 31, 2017 . The file transcript of the Conference Call is attached as Exhibit 99.3 to this Current Report on Form 8-K.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press release issued by Greif, Inc. on March 1, 2017 announcing the financial results for its first quarter ended January 31, 2017.
99.2	File transcript of recorded remarks of management of Greif, Inc., made available on the Company's website at www.greif.com/investors on March 1, 2017, regarding the financial results for its first quarter ended January 31, 2017.
99.3	File transcript of conference call with interested investors and financial analysts held by management of Greif, Inc. on March 2, 2017.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

		GREIF, INC.
Date: March 7, 2017	By	/s/ Lawrence A. Hilsheimer
		Lawrence A. Hilsheimer, Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

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99.3	File transcript of conference call with interested investors and financial analysts held by management of Greif, Inc. on March 2, 2017.

Exhibit 99.1

Contact: Matt Eichmann
740-549-6067
matt.eichmann@greif.com

Greif Reports First Quarter 2017 Results

DELAWARE, Ohio (March 1, 2017) – Greif, Inc. (NYSE: GEF, GEF.B), a world leader in industrial packaging products and services, announced first quarter 2017 results. "Our global portfolio delivered solid results during the first quarter," said Greif's President and Chief Executive Officer, Pete Watson. "Greif's gross profit and operating profit before special items [1] margins both improved as we continued to execute our strategy of improved customer service and disciplined commercial and operational execution. Looking forward, we remain focused on advancing our strategy to generate greater value from our portfolio for the benefit of our customers and shareholders."

First Quarter Highlights include:

- Net sales increased $49.5 million to $820.9 million compared to $771.4 million for the first quarter of 2016.
- Gross profit improved to $163.3 million compared to $151.3 million for the first quarter of 2016. Gross profit margin improved to 19.9 percent from 19.6 percent for the first quarter of 2016.
- Operating profit improved $24.5 million and operating profit before special items improved $8.6 million compared to the first quarter of 2016. Operating profit margin before special items improved to 8.1 percent compared to 7.5 percent for the first quarter of 2016.
- Net income of $5.4 million or $0.10 per diluted Class A share compared to net loss of $(11.1) million or $(0.19) per diluted Class A share for the first quarter of 2016. Net income, excluding the impact of special items, of $26.4 million million or $0.45 per diluted Class A share compared to net income, excluding the impact of special items, of $23.0 million or $0.40 per diluted Class A share for the first quarter of 2016.
- Income tax expense for the first quarter of 2017 increased to $ 11.8 million from $6.0 million for the first quarter 2016, due primarily to changes in income mix, the impact of entities with a valuation allowance, and a change in assertions related to foreign unremitted earnings that triggered a first quarter 2017 charge of $4.4 million.
- Cash used in operating activities increased $17.9 million compared to the first quarter of 2016. Free cash flow [2] declined by $9.4 million compared to the first quarter of 2016, primarily due to increased raw material purchases in the first quarter of 2017 compared to 2016 in anticipation of near-term increases in raw material costs.
- During the first quarter of 2017, the Company purchased an annuity contract for approximately $49.2 million with defined benefit pension plan assets and, in connection with such purchase, the pension obligation for certain retirees under that plan in the United States was irrevocably transferred from the plan to the annuity contract. Additionally, lump sum payments totaling $35.1 million were made from defined benefit plan assets to certain participants who agreed to accept such payments, representing the current value of those participants' respective pension benefit. The settlement items described above resulted in a decrease in projected benefit obligation of $84.3 million and a non-cash settlement charge of $23.5 million .

1 A summary of all special items that are excluded from net income before special items, from earnings per diluted Class A share before special items and from operating profit before special items is set forth in the Selected Financial Highlights table following the Dividend Summary in this release.

2 Free cash flow is defined as net cash provided by operating activities less cash paid for purchases of properties, plants and equipment.

Note: A reconciliation of the differences between all non-GAAP financial measures used in this release with the most directly comparable GAAP financial measures is included in the financial schedules that are a part of this release. These non-GAAP financial measures are intended to supplement and should be read together with our financial results. They should not be considered an alternative or substitute for, and should not be considered superior to, our reported financial results. Accordingly, users of this financial information should not place undue reliance on these non-GAAP financial measures.

Company Outlook

We reaffirm our 2017 fiscal year guidance as set forth below.

Class A Earnings Per Share before Special Items	$2.78 - $3.08

Note: 2017 GAAP Class A Earnings Per Share guidance is not provided in this release due to the potential for one or more of the following, the timing and magnitude of which we are unable to reliably forecast: gains or losses on the disposal of businesses, timberland or properties, plants and equipment, net, non-cash asset impairment charges due to unanticipated changes in the business, restructuring-related activities, non-cash pension settlements or acquisition costs, and the income tax effects of these items and other income tax-related events. No reconciliation of the fiscal year 2017 Class A earnings per share before special items guidance, a non-GAAP financial measure which excludes gains and losses on the disposal of businesses, timberland and property, plant and equipment, acquisition costs, non-cash pension settlement charges, restructuring and impairment charges is included in this release because, due to the high variability and difficulty in making accurate forecasts and projections of some of the excluded information, together with some of the excluded information not being ascertainable or accessible, we are unable to quantify certain amounts that would be required to be included in the most directly comparable GAAP financial measure without unreasonable efforts.

Segment Results

Net sales are impacted primarily by the volume of primary products sold, selling prices, product mix and the impact of changes in foreign currencies against the U.S. Dollar. The tables below show the percentage impact of each of these items on net sales for our primary products, both including and excluding divestitures, for the first quarter of 2017 as compared to the first quarter of 2016 for the business segments with manufacturing operations:

Net Sales Impact - Primary Products	Rigid Industrial Packaging & Services*	Paper Packaging & Services*	Flexible Products & Services*
	%	%	%
Currency Translation	(2.7)%	—	(4.3)%
Volume	3.0 %	16.1 %	(0.7)%
Selling Prices and Product Mix	10.3 %	(0.8)%	5.1 %
Total Impact of Primary Products	10.6 %	15.3 %	0.1 %

Net Sales Impact - Primary Products, Excluding Divestitures:	Rigid Industrial Packaging & Services*	Paper Packaging & Services*	Flexible Products & Services*
	%	%	%
Currency Translation	(2.7)%	—	(4.5)%
Volume	3.0 %	16.1 %	3.5 %
Selling Prices and Product Mix	10.3 %	(0.8)%	4.9 %
Total Impact of Primary Products	10.6 %	15.3 %	3.9 %

* Primary products are manufactured steel, plastic and fibre drums; intermediate bulk containers; linerboard, medium, corrugated sheets and corrugated containers; and 1&2 loop and 4 loop flexible intermediate bulk containers.

Rigid Industrial Packaging & Services

Net sales increased $26.6 million to $561.5 million for the first quarter of 2017 compared to $534.9 million for the first quarter of 2016. Divestitures (all involving non-primary products) and foreign currency translation both negatively impacted net sales by $ 25.2 million and $14.4 million, respectively, in the first quarter of 2017 compared to the first quarter of 2016. The $66.2 million increase for the first quarter 2017 compared to the first quarter of 2016 was due primarily to an increase in selling prices of our primary products due to strategic pricing decisions and increases in index prices of 10.3 percent and an increase in volumes of 3.0 percent.

Gross profit increased to $112.4 million (20.0 percent) for the first quarter of 2017 compared to $102.8 million (19.2 percent) for the first quarter of 2016 due to the same factors that impacted net sales, improvements in production costs and divestiture of select non-core and underperforming assets during 2016.

Operating profit was $28.7 million for the first quarter of 2017 compared to an operating loss of $2.6 million for the first quarter of 2016. Operating profit before special items and excluding the impact of divestitures increased to $43.4 million for the first quarter of 2017 from $35.4 million for the first quarter of 2016, due primarily to the same factors that impacted gross profit and a benefit due to a decrease in allocated corporate costs.

Paper Packaging & Services

Net sales increased $24.5 million to $182.9 million for the first quarter of 2017 compared with $158.4 million for the first quarter of 2016. The increase was due primarily to an increase in volumes in business at the mills and sheet feeder facilities and increased sales of specialty products of $12.0 million from the first quarter of 2016 to the first quarter of 2017.

Gross profit was $35.3 million (19.3 percent) for the first quarter of 2017 compared to $35.8 million (22.6 percent) for the first quarter of 2016. The decrease in gross profit margin was due primarily to increased input costs as well as reductions in published containerboard index prices, substantially offset by an increase in volumes.

Operating profit was $10.8 million for the first quarter of 2017 compared with $21.2 million for the first quarter of 2016. Operating profit before special items decreased to $19.9 million for the first quarter of 2017 from $22.7 million for the first quarter of 2017, due primarily to an increase in pension costs and allocated corporate costs.

Flexible Products & Services

Net sales decreased $3.2 million to $69.7 million for the first quarter of 2017 compared with $72.9 million for the first quarter of 2016 due primarily to the impact of one divestiture in 2016 of a unit selling primary products. Excluding the impact of that divestiture, primary product volume improvements increased net sales 3.5 percent from the first quarter of 2016 to the first quarter of 2017.

Gross profit was $13.1 million (18.8 percent) for the first quarter of 2017 compared to $10.5 million (14.4 percent) for the first quarter 2016. The margin improvement was due to reduced labor and fixed production costs and the continued impact of strategic volume and pricing decisions throughout 2016.

Operating profit was $0.5 million for the first quarter of 2017 compared to an operating loss of $3.1 million for the first quarter of 2016. Operating profit before special items was $1.6 million for the first quarter of 2017 compared to an operating loss of $1.6 million for the first quarter of 2016. The improvement in the operating profit before special items was due primarily to the same factors that impacted gross profit.

Land Management

Net sales increased $1.6 million to $6.8 million for the first quarter of 2017 compared to $5.2 million for the first quarter of 2016.

Operating profit was $2.1 million for both the first quarter of 2017 and 2016 with an increase in allocated corporate costs offseting the impact of the increase in net sales.

Dividend Summary

On February 28, 2017, the Board of Directors declared quarterly cash dividends of $0.42 per share of Class A Common Stock and $0.63 per share of Class B Common Stock. Dividends are payable on April 1, 2017, to stockholders of record at the close of business on March 17, 2017.

GREIF, INC. AND SUBSIDIARY COMPANIES
SELECTED FINANCIAL HIGHLIGHTS
UNAUDITED
(Dollars in millions, except per share amounts)

	Three months ended January 31,	
	2017	**2016**
Selected Financial Highlights		
Net sales	$ 820.9	$ 771.4
Gross profit	163.3	151.3
Gross profit margin	19.9%	19.6%
Operating profit	42.1	17.6
Operating profit before special items	66.7	58.1
EBITDA	69.2	46.9
EBITDA before special items	93.8	87.4
Cash used in operating activities	(44.1)	(26.2)
Free cash flow	(65.4)	(56.0)
Net income (loss) attributable to Greif, Inc.	5.4	(11.1)
Diluted Class A earnings (loss) per share attributable to Greif, Inc.	$ 0.10	$ (0.19)
Diluted Class A earnings per share attributable to Greif, Inc. before special items	$ 0.45	$ 0.40
Special items		
Restructuring charges	$ (0.3)	$ 2.3
Non-cash asset impairment charges	1.9	39.1
Non-cash pension settlement charge	23.5	—
Gain on disposal of properties, plants and equipment and businesses, net	(0.5)	(0.9)
Total special items	$ 24.6	$ 40.5
Total special items, net of tax and noncontrolling interest	21.0	34.1
Impact of total special items, net of tax, on diluted Class A earnings per share attributable to Greif, Inc.	$ 0.35	$ 0.59
	January 31, 2017	**October 31, 2016**
Operating working capital [4]	362.6	304.6

4 Operating working capital represents trade accounts receivable plus inventories less accounts payable.

Conference Call

The Company will host a conference call to discuss the first quarter of 2017 results on March 2, 2017, at 10:00 a.m. Eastern Time (ET). To participate, domestic callers should call 877-201-0168. The Greif ID is 67687104. The number for international callers is 1-647-788-4901. Phone lines will open at 9:30 a.m. ET. The conference call will also be available through a live webcast, including slides, which can be accessed at http://investor.greif.com by clicking on the Events and Presentations tab and searching under the events calendar. A replay of the conference call will be available on the Company's website approximately two hours following the call.

About Greif

Greif is a global leader in industrial packaging products and services and is pursuing its vision to become the world's best performing customer service company in industrial packaging. The Company produces steel, plastic, fibre, flexible, corrugated, and reconditioned containers, intermediate bulk containers, containerboard and packaging accessories, and provides filling, packaging and industrial packaging reconditioning services for a wide range of industries. Greif also manages timber properties in the southeastern United States. The Company is strategically positioned in over 45 countries to serve global as well as regional customers. Additional information is on the Company's website at www.greif.com.

Forward-Looking Statements

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words "may," "will," "expect," "intend," "estimate," "anticipate," "aspiration," "objective," "project," "believe," "continue," "on track" or "target" or the negative thereof and similar expressions, among others, identify forward-looking statements. All forward-looking statements are based on assumptions, expectations and other information currently available to management. Such forward-looking statements are subject to certain risks and uncertainties that could cause the Company's actual results to differ materially from those forecasted, projected or anticipated, whether expressed or implied. The most significant of these risks and uncertainties are described in Part I of the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2016 . The Company undertakes no obligation to update or revise any forward-looking statements.

Although the Company believes that the expectations reflected in forward-looking statements have a reasonable basis, the Company can give no assurance that these expectations will prove to be correct. Forward-looking statements are subject to risks and uncertainties that could cause the Company's actual results to differ materially from those forecasted, projected or anticipated, whether expressed in or implied by the statements. Such risks and uncertainties that might cause a difference include, but are not limited to, the following: (i) historically, our business has been sensitive to changes in general economic or business conditions, (ii) we may not successfully implement our business strategies, including achieving our transformation and growth objectives, (iii) our operations subject us to currency exchange and political risks that could adversely affect our results of operations, (iv) the current and future challenging global economy and disruption and volatility of the financial and credit markets may adversely affect our business, (v) the continuing consolidation of our customer base and suppliers may intensify pricing pressure, (vi) we operate in highly competitive industries, (vii) our business is sensitive to changes in industry demands, (viii) raw material and energy price fluctuations and shortages may adversely impact our manufacturing operations and costs, (ix) geopolitical conditions, including direct or indirect acts of war or terrorism, could have a material adverse effect on our operations and financial results, (x) we may encounter difficulties arising from acquisitions, (xi) in connection with acquisitions or divestitures, we may become subject to liabilities, (xii) we may incur additional restructuring costs and there is no guarantee that our efforts to reduce costs will be successful, (xiii) tax legislation initiatives or challenges to our tax positions may adversely impact our results or condition, (xiv) full realization of our deferred tax assets may be affected by a number of factors, (xv) several operations are conducted by joint ventures that we cannot operate solely for our benefit, (xvi) certain of the agreements that govern our joint ventures provide our partners with put or call options, (xvii) our ability to attract, develop and retain talented and qualified employees, managers and executives is critical to our success, (xviii) our business may be adversely impacted by work stoppages and other labor relations matters, (xix) we may not successfully identify illegal immigrants in our workforce, (xx) our pension and postretirement plans are underfunded and will require future cash contributions and our required future cash contributions could be higher than we expect, each of which could have a material adverse effect on our financial condition and liquidity, (xxi) we may be subject to losses that might not be covered in whole or in part by existing insurance reserves or insurance coverage, (xxii) our business depends on the uninterrupted operations of our facilities, systems and business functions, including our information technology (IT) and other business systems, (xxiii) a security breach of customer, employee, supplier or Company information may have a material adverse effect on our business, financial condition and results of operations, (xxiv) legislation/regulation related to environmental and health and safety matters and corporate social responsibility could negatively impact our operations and financial performance, (xxv) product liability claims and other legal proceedings could adversely affect our operations and financial performance, (xxvi) we may incur fines or penalties, damage to our reputation or other adverse consequences if our employees, agents or business partners violate, or are alleged to have violated, anti-bribery, competition or other laws, (xxvii) changing climate, climate change regulations and greenhouse gas effects may adversely affect our operations and financial performance, (xxviii) the frequency and volume of our timber and timberland sales will impact our financial performance, (xxix) changes in U.S. generally accepted accounting principles (U.S. GAAP) and SEC rules and regulations could materially impact our reported results, (xxx) if the Company fails to maintain an effective system of internal control, the Company may not be able to accurately report financial results or prevent fraud, and (xxxi) the Company has a significant amount of goodwill and long-lived assets which, if impaired in the future, would adversely impact our results of operations. The risks described above are not all-inclusive, and given these and other possible risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. For a detailed discussion of the most significant risks and uncertainties that could cause our actual results to differ materially from those forecasted, projected or anticipated, see “Risk Factors” in Part I, Item 1A of our most recently filed Form 10-K and our other filings with the Securities and Exchange Commission. All forward-looking statements made in this news release are expressly qualified in their entirety by reference to such risk factors. Except to the limited extent required by applicable law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

GREIF, INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
UNAUDITED
(Dollars and shares in millions, except per share amounts)

	Three months ended January 31,	
	2017	**2016**
Net sales	$ 820.9	$ 771.4
Cost of products sold	657.6	620.1
Gross profit	163.3	151.3
Selling, general and administrative expenses	96.6	93.2
Restructuring charges	(0.3)	2.3
Non-cash asset impairment charges	1.9	39.1
Pension settlement charge	23.5	—
Gain on disposal of properties, plants and equipment, net	(1.0)	(0.9)
Loss on disposal of businesses	0.5	—
Operating profit	42.1	17.6
Interest expense, net	18.7	18.5
Other expense, net	3.6	3.0
Income (loss) before income tax expense and equity earnings of unconsolidated affiliates, net	19.8	(3.9)
Income tax expense	11.8	6.0
Net income (loss)	8.0	(9.9)
Net income attributable to noncontrolling interests	(2.6)	(1.2)
Net income (loss) attributable to Greif, Inc.	$ 5.4	$ (11.1)
Basic earnings (loss) per share attributable to Greif, Inc. common shareholders:		
Class A Common Stock	$ 0.10	$ (0.19)
Class B Common Stock	$ 0.13	$ (0.29)
Diluted earnings (loss) per share attributable to Greif, Inc. common shareholders:		
Class A Common Stock	$ 0.10	$ (0.19)
Class B Common Stock	$ 0.13	$ (0.29)
Shares used to calculate basic earnings per share attributable to Greif, Inc. common shareholders:		
Class A Common Stock	25.8	25.7
Class B Common Stock	22.0	22.1
Shares used to calculate diluted earnings per share attributable to Greif, Inc. common shareholders:		
Class A Common Stock	25.8	25.7
Class B Common Stock	22.0	22.1

GREIF, INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEETS
UNAUDITED
(Dollars in millions)

	January 31, 2017	October 31, 2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 106.8	$ 103.7
Trade accounts receivable	391.3	399.2
Inventories	304.2	277.4
Other current assets	234.8	140.0
	1,037.1	920.3
LONG-TERM ASSETS		
Goodwill	747.9	786.4
Intangible assets	89.0	110.6
Assets held by special purpose entities	50.9	50.9
Other long-term assets	138.8	120.9
	1,026.6	1,068.8
PROPERTIES, PLANTS AND EQUIPMENT	1,135.6	1,163.9
	$ 3,199.3	$ 3,153.0
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 332.9	$ 372.0
Short-term borrowings	38.9	51.6
Current portion of long-term debt	—	—
Other current liabilities	248.5	235.6
	620.3	659.2
LONG-TERM LIABILITIES		
Long-term debt	1,074.8	974.6
Liabilities held by special purpose entities	43.3	43.3
Other long-term liabilities	463.2	486.2
	1,581.3	1,504.1
REDEEMABLE NONCONTROLLING INTEREST	32.5	31.8
EQUITY		
Total Greif, Inc. equity	955.0	947.4
Noncontrolling interests	10.2	10.5
	965.2	957.9
	$ 3,199.3	$ 3,153.0

GREIF, INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(Dollars in millions)

	Three months ended January 31,	
	2017	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 8.0	$ (9.9)
Depreciation, depletion and amortization	30.7	32.3
Asset impairments	1.9	39.1
Pension settlement loss	23.5	—
Other non-cash adjustments to net income	(10.3)	0.1
Operating working capital changes	(65.1)	(35.2)
Deferred purchase price on sold receivables	(23.1)	(15.9)
Decrease in cash from changes in other assets and liabilities	(9.7)	(36.7)
Net cash used in operating activities	(44.1)	(26.2)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Collection of subordinated note receivable	—	44.2
Purchases of properties, plants and equipment	(21.3)	(29.8)
Purchases of and investments in timber properties	(2.1)	—
Proceeds from the sale of properties, plants and equipment, businesses, timberland and other assets	2.5	2.1
Net cash provided by (used in) investing activities	(20.9)	16.5
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (payments on) debt, net	97.7	(2.4)
Dividends paid to Greif, Inc. shareholders	(24.5)	(24.5)
Other	(0.5)	(0.2)
Net cash provided by (used in) financing activities	72.7	(27.1)
Effects of exchange rates on cash	(4.6)	(4.1)
Net increase (decrease) in cash and cash equivalents	3.1	(40.9)
Cash and cash equivalents, beginning of period	103.7	106.2
Cash and cash equivalents, end of period	$ 106.8	$ 65.3

GREIF, INC. AND SUBSIDIARY COMPANIES
FINANCIAL HIGHLIGHTS BY SEGMENT
UNAUDITED
(Dollars in millions)

	Three months ended January 31,	
	2017	2016
Net sales:		
Rigid Industrial Packaging & Services	$ 561.5	$ 534.9
Paper Packaging & Services	182.9	158.4
Flexible Products & Services	69.7	72.9
Land Management	6.8	5.2
Total net sales	$ 820.9	$ 771.4
Operating profit (loss):		
Rigid Industrial Packaging & Services	$ 28.7	$ (2.6)
Paper Packaging & Services	10.8	21.2
Flexible Products & Services	0.5	(3.1)
Land Management	2.1	2.1
Total operating profit	$ 42.1	$ 17.6
EBITDA [5]:		
Rigid Industrial Packaging & Services	$ 45.7	$ 17.5
Paper Packaging & Services	19.1	28.9
Flexible Products & Services	1.2	(2.3)
Land Management	3.2	2.8
Total EBITDA	$ 69.2	$ 46.9
EBITDA before special items:		
Rigid Industrial Packaging & Services	$ 60.4	$ 55.6
Paper Packaging & Services	28.2	30.4
Flexible Products & Services	2.3	(0.8)
Land Management	2.9	2.2
Total EBITDA before special items	$ 93.8	$ 87.4

5 EBITDA is defined as net income, plus interest expense, net, plus income tax expense, plus depreciation, depletion and amortization. However, because the Company does not calculate net income by segment, this table calculates EBITDA by segment with reference to operating profit (loss) by segment, which, as demonstrated in the table of Consolidated EBITDA, is another method to achieve the same result. See the reconciliations in the table of Segment EBITDA.

GREIF, INC. AND SUBSIDIARY COMPANIES
FINANCIAL HIGHLIGHTS BY GEOGRAPHIC REGION
UNAUDITED
(Dollars in millions)

	Three months ended January 31,	
	2017	**2016**
Net sales:		
United States	$ 408.0	$ 372.4
Europe, Middle East and Africa	285.9	276.2
Asia Pacific and other Americas	127.0	122.8
Total net sales	820.9	771.4
Gross profit:		
United States	$ 85.2	$ 78.9
Europe, Middle East and Africa	55.8	47.7
Asia Pacific and other Americas	22.3	24.7
Total gross profit	$ 163.3	$ 151.3
Operating profit (loss):		
United States	$ 5.3	$ 18.5
Europe, Middle East and Africa	24.1	5.9
Asia Pacific and other Americas	12.7	(6.8)
Total operating profit	$ 42.1	$ 17.6

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
OPERATING WORKING CAPITAL
UNAUDITED
(Dollars in millions)

	January 31, 2017	**October 31, 2016**
Trade accounts receivable	$ 391.3	$ 399.2
Plus: inventories	304.2	277.4
Less: accounts payable	332.9	372.0
Operating working capital	$ 362.6	$ 304.6

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
CONSOLIDATED EBITDA [6]
UNAUDITED
(Dollars in millions)

	Three months ended January 31,	
	2017	**2016**
Net income (loss)	$ 8.0	$ (9.9)
Plus: Interest expense, net	18.7	18.5
Plus: Income tax expense	11.8	6.0
Plus: Depreciation, depletion and amortization expense	30.7	32.3
EBITDA	$ 69.2	$ 46.9
Net income (loss)	$ 8.0	$ (9.9)
Plus: Interest expense, net	18.7	18.5
Plus: Income tax expense	11.8	6.0
Plus: Other expense, net	3.6	3.0
Operating profit	42.1	17.6
Less: Other expense, net	3.6	3.0
Plus: Depreciation, depletion and amortization expense	30.7	32.3
EBITDA	$ 69.2	$ 46.9

6 EBITDA is defined as net income, plus interest expense, net, plus income tax expense, plus depreciation, depletion and amortization. As demonstrated in this table, EBITDA can also be calculated with reference to operating profit.

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
SEGMENT EBITDA [7]
UNAUDITED
(Dollars in millions)

	Three months ended January 31,	
	2017	**2016**
Rigid Industrial Packaging & Services		
Operating profit (loss)	$ 28.7	$ (2.6)
Less: Other expense, net	2.4	1.7
Plus: Depreciation and amortization expense	19.4	21.8
EBITDA	$ 45.7	$ 17.5
Restructuring charges	(0.5)	1.4
Non-cash asset impairment charges	1.6	36.8
Non-cash pension settlement charge	14.1	—
Gain on disposal of properties, plants, equipment, net	(0.5)	(0.1)
EBITDA before special items	$ 60.4	$ 55.6
Paper Packaging & Services		
Operating profit	$ 10.8	$ 21.2
Plus: Depreciation and amortization expense	8.3	7.7
EBITDA	$ 19.1	$ 28.9
Non-cash asset impairment charges	—	1.5
Non-cash pension settlement charge	9.2	—
Gain on disposal of properties, plants, equipment, net	(0.1)	—
EBITDA before special items	$ 28.2	$ 30.4
Flexible Products & Services		
Operating profit (loss)	$ 0.5	$ (3.1)
Less: Other expense, net	1.2	1.3
Plus: Depreciation and amortization expense	1.9	2.1
EBITDA	$ 1.2	$ (2.3)
Restructuring charges	0.2	0.9
Non-cash asset impairment charges	0.3	0.8
Non-cash pension settlement charge	0.1	—
(Gain) loss on disposal of properties, plants, equipment, net	0.5	(0.2)
EBITDA before special items	$ 2.3	$ (0.8)
Land Management		
Operating profit	$ 2.1	$ 2.1
Plus: Depreciation, depletion and amortization expense	1.1	0.7
EBITDA	$ 3.2	$ 2.8
Non-cash pension settlement charge	0.1	—
Gain on disposal of properties, plants, equipment, net	(0.4)	(0.6)
EBITDA before special items	$ 2.9	$ 2.2
Consolidated EBITDA	$ 69.2	$ 46.9
Consolidated EBITDA before special items	$ 93.8	$ 87.4

7 EBITDA is defined as net income, plus interest expense, net, plus income tax expense, plus depreciation, depletion and amortization. However, because the Company does not calculate net income by segment, this table calculates

EBITDA by segment with reference to operating profit (loss) by segment, which, as demonstrated in the table of Consolidated EBITDA, is another method to achieve the same result.

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
FREE CASH FLOW [8]
UNAUDITED
(Dollars in millions)

	Three months ended January 31,	
	2017	**2016**
Net cash used in operating activities	$ (44.1)	$ (26.2)
Cash paid for purchases of properties, plants and equipment	(21.3)	(29.8)
Free Cash Flow	$ (65.4)	$ (56.0)

8 Free Cash Flow is defined as net cash provided by operating activities less cash paid for purchases of properties, plants and equipment.

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
SEGMENT OPERATING PROFIT (LOSS) BEFORE SPECIAL ITEMS [9]
UNAUDITED
(Dollars in millions)

	Three months ended January 31,	
	2017	**2016**
Operating profit (loss):		
Rigid Industrial Packaging & Services	$ 28.7	$ (2.6)
Paper Packaging & Services	10.8	21.2
Flexible Products & Services	0.5	(3.1)
Land Management	2.1	2.1
Total operating profit	42.1	17.6
Restructuring charges:		
Rigid Industrial Packaging & Services	(0.5)	1.4
Flexible Products & Services	0.2	0.9
Total restructuring charges	(0.3)	2.3
Non-cash asset impairment charges:		
Rigid Industrial Packaging & Services	1.6	36.8
Paper Packaging & Services	—	1.5
Flexible Products & Services	0.3	0.8
Total non-cash asset impairment charges	1.9	39.1
Non-cash pension settlement charge:		
Rigid Industrial Packaging & Services	14.1	—
Paper Packaging & Services	9.2	—
Flexible Products & Services	0.1	—
Land Management	0.1	—
Total non-cash pension settlement charge	23.5	—
(Gain) loss on disposal of properties, plants, equipment and businesses, net:		
Rigid Industrial Packaging & Services	(0.5)	(0.1)
Paper Packaging & Services	(0.1)	—
Flexible Products & Services	0.5	(0.2)
Land Management	(0.4)	(0.6)
Total gain on disposal of properties, plants, equipment and businesses, net	(0.5)	(0.9)
Operating profit (loss) before special items:		
Rigid Industrial Packaging & Services	43.4	35.5
Paper Packaging & Services	19.9	22.7
Flexible Products & Services	1.6	(1.6)
Land Management	1.8	1.5
Total operating profit before special items	$ 66.7	$ 58.1

9 Operating profit (loss) before special items is defined as operating profit (loss), plus restructuring charges, plus non-cash pension settlement charge, plus non-cash impairment charges, less (gain) loss on disposal of properties, plants, equipment, net.

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
NET INCOME AND CLASS A EARNINGS PER SHARE BEFORE SPECIAL ITEMS
UNAUDITED
(Dollars in millions, except for per share amounts)

Three months ended January 31, 2017		**Class A**
Net Income Attributable to Greif, Inc.	$ 5.4	$ 0.10
Gain on disposal of properties, plants, equipment and businesses, net	(0.5)	(0.01)
Restructuring charges	3.8	0.06
Non-cash asset impairment charges	1.5	0.03
Non-cash pension settlement charge	16.2	$ 0.27
Net Income Attributable to Greif, Inc. Excluding Special Items	$ 26.4	$ 0.45

Three months ended January 31, 2016		**Class A**
Net Loss Attributable to Greif, Inc.	$ (11.1)	$ (0.19)
Gain on disposal of properties, plants, equipment and businesses, net	(0.6)	(0.01)
Restructuring charges	1.5	0.04
Non-cash asset impairment charges	33.2	0.56
Net Income Attributable to Greif, Inc. Excluding Special Items	$ 23.0	$ 0.40

All special items are net of tax and noncontrolling interests

The results for the three months ended January 31, 2017 for Net Income Attributable to Greif, Inc. Excluding Special Items are net of tax of $2.9 million and net of noncontrolling interest of $0.7 million. Included in the restructuring charges special item is a $4.4 million income tax charge due to a change in assertions related to unremitted foreign earnings as a result of the restructuring of our intercompany debt portfolio. The tax rate excluding the impact of special items for the first quarter of 2017 was 33.1 percent.

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
SELECTED FINANCIAL INFORMATION
EXCLUDING THE IMPACT OF DIVESTITURES
UNAUDITED
(Dollars in millions)

	Three months ended January 31,		
	2017	**Impact of Divestitures**	**Excluding the Impact of Divestitures**
Net Sales:			
Rigid Industrial Packaging & Services	$ 561.5	$ —	$ 561.5
Paper Packaging & Services	182.9	—	182.9
Flexible Products & Services	69.7	—	69.7
Land Management	6.8	—	6.8
Consolidated	$ 820.9	$ —	$ 820.9
Gross Profit:			
Rigid Industrial Packaging & Services	$ 112.4	$ —	$ 112.4
Paper Packaging & Services	35.3	—	35.3
Flexible Products & Services	13.1	—	13.1
Land Management	2.5	—	2.5
Consolidated	$ 163.3	$ —	$ 163.3
Operating Profit:			
Rigid Industrial Packaging & Services	$ 28.7	$ 0.1	$ 28.6
Paper Packaging & Services	10.8	—	10.8
Flexible Products & Services	0.5	—	0.5
Land Management	2.1	—	2.1
Consolidated	$ 42.1	$ 0.1	$ 42.0
Operating profit before special items [10] :			
Rigid Industrial Packaging & Services	$ 43.4	$ —	$ 43.4
Paper Packaging & Services	19.9	—	19.9
Flexible Products & Services	1.6	—	1.6
Land Management	1.8	—	1.8
Consolidated	$ 66.7	$ —	$ 66.7

10 See table contained herein entitled GAAP to Non-GAAP Reconciliation Segment Operating Profit (Loss) Before Special Items for a reconciliation of each segment's operating profit (loss) before special items.

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
SELECTED FINANCIAL INFORMATION
EXCLUDING THE IMPACT OF DIVESTITURES (CONTINUED)
UNAUDITED
(Dollars in millions)

	Three months ended January 31,		
	2016	Impact of Divestitures	Excluding the Impact of Divestitures
Net Sales:			
Rigid Industrial Packaging & Services	$ 534.9	$ 25.2	$ 509.7
Paper Packaging & Services	158.4	—	158.4
Flexible Products & Services	72.9	2.3	70.6
Land Management	5.2	—	5.2
Consolidated	$ 771.4	$ 27.5	$ 743.9
Gross Profit:			
Rigid Industrial Packaging & Services	$ 102.8	$ 2.5	$ 100.3
Paper Packaging & Services	35.8	—	35.8
Flexible Products & Services	10.5	0.4	10.1
Land Management	2.2	—	2.2
Consolidated	$ 151.3	$ 2.9	$ 148.4
Operating Profit (loss):			
Rigid Industrial Packaging & Services	$ (2.6)	$ (24.7)	$ 22.1
Paper Packaging & Services	21.2	—	21.2
Flexible Products & Services	(3.1)	0.1	(3.2)
Land Management	2.1	—	2.1
Consolidated	$ 17.6	$ (24.6)	$ 42.2
Operating profit (loss) before special items [11] :			
Rigid Industrial Packaging & Services	$ 35.5	$ 0.1	$ 35.4
Paper Packaging & Services	22.7	—	22.7
Flexible Products & Services	(1.6)	0.1	(1.7)
Land Management	1.5	—	1.5
Consolidated	$ 58.1	$ 0.2	$ 57.9

11 See table contained herein entitled GAAP to Non-GAAP Reconciliation Segment Operating Profit (Loss) Before Special Items for a reconciliation of each segment's operating profit (loss) before special items.

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
NET SALES TO NET SALES EXCLUDING THE IMPACT OF DIVESTITURES AND CURRENCY TRANSLATION
UNAUDITED
(Dollars in millions)

	Three months ended January 31,			
	2017	**2016**	**Increase in Net Sales ($)**	**Increase in Net Sales (%)**
Net Sales	$ 820.9	$ 771.4	$ 49.5	6.4%
Impact of Divestitures	—	27.5		
Net Sales Excluding the Impact of Divestitures	$ 820.9	$ 743.9		
Currency Translation	(17.7)	N/A		
Net Sales Excluding the Impact of Divestitures and Currency Translation	$ 838.6	$ 743.9	$ 94.7	12.7%

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
RIGID INDUSTRIAL PACKAGING & SERVICES
NET SALES TO NET SALES EXCLUDING THE IMPACT OF DIVESTITURES AND CURRENCY TRANSLATION
UNAUDITED
(Dollars in millions)

	Three months ended January 31,			
	2017	**2016**	**Increase in Net Sales ($)**	**Increase in Net Sales (%)**
Net Sales	$ 561.5	$ 534.9	$ 26.6	5.0%
Impact of Divestitures	—	25.2		
Net Sales Excluding the Impact of Divestitures	$ 561.5	$ 509.7		
Currency Translation	(14.4)	N/A		
Net Sales Excluding the Impact of Divestitures and Currency Translation	$ 575.9	$ 509.7	$ 66.2	13.0%

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
PRIMARY PRODUCTS
NET SALES TO NET SALES EXCLUDING THE IMPACT OF DIVESTITURES
UNAUDITED
(Dollars in millions)

	Three months ended January 31,			
	2017	**2016**	**Increase in Primary Products Net Sales ($)**	**Increase in Primary Products Net Sales (%)**
Rigid Industrial Packaging & Services				
Primary Products Net Sales	$ 493.9	$ 446.5		
Impact of Divestitures	—	—		
Primary Products Net Sales Excluding the Impact of Divestitures	$ 493.9	$ 446.5	$ 47.4	10.6%
Paper Packaging & Services				
Primary Products Net Sales	$ 182.4	$ 158.1		
Impact of Divestitures	—	—		
Primary Products Net Sales Excluding the Impact of Divestitures	$ 182.4	$ 158.1	$ 24.3	15.3%
Flexible Products & Services				
Primary Products Net Sales	$ 64.2	$ 64.1		
Impact of Divestitures	—	(2.3)		
Primary Products Net Sales Excluding the Impact of Divestitures	$ 64.2	$ 61.8	$ 2.4	3.9%

Greif, Inc.
First Quarter 2017 Pre-Recorded Remarks

Slide 1: Q1 2017 earnings conference call

Good day everyone and thank you for your time. My name is Matt Eichmann and I am the Vice President of Investor Relations and Corporate Communications at Greif. We are pleased to provide you with a copy of our earnings conference call slides, management remarks and 2017 first quarter earnings release for your review.

Providing remarks today are Pete Watson, Greif's President and Chief Executive Officer, and Larry Hilsheimer, Greif's Executive Vice President and Chief Financial Officer. Pete and Larry will both be available tomorrow at 10AM Eastern Time to answer your questions on our performance, and conference call details can be found on our website. In accordance with Regulation Fair Disclosure, I encourage you to ask any questions regarding issues that you consider material during tomorrow's call because we are prohibited from discussing significant non-public items with you on an individual basis.

Transition : Turning to slide 2….

Slide 2: Safe harbor

As a reminder, the information provided contains forward looking statements and uses certain non-GAAP financial measures. Please review the information on this slide. Our first quarter 2017 earnings release was issued after the market closed on Wednesday, March 1, 2017 and is posted to our website at www.greif.com .

And now, I'd like to turn the presentation over to Greif's President and Chief Executive Officer, Pete Watson on slide 3.

Slide 3: Greif's vision and three strategic priorities

Thank you Matt and good morning, we appreciate your interest in our company.

At Greif, our vision is clear - in industrial packaging, be the best performing customer service company in the world - and it's supported by three strategic priorities:

- First, we are building engaged teams accountable for value creation. Incentives are cascaded down to the plant level and all of our global colleagues are aligned with value delivery.
- Second, we are committed to providing exceptional customer service to all of our customers around the globe. Exceptional service is a prerequisite for sustainable and profitable growth.
- Third, we are actively transforming our performance by:

- Optimizing and strengthening our portfolio;
- Expanding our margins through disciplined operational execution; and by
- Achieving a higher level of fiscal discipline across the company, resulting in stronger Free Cash Flows.

The Greif Way is the foundation to our vision and strategic priorities, and guides us as we celebrate our 140th year in business.

Transition: Please turn to slide 4…

Slide 4: Improving customer service excellence

Customer service excellence is fundamental to our business and critical to our strategy of delivering greater value to our customers and shareholders. We achieved an aggregate 9 percent improvement year over year in Greif's consolidated customer satisfaction index score, and recorded improvements in each of our business segments versus the prior year quarter.

Transition: Please turn to slide 5…

Slide 5: Q1 2017 highlights

Our global operations are executing at a higher level and our first quarter performance reflects their sustained and solid operational results:

- Net sales for the first quarter 2017 were almost $821 million dollars - a $49.5 million dollar improvement versus the prior year first quarter.
- Our first quarter 2017 consolidated gross profit margin was 19.9 percent - a 30 basis point improvement year over year.
- Our first quarter 2017 operating profit before special items margin was 8.1 percent - a 60 basis point improvement over the prior year first quarter - and our best first quarter performance in more than five years.
- And we delivered $0.45 in the first quarter 2017 class A earnings per share before special items versus $0.40 per share in the first quarter last year. Tax expense was impacted by our global income mix, and Larry Hilsheimer will address that topic later.

Transition: Please turn to slide 6…

Slide 6: Delivering sustained operational improvement

Exceptional customer service excellence and disciplined operational execution are driving us towards our 2017 run rate targets. Over the last four quarters, we delivered gross and operating profit before special items margins of 20.7 percent and 9.4 percent, respectively, and operated at an SG&A ratio of 11.3 percent. Our gross and operating profit before special items margins have improved despite an unsteady global industrial economy and continued cost headwinds in our containerboard business. Our SG&A ratio is headed in the right direction, despite the continuing pressure of a strong US dollar relative to our initial Transformation commitment assumptions, accruals for incentives related to Transformational improvement and some additional expense related to material weakness remediation.

We believe the improvements seen across our business are sustainable, and I am pleased with the efforts made by our entire global team. However, we will continue to strive for higher results.

We expect to fully meet, or exceed, our Transformation run rate targets, and plan to share an update on our progress at our upcoming Investor Day on June 28, 2017.

Transition : Please turn to slide 7…

Slide 7: Rigid Industrial Packaging & Services (RIPS) review

Our Rigid Industrial Packaging and Services business delivered solid results in the first quarter:

- Sales of primary products were higher by almost 11 percent versus the prior year quarter, excluding divestitures, boosted by improving customer service, margin / mix management and increased customer share in selected markets.
- Volumes were strong across the portfolio. Notably, our strategy to expand further into the Intermediate Bulk Container market accelerated, with global volumes up almost 17 percent versus the prior year quarter.
- And we experienced strong margin growth as we pursue our objective of quality of market share expansion. RIPS gross profit margin grew by 80 basis points year over year, while the business operating profit before special items margin grew by 110 basis points. Margins were aided by margin/mix management activities, lower manufacturing expenses and better operational efficiencies.

Transition: Please turn to slide 8…

Slide 8: Paper Packaging & Services (PPS) review

Our Paper Packaging & Services segment continues to focus on controlling what it can control and is making the most of capital upgrades we introduced to our network over the last several years.

Paper’s first quarter revenue of roughly $183 million dollars was more than $24 million dollars higher than the first quarter of last year, and was aided by record volume in our mill system along with strong CorrChoice sheet feeder network performance versus the prior year first quarter. Notably, CorrChoice - our corrugated sheet feeder business - delivered volume growth of 16.1 percent, which outpaced industry growth of 4.5 percent for the quarter.

Operating profit before special items for the first quarter was flat over year due primarily to the continued effects of a price/cost squeeze. That said, we remain optimistic about the future. We announced to customers a $50 per ton price increase effective March 15th with full realization expected in our fiscal calendar third quarter, and ended Q1 with very strong mill backlogs.

Specialty sales growth remains a focus for us, as these products offer higher margins versus conventional corrugated sheets. Demand for our specialty business grew by roughly 80 percent versus the prior year first quarter, aided by the addition of a second Asitrade machine at Michigan Packaging business and by strong demand seen in triple wall packaging and coating line sales.

Transition: Please turn to slide 9…

Slide 9: Flexible Products & Services (FPS) review

The turnaround plan at Flexible Products and Services is gaining momentum and tracking to our internal expectations. The business recorded its fifth consecutive quarter of operating profit before special items improvement as the team remains focused on disciplined operational execution.

Flexibles generated sales of $69.7 million dollars; excluding the impact of divestitures, sales from primary products for the first quarter grew by nearly 4 percent year over year. The business' gross profit dollars grew by roughly 25 percent, and its gross profit margin expanded by 440 basis points versus the prior year quarter. Lower labor and manufacturing expenses - coupled with improvements in underperforming operations - helped Flexibles deliver operating profit before special items of $1.6 million dollars in the first quarter, with especially strong performance seen in APAC.

Significant work at Flexibles remains to be done, but I am pleased with the urgency the team is displaying. We continue to expect that the business will deliver accelerated performance in 2017, building from the momentum and optimization work put into effect over the last year.

Transition: I'd like now to turn over the presentation to Larry Hilsheimer - our Chief Financial Officer.

Slide 10: Greif consolidated results

Thanks Pete and hello everyone. Please turn to slide 10.

Our first quarter financial results demonstrate solid performance and operational execution despite an unsteady macroeconomic environment.

Pete mentioned our GAAP sales improvement in his remarks. I will add that net sales for the first quarter - excluding the impact of divestitures and currency translation - rose nearly 13 percent versus the prior year quarter, with revenue improvement seen in three of our four business segments year over year. Higher sales were the result of improving customer service, strategic pricing decisions, higher commodity index prices and quality of market share expansion.

Higher sales, better product/mix management and stronger operational execution drove significant pre-tax profit expansion. First quarter operating profit before special items of $66.7 million grew by nearly 15 percent versus the prior year quarter, with improvements seen in our Rigids, Flexibles and Land Management businesses. The impact of “special items” on our operating profit was also reduced by $13 million - net of tax and non-controlling interest - year over year, as our Transformation progresses and “special items” start to tail off. The major source of “special items” in the first quarter was a non-cash pension curtailment charge. That charge stems from our decision to settle pension obligations with approximately 2,400 vested participants, which will help to reduce future pension risk and administrative costs.

Income tax expense was $11.8 million for the first quarter, which equates to an effective rate of roughly 60 percent. GAAP tax expense was higher by $5.8 million versus the prior year quarter for three primary reasons:

- First, we experienced higher pre-tax earnings as the business continues to improve as a result of our Transformation efforts;
- Second, we were impacted by income mix and discrete losses in foreign jurisdictions subject to valuation allowance reserves without corresponding tax benefits; and
- Third, we were impacted by tax changes related to foreign unremitted earnings that resulted from a restructuring of intercompany debt.

I’ll add that our first quarter adjusted tax rate was roughly 33 percent.

Class A earnings per share before special items were $0.45 per share - a 12.5 percent improvement versus the prior year first quarter and improved by the factors I previously mentioned.

Finally, first quarter Free Cash Flow totaled $(65.4) million - roughly $9 million lower than the year ago quarter. Free cash flow declined due to changes in working capital - driven by higher year over year inventories as a result of higher raw material prices and select pre-purchase activities. Our working capital performance on the whole was less than satisfactory and is receiving close attention.

Transition: Turning to slide 11…

Slide 11: Fiscal year 2017 earnings per share guidance unchanged

We continue to expect that our Fiscal 2017 Class A earnings per share before special items will range between $2.78 and $3.08. The anticipated improvement versus fiscal 2016 is driven by a number of factors, including: margin / product mix management; execution discipline; share of wallet expansion in key markets; and improvement in underperforming operations. Please note that the containerboard price increase we announced to customers for March 15th is not contemplated in our guidance range, nor are any future potential OCC price increases that could develop.

We also continue to expect that we will generate between $180 - $210 million in Free Cash Flow for Fiscal 2017, permitting us to further improve our financial strength and flexibility for pursuing growth opportunities post Transformation.

At our Investor Day on June 28, 2017, we will highlight the growth strategy methodology we will employ in the coming years, leveraging and aligning past lessons learned to our current business state with consideration to future customer needs.

We look forward to discussing this area in greater detail in June.

Transition: And with that, I'll turn the call back to Pete for his closing comments before our Q&A.

Slide 12: Solid start to first quarter

Thank you, Larry. Please turn to slide 12…

Fiscal 2017 is off to a strong start at Greif, with improved service levels, higher year over year sales, and gross and operating profit before special items margin expansion. We are tracking towards 2017 run rate commitments and our fiscal year guidance remains intact, despite higher input costs.

The team is responding well to the challenges we continue to face and is focused on executing on those levers that are within our control. They include:

- Providing exceptional levels of customer service excellence;
- Displaying solid operating fundamentals; and

- Demonstrating tight fiscal discipline.

Those attributes - coupled with Greif's comprehensive packaging offering, diverse geographic footprint and improving operational execution - position us to thrive as the world's industrial economy improves, and will result in greater earnings and enhanced Free Cash Flow.

Thank you for your interest in Greif, and we look forward to taking your questions tomorrow.

Greif, Inc.
First Quarter 2017 Earnings Results Conference Call
March 2, 2017

CORPORATE PARTICIPANTS

Matt Eichmann *Greif, Inc. - VP of IR and Corporate Communications*

Pete Watson *Greif, Inc. - President and CEO*

Larry Hilsheimer *Greif, Inc. - EVP and CFO*

CONFERENCE CALL PARTICIPANTS

George Staphos *BofA Merrill Lynch - Analyst*

Ghansham Panjabi *Robert W. Baird & Company, Inc. - Analyst*

Chris Manuel *Wells Fargo Securities, LLC - Analyst*

Adam Josephson *KeyBanc Capital Markets - Analyst*

Dan Jacome *Sidoti & Company - Analyst*

PRESENTATION

Operator

Good morning. My name is Suzanne and I will be your conference operator today. At this time, I would like to welcome everyone to the Greif 2017 first quarter earnings call.

(Operator Instructions)

Matt Eichmann, you may begin your conference.

Matt Eichmann - *Greif, Inc. - VP of IR & Corporate Communications*

Thank you, Suzanne. Good morning everyone and welcome to the question and answer portion of Greif's first quarter 2017 earnings conference call. Please take a moment refer to the Q&A slide presentation we posted to our website this morning. Yesterday after the market closed, we posted our earnings slide pepresentation, pre-recorded remarks and our most recent results to our website. I'm now on slide 2.

Responding to your questions this morning are Pete Watson, President and Chief Executive Officer and Larry Hilsheimer, Executive Vice President and Chief Financial Officer. Please turn to slide 3. This morning's question-and-answer session will contain forward-looking statements. Actual results or outcomes may differ materially from those that may be expressed or implied. Please review our filings with the Securities and Exchange Commission for more information regarding the factors that could cause actual results to differ materially from these projections or expectations.

During this question-and-answer session, certain non-GAAP financial measures may be discussed, including those that may include the impacts of acquisitions and divestitures, special items such as restructuring charges and impairment charges and acquisition-related costs. Reconciliation tables are included in our earnings release and the presentation posted on www.investor.Greif.com, yesterday. I'd now like to turn the call over to Pete Watson, Greif's President and Chief Executive Officer for a few brief remarks.

Pete Watson - *Greif, Inc. - President & CEO*

Thank you, Matt. Good morning everyone, we appreciate your interest in Greif. Our Company is committed to building teams to value delivery, delighting our customers through superior customer service excellence and achieving transformational performance. All the intent to deliver exceptional value to our customers and shareholders.

We had a solid start to our FY17 and would like to highlight several achievements from the quarter, which include sales of $820.9 million a 6.4% improvement versus the prior year first quarter. The consolidated gross profit margin of 19.9%, a 30 basis points year-over-year and the result of continued execution discipline in our operations. Our operating profit before special items is $66.7 million, a nearly 15% improvement versus the prior year first quarter and we are reaffirming our Class A earnings per share before special items guidance range of $2.78 to $3.08 per share.

While I'm pleased with the progress being made, there is still significant opportunities that remain in each of our strategic business segments.

We remain focused on unlocking additional value for our shareholders. We look forward to your questions today. Suzanne, we're ready for the first question.

QUESTIONS AND ANSWERS

Operator

George Staphos, Bank of America, Merrill Lynch.

George Staphos - *BofA Merrill Lynch - Analyst*

Thanks and good morning everybody, appreciate the details, Pete. Congratulations on the progress in the quarter. I guess on the last point that you left us with that you said there's still tremendous opportunity across the Greif businesses, specific in RIPS, there's been, certainly from the numbers, very good performance and progressions the last two years.

What in your view is not doing well enough, either from a product, region or process standpoint in terms of RIPS performance? And what would be required either from a capital allocation standpoint to get it to that point or other process issues to get it to that point of better performance? What would be the financial implications from that as well, from a returns standpoint? Thank you.

Pete Watson - *Greif, Inc. - President & CEO*

Thanks, George. Let me make it very clear, especially regarding RIPS. We're very, very pleased with the performance of that team and our two leaders, Ole Rosgaard and Michael Cronin are doing exceptional jobs with their teams leading the business. Overall, Greif, if you looked at our performance in the first quarter with gross margins at 19.9%, that takes into account a highly inflationary raw material environment which, as you guys know, has an impact of lowering the percentage of sales as it relates to gross margin.

George Staphos - *BofA Merrill Lynch - Analyst*

Right.

Pete Watson - *Greif, Inc. - President & CEO*

But also, we did a 330 basis point reduction in our Paper Packaging segment due to the price cost squeeze that we are experiencing. So, that is one opportunity of upside. When you look at, specific on RIPS, to your question, I think we're doing a really good job in discipline, price and product management. We are making significant improvements in our ability to provide higher-levels of customer satisfaction. There is still upside there, which I believe very strongly is a precursor to profitable growth.

Inside our four walls and in our supply chain, we have more opportunities. Some of the focus areas, operationally regarding process stability and process reliability and process predictability, we have a very, very high focus and intensity on reducing unplanned downtime. Which is a matter of how do we improve our maintenance capabilities and improve our operating capabilities. When you reduce unplanned downtime, you improve process stability, which improves their quality capabilities but also unlocks more opportunities either to reduce cost or to improve your volume throughput.

There are tremendous opportunities not only in RIPS, but every business we have. We have a of over 50 key projects around the world on sourcing supply chain initiatives that will continue to add thousands of opportunities for marginal gains that collectively add up to a lot of value. The second, last area, George, is we've talked in the last 1.5 years quite a bit about under performing operations that are either losing money or marginally profitable. We have less of those.

We still have some of those that we are working on, but we've pivoted to look at what is the potential that a business or a plant has in terms of earnings standards? And we've got some very good businesses that are earning good margins that have the ability to make more money. I think those are four or five areas that don't require significant capital that can help us improve our operating performance, over time.

Larry Hilsheimer - *Greif, Inc. - EVP & CFO*

The other, George, that I would add, we still have opportunities in our SG&A cost in some of our RIPS operations that will play out and we also have opportunity to improve our margin performance in our IBC business, as we build that out. In terms of the financial implications, I would say that they're generally built into the transformation commitments that we've provided to you previously. So it's upside from where we are at this quarter and we've also talked, I think, in the past, about beyond our transformation commitments and the run rate basis coming out of this year that there are other opportunities going forward in both that supply chain and the SG&A space as we complete our ERP system execution, those kind of things.

George Staphos - *BofA Merrill Lynch - Analyst*

Okay. Larry, thanks. One more from me and I will turn it over. Just maybe as an aside, I assume more quantification on what the upside might look like will occur in June at your analyst day? You can kind of just affirm or deny that, as you wish.

On IBCs, can you talk about how you are being able to get that type of growth, recognizing it's from a small base. But, what things, in particular, what levers are you pulling to get that? Thank you. I'll turn it over.

Pete Watson - *Greif, Inc. - President & CEO*

It's really two areas. One, you recognized that we do have a small base and we are expanding our footprint in different regions around the world, predominantly focusing on Europe, North America and APAC in China. The second is, we do business with a significant amount of multinational companies that would like us to supply not only steel drums and fiber drums and plastic drums, but IBCs as well. Our relationships and our abilities to serve in a trusting way to these global multinationals has expanded our reach that has led us into IBCs. I think that's what you are going to see and you will see going forward, a higher growth rate than our normal products because of those two reasons.

Larry Hilsheimer - *Greif, Inc. - EVP & CFO*

George, just to confirm that yes, at Investor Day in June, we will give more clarity around where we think the opportunities are beyond 2017.

George Staphos - *BofA Merrill Lynch - Analyst*

Very good. I will turn it over. Thank you.

Operator

Ghansham Panjabi of Baird.

Ghansham Panjabi - *Robert W. Baird & Company, Inc. - Analyst*

Just to clarify on the first quarter, your fiscal first quarter, did your volumes come in better than maybe your initial expectations? Maybe you can share with us the volume cadence during the quarter and which regions, if any, surprised you?

Pete Watson - *Greif, Inc. - President & CEO*

Yes. Obviously, we've been growing and building on our ability to serve customers. I think that trajectory of our performance to serve our customers better is one demonstration of why our volumes are up. We also are seeing, in certain regions in North America, and the United States is a great example, that the demand has just improved in the last three or four months.

So, as we've seen that improvement, the volumes have increased as part of a higher optimism in the U.S. around some of the pro-business administration. So, not entirely surprised. If you look around the world, how we see it -- and if you like, I will take it from a macro environment, Ghansham.

Ghansham Panjabi - *Robert W. Baird & Company, Inc. - Analyst*

Yes.

Pete Watson - *Greif, Inc. - President & CEO*

As you guys know, our footprint we've experienced pretty high inflationary environments in all of our raw materials and other key input cost is around the world. As I mentioned, U.S. business conditions are much more healthier. There's much more overall optimism that we're seeing from our customers in the market and that's a reflection of volume. And in EMEA, we're starting to see a slowly improving business environment.

I think Larry and I feel more optimistic coming out of our quarterly business reviews for most of the regions in EMEA than we did three or four months ago and that's consistent with some of the euro zone manufacturing data that's been recently released. There is some potential disruption due to the political environments and elections in a few of the European countries as we get further down the road. But again, we feel more optimistic in EMEA. In the APAC region, we see a very consistent consumer pattern to what we've seen in the past year.

In our Latin America, which is predominantly Brazil, we saw the industrial economy improve. But, we remain very cautious about that pace of improvement in Brazil. I think when you look, overall at our outlook, our strategy continues to be grounded in how we drive value and quality and market share, not chasing volume. We're not focused on quantity in market share. I think we're making good progress in that, which is indicative of our performance -- continued performance improvement.

To go a little bit further, lower, macro-wise in the region in North America, we had good improvement in steel and plastics, up 9% and 6%, respectively. Our IBCs are up 32%, now that is from a very, very low base, so don't get too excited about that. We've seen much higher chemical demand as some of these market conditions improved and specifically in the Gulf Coast. American Chemistry Council is showing an increase in their forecast for the year at more than 3%, which considering that's one of our big segments, that will be a help to us.

We also see other segments like pharmaceuticals improving and we've seen a good early start in the ag season in both the South and West in our plastic and steel drum business. In EMEA, our steel volumes were down 2%. That's more of a reflection of a slower start to the quarter. But also reflection our price and product and margin mix management as it relates to our strategy focused on quality in market share and not focusing on volume.

We've consolidated one of our operations in Germany, steel drum plants to match our capabilities or capacities to market demand and we still see very strong demand in Eastern Europe and Russia. A little bit slower demand in the Middle East and Africa. IBCs in EMEA are up 16%. That is at a much higher base. So again to my comment to George, I think the multinational companies we serve, like to do business with us and are giving us expansion opportunities as we can provide them multiple products in our portfolio.

I referenced Brazil and Argentina had good market demand. Our steel volume was up 25% versus the prior year quarter. Again, that was from a very, very low base a year ago when that economy was struggling quite significantly. Our plastic business in that market was fairly slack based on the slower ag season and honey and the fires and floods in several of the countries have created lower use ag chems, which is a big segment for us in plastics.

We think that broader market will slightly improve, but we are taking a very, very cautious tone in our outlook in that region. RIPS APAC, our steel volumes are up 2% based on general demand in lubricants and bulk chemicals in China and Singapore, predominantly. Again, we think as the Chinese economy continues to mature at the pace that it's been, we think there's opportunity across all the segments. And just finally, to make sure this is from the ground up as we see it from our operators. And while the markets that we participate in have an influence in our performance, our focus is to be really disciplined and controlled in the levers we control and not being captive to tailwinds or headwinds.

So, we have thousands and thousands of levers in our business that we can control and grasp hold of. And when you do really good job of aggregating all the marginal gains of those thousands of levers and it's starts to show improved business performance. I think we're optimistic about some of the big markets we participate in, but we still have to execute and create value starting with the customer and that's our expectation.

Ghansham Panjabi - *Robert W. Baird & Company, Inc. - Analyst*

Thanks, Pete. As a quick follow-up, it sounded like for your fiscal 2Q, Europe was a little bit better. Can you first off confirm that and also size that improvement relative to the volume numbers you reported in your fiscal 1Q? Thanks so much.

Pete Watson - *Greif, Inc. - President & CEO*

I'm sorry. Could you repeat that, Ghansham? I didn't quite get that.

Ghansham Panjabi - *Robert W. Baird & Company, Inc. - Analyst*

Yes so I think in your comments you were referring to 2Q volumes, maybe the macro improving in Europe for your fiscal 2Q versus the volumes you delivered in the first quarter. Can you sort of size the improvement? I know it's still very early in the quarter.

Pete Watson - *Greif, Inc. - President & CEO*

So through the first quarter we saw improving volumes in most of EMEA. I didn't comment on Q2. Other than the fact that seeing our performance in January, which is the last month of our first quarter, we are very optimistic about the trajectory of some of our businesses there. So, that was out relative to the improvement throughout Q1 so I really didn't reference Q2. But the expectation, if it continues, is positive.

Larry Hilsheimer - *Greif, Inc. - EVP & CFO*

Ghansham, our growth in -- as you can see on our price volume chart was pretty nominal increase in EMEA for Q1. We don't anticipate dramatic growth. It's just that if things are feeling better and we are getting the customers we want to serve there -- so, that's where our optimism is based.

Ghansham Panjabi - *Robert W. Baird & Company, Inc. - Analyst*

Okay. Thanks so much.

Operator

Chris Manuel of Wells Fargo.

Chris Manuel - *Wells Fargo Securities, LLC - Analyst*

Congratulations on a strong start to the year.

Pete Watson - *Greif, Inc. - President & CEO*

Thanks, Chris.

Chris Manuel - *Wells Fargo Securities, LLC - Analyst*

I wanted to circle in on a couple of topics. If we could talk about price cost and I'm going to try to go through it by different segments. But if we start with the RIPS business, at first. I think price was up for the whole segment, a little north of 10%. Where do you feel, yet in some of the commentary you had and in the text and your slides, it talked about mix or price cost still being perhaps a little bit behind. I know we've seen a lot of inflation.

Could you maybe give us a sense of where you are today? How you've been managing the business? Look, historically, you haven't always done a great job or sometimes it's taken a while. It seemingly didn't make an impact this time around in your margins. Maybe have we not felt it yet or are you doing something different tin the business now to better match materials with orders and protect yourself from a price cost standpoint, what have you?

Pete Watson - *Greif, Inc. - President & CEO*

Thanks, Chris. If you look at our RIPS business we have had in the last six months pretty high inflationary measures. The acceleration was higher in Europe and China, although the U.S. experienced some similar issues. So, two things. As you guys know, when we have really significant, rapid change in the price of our raw materials, particularly steel, our price adjustment mechanisms will lag at times when there's a really high increase in that.

We had some of that in China. We had parts of that in Europe. But I would say what we are doing a much better job from a process standpoint of managing price in up markets and down markets because we have disciplined pricing management and processes and our two leaders Ole Rosgaard and Michael Cronin, it's very, very important to them. They are very highly involved and our focus, again, is how do we create value and not volume and a big part of that is pricing discipline and I think that's a result of what you see in the first quarter.

Chris Manuel - *Wells Fargo Securities, LLC - Analyst*

Okay. As a follow-up, maybe for Larry, I think -- I can't remember if I pulled it out of the press release or where, but it sounded like, perhaps, you had bulked up a little in inventory to help with some of the buffer as you saw this coming. With that reverse -- do anticipate have that reversing itself out later in the year? Or, perhaps working capital as you think about it on a year-over-year basis -- I believe you were flat or anticipating a flat environment, might, in fact, that be a modest use of capital? Or how are you thinking about that over the full-year?

Larry Hilsheimer - *Greif, Inc. - EVP & CFO*

Thanks, Chris. Two things. Our sourcing group did do some opportunistic buying to try to help manage that price increase impact. I would say the majority of that was in North America, a little bit in EMEA. So, that did have a negative impact on working capital for the quarter.

We do expect that we'll achieve some of the benefit of that. We did, already get some. But, we expect some of that method to play out. Relative to working capital, my comments in the recorded remarks, we want to hold ourselves and our teams to a very high standard on managing working capital. So, we view that should be a source of cash.

So as you're growing the business, if we maintain our working capital flat, we should obviously generate cash. That's what we challenge our teams to do. Some of the things, obviously you can mitigate that or opportunistic buys but taking advantage of prepaid discounts which would be not wise to pass up on just to extend your payables and manage your working capital.

Particularly, in this interest rate environment, so we do take advantage of those. We've challenged our teams that despite those factors we expect us to manage our working capital to be flat. That's what -- when I said not up to the standard that we hold ourselves, we are a little disappointed on the performance in the first quarter, but remain committed to being flat for the year. And our teams are challenged to do so and I believe they will deliver. We just have to be better disciplined and make sure that we are collecting our receivables timely in particular.

Chris Manuel - *Wells Fargo Securities, LLC - Analyst*

That's helpful. Last question, kind of a similar type question. But if I could flip gears to the Paper business for a second, seems like, perhaps you are still a little bit behind in price cost there. We have had some substantial inflation in OCC. A, do have the full $40 put through from the October price increase as you sit here today?

Then, B, if we were to get all $50 of what's proposed and what you've announced going forward will the combination -- so A, where are you at with the process putting the first one through and then two, if we got all of the second, will that get you back to where you want to be on cost price spread? Could you end up being a little bit better shape? How would you have us think about that?

Pete Watson - *Greif, Inc. - President & CEO*

Thanks. If you look at the first increase from October that was executed and blended in through our first quarter. So, by the end of January we had fully implemented. The issue is, it got eroded by a large extent to the increase in OCC and, some other input costs, natural gas and diesel fuel which has significant increases. The increase for the $50 a ton that we had announced for March 15th, assuming OCC does not change, which is probably not a good assumption, the gap between what we increase our container work prices and subsequently converted prices to the system, versus any offset in OCC, will be what the result of the gain could be based on our announced increase.

Larry Hilsheimer - *Greif, Inc. - EVP & CFO*

Chris, maybe just to add a little bit more color, I stated that we did not build into our guidance range that $50 increase. We have some, but not all of the February increase in. I'd say there's another $14 or so that isn't blended into the forecast either on OCC -- I'm sorry, yes, OCC cost increase.

As Pete said, the OCC market is pretty fickle right now. So, I did not feel comfortable modifying our guidance range, at this point. Because, I think that will play out over the next couple months. So, I'm comfortable where our range is now for all of those different variables.

Chris Manuel - *Wells Fargo Securities, LLC - Analyst*

Okay. At the end of the day I'm looking at revenue up nicely, but a profit down a little bit and I'm guessing most of that is the spread. As this all gets implemented through, I'm guessing that your margin gets kind of restored is that the hope?

Larry Hilsheimer - *Greif, Inc. - EVP & CFO*

If nothing changed for the rest of the year, other than the announced OCC cost increase for February and the price increase that we've announced, we'd pick up another $13 million to $15 million.

Chris Manuel - *Wells Fargo Securities, LLC - Analyst*

Okay. On an annual basis?

Larry Hilsheimer - *Greif, Inc. - EVP & CFO*

For the rest of this year.

Chris Manuel - *Wells Fargo Securities, LLC - Analyst*

For the rest of this year, okay.

Larry Hilsheimer - *Greif, Inc. - EVP & CFO*

It would be in this year's results, right.

Chris Manuel - *Wells Fargo Securities, LLC - Analyst*

Okay. Thank you, guys. Good luck in the rest of the quarter.

Operator

(Operator Instructions)

Adam Josephson of KeyBanc Capital Markets.

Adam Josephson - *KeyBanc Capital Markets - Analyst*

Pete, Larry, Matt, good morning. Pete, just one or two on OCC. Can you talk about why you think it's spiked in recent months and what you -- I appreciate how difficult it is to predict where OCC is going, but can you at least talk about why you think there's been such a spike? Is that more China, is it more e-commerce, is it the lack of collection throughout last year? Can you help us with what's going on and consequently what you expect to happen in the next few months?

Pete Watson - *Greif, Inc. - President & CEO*

I sure will. Thanks, Adam. I see it as classic supply and demand scenario. Everybody knows that there's been a very high demand in our export markets and it's diverted a lot of the material of OCC to China because of the higher pricing levels. In particular around the coastal regions and actually where we procure a lot of our OCC and you've actually had very, very strong North American mill production across the whole system.

But also specifically some of the recycled mills due to the demand increase in the U.S., which we talked about in one of the earlier questions. You talk about generation in the e-commerce effect that more product was shipped to homes. Therefore, the question is did it get collected in the way stream effectively? That trend and argument makes sense, but I've not seen any factual data to support or confirm it.

So in my view, that's purely speculation. If you look at the future of OCC pricing and you said it best, I'd like to tell you beyond one month what might happen, but we expect to see increases in OCC in the next quarter. But after that, I can't speculate beyond that time frame what may or may not happen.

Adam Josephson - *KeyBanc Capital Markets - Analyst*

So you expect prices to go up at least in March, it sounds like, by I'm assuming $15 or more.

Pete Watson - *Greif, Inc. - President & CEO*

I'm not going to comment on the amount. If the trend continues, short-term, I see an inflationary period, short-term.

Adam Josephson - *KeyBanc Capital Markets - Analyst*

Just relatedly, obviously in your price increase announcement, you cited higher raw material costs. If we are in a panic buying phase on OCC and let's say OCC goes up in March but then it crashes shortly thereafter, which OCC as you know has been prone to do in years past, what would be the justification for the price increase at that point if OCC goes right back down?

Pete Watson - *Greif, Inc. - President & CEO*

I'll just make comments as it relates to Greif and not industry wise. But the biggest part of this increase for Greif is supply and demand and our system is very, very busy. You saw the numbers. Our mills had record operating volume, our CorrChoice sheet feeder system was up 16%. We do not see -- we see the same type of trajectory in February.

A part of that is due to the U.S. improved manufacturing economy but the other part is a lot to do with what we are doing in that business, which is aligned with strategic partners and customers that are growing and winning in the markets they participate in and it's our heavy growth in specialty products. So, again, our system is very, very full. Our backlogs in our mills are strong and it is for us a supply and demand. The secondary is inflationary environment, but it's not all OCC.

Our natural gas costs are up 66% versus a year ago. Our diesel fuel is up 29% versus a year ago. And quite frankly, the demand that we are seeing in the market is one of the big drivers on why OCC is moving up because the mills need more OCC. To me, it's classic supply and demand and those are the elements that make us very, very confident of our position on the price increase.

Larry Hilsheimer - *Greif, Inc. - EVP & CFO*

Adam, I would just add we're very committed to delivering appropriate return to our shareholders and we are going to do what we need to do to maintain our margin at the levels that are acceptable to us.

Adam Josephson - *KeyBanc Capital Markets - Analyst*

But, to be clear, it's not about cost inflation, it's supply demand, right? Because I thought in your letter to customers you indicated it was all about rising input cost, not supply demand?

Pete Watson - *Greif, Inc. - President & CEO*

I don't have the letter in front of me but if you look at our system, our volume, it's demand and our supply position in our system. But that is part of what's causing an inflationary environment on OCC. Again, we've had significant increase in natural gas and significant increase in diesel fuel. Inflationary environment, by itself, is not the answer. You've got to have a high supply -- or excuse me, high demand and we have it. We're very, very tight and we're very, very busy.

Adam Josephson - *KeyBanc Capital Markets - Analyst*

Thank you, for that, Pete. Two others. One on CapEx. It's obviously been below D&A for several quarters, now. I know you've guided to call it $100 million of CapEx, which would obviously remain well below D&A. Why do you think that is sustainable?

Larry Hilsheimer - *Greif, Inc. - EVP & CFO*

Adam, I would just say and I've obviously not done a good enough job of being clear on this. We feel extremely comfortable that the range of capital spend that we've provided in a non-acquisitive time is absolutely sufficient. If you look back, we had a number of periods where we're making substantial investments in our Paper business that we were outsized that are influencing some of that, but we've also downsized our footprint. We've consolidated operations, we've eliminated some businesses through our divestitures and there is a bit in that amortization and depreciation that relates to acquisitions that those will tail off they aren't indicative of normal CapEx. So I would just reiterate, we feel very, very comfortable that the range that we provided to you is more than adequate.

Adam Josephson - *KeyBanc Capital Markets - Analyst*

Okay. Thank you, Larry. One last one. You guys obviously issued a press release last week in response to an article in USA Today that you thought -- you talked about containing inaccuracies and omissions, but it wasn't clear what you were referring to exactly. Can you just go into a little more detail about what you took exception to in that article and whether you expect any financial impact from the situation?

Pete Watson - *Greif, Inc. - President & CEO*

Yes. I'm not going to get in on this call on the very specifics, other than to say that the basis of those articles was obtained through a secret recording of our employees by a third-party safety and environmental firm that we had hired, with the intent to improve our processes and performance and safety and environment. Some of that information was inaccurate and some of it emphasized outdated or out of context information and really failed to recognize and deemphasize some of the improvements made and the changes instituted there in the past several years.

The only other thing I'll say, we've got an incredibly strong commitment and track record to health and safety and the environment. We achieved our lowest medical case rate history in Greif in 2016. We've got a very cooperative and transparent relationship with local, state and Federal officials in every geography around the world we work and with that said, we are not perfect. We can always improve and we are committed to working with our people and regulatory agencies and communities to achieve our aspiration, which is really zero accident and zero harm environment. In regard to financial potential risk, I'll allow Larry to comment on that, Adam.

Larry Hilsheimer - *Greif, Inc. - EVP & CFO*

Adam, obviously under GAAP accounting, we obviously feel very, very comfortable with what we've got set aside for environmental and other issues and have no reason to have concern about that anything that we are aware of at this point in time.

Adam Josephson - *KeyBanc Capital Markets - Analyst*

Thanks a lot, Larry. Appreciate it.

Pete Watson - *Greif, Inc. - President & CEO*

Thanks, Adam.

Operator

(Operator Instructions)

George Staphos from Bank of America, Merrill Lynch.

George Staphos - *BofA Merrill Lynch - Analyst*

Hi guys, I'll ask another couple questions and then go back in queue. First of all, what do you think about the potential for there to be some pre-buying in your volumes either in RIPS or paperboard ahead of pricing? No company I've ever asked this question of ever feels that pre-buying is the biggest value of volume but how do you manage against that? Obviously in an inflationary environment there's always going to be a little bit of pre-buying.

Larry Hilsheimer - *Greif, Inc. - EVP & CFO*

I would just say, George, when you think of our product, they don't generally have excess parking lots to store drums. So, we don't believe there would be a significant piece of that. Pete was going to comment, also.

Pete Watson - *Greif, Inc. - President & CEO*

To Larry's point, you've got space issues with our drums, our IBCs and our containerboard. You guys certainly know that some companies do put containerboard out in parking lots. That's not the optimal and you see less and less of that. Most of our customers in paper, we serve them on one day lead times because they are serving their customers in similar fashion.

They don't have the insight to their customer order books, as much. It's a high service, high paced environment. I'm not naive to think some of that happens, but that has nothing -- no impact, in my view, to why our volumes are up.

George Staphos - *BofA Merrill Lynch - Analyst*

Okay. I appreciate the thoughts, Pete. Can you talk at all about the realism in the SG&A to sales target of 10%, obviously there have been some headwinds in your ability to get there. But, let us know -- update us, if you will, in terms of why you think that's still a realistic target over time?

Or, what observations you may have on that target. Maybe a quick one if I can throw it in since we are on this general subject of cost, OCC, I think you were answering Chris's question, what do have built-in for OCC in your guidance? Thank you.

Larry Hilsheimer - *Greif, Inc. - EVP & CFO*

A couple things. You'll recall that in the past, I've said that when we kicked off transformation, at the time I had stated I thought the attainment of our margin objectives was going to be the more difficult. Then as time has passed and we've had the significant impacts of currency shifts as well as divestitures -- more revenue than we probably contemplated at that time as we analyzed our unit, I've shifted to say that the SG&A commitment is the more difficult one. That said, we do still believe that we will achieve our transformation commitment on a run rate basis coming out of this year.

It's going to be really difficult. We've got a lot of plans. It's going to take really strong execution and we can't have surprises occur. Some of that may happen. But, I feel comfortable that we have a good plan to achieve that objective coming out of this year.

If we should fall short of some -- we have more opportunity going forward as I've indicated in the past related to things that we will be able to capitalize on, relative to our ERP system implementation that will be completed in the latter half of 2018. Leveraging that will give us more opportunity and I hope over the longer period of time 2018, 2019, that we would be able to challenge ourselves to get more in the 9.5% range over time. We will try to put more color and more specifics around that in June.

I feel good and commenting on this quarter, we had a couple of things in there. We have some -- we true-up our incentives beginning second quarter. Used to be even the third, but we are trying to get to the point where we can accelerate that and adjust every quarter. So we are little high on incentive accruals and some of that had to do with the special payout related to better things than we accrued for at year-end but nothing material.

So, it influenced things a little bit in this quarter and we also had some professional fees related to remediation of our material weaknesses that trailed in and caused a little bit of bump in expenses. But, we expect all of that to mitigate over the year and get us back to where we expect it to be for SG&A for this year. And then as I've said, we do have plans to have us coming out of the year on a run rate basis at that 10% below commitment, but it's going to take a lot of work.

George Staphos - *BofA Merrill Lynch - Analyst*

On the OCC and your guidance?

Larry Hilsheimer - *Greif, Inc. - EVP & CFO*

I'm sorry. What we've basically got built-in right now, just on pure OCC, is about $145 a ton across all of our space.

George Staphos - *BofA Merrill Lynch - Analyst*

Thank you.

Operator

Dan Jacome of Sidoti.

Dan Jacome - *Sidoti & Company - Analyst*

Just taking it back to working capital, a quick housekeeping question, more specifically on the DSOs. I think -- I was at analyst day last June and if my mind serves me correctly you were calling for a 30% improvement over time? Where are you on that now, are you still targeting that? Specifically, if you could, can you provide some color on where do you guys stand on the aging of the receivables and the electronic fund transfers, things that you thought at the time there was probably some low hanging fruit to go after? Any update on that? Thanks.

Larry Hilsheimer - *Greif, Inc. - EVP & CFO*

Dan, we continue to make progress on that goal. We are not as far along as I would expect us to be relative to our first quarter results for the reasons I already mentioned. We remain confident in our ability to achieve the objectives that we laid out last spring. In terms of electronic fund transfers, and the movement of accounts, we are making good progress. I'd like to see that be accelerated from where we are and that's one of the focus areas that we have to help us achieve the flat or better for the year.

Dan Jacome - *Sidoti & Company - Analyst*

Okay. Great. Looking forward to it, thanks.

Operator

George Staphos, Bank of America, Merrill Lynch.

George Staphos - *BofA Merrill Lynch - Analyst*

Some last ones from me. On Flexibles, gentlemen, if we could talk a little bit about achievement of your longer-term goals by 2017, recognizing that we will get an update on this in a few months and the goals may or may not change. Do you think that milestone, if it's achieved, makes Flexibles an investable business from here?

And recognizing it's not a yes or no answer, nor one that you can necessarily talk about on a live mic conference call, what are the things you're thinking about in terms of why Flexibles can become an even more and more important part of the portfolio? That's question number one. Question number two, I think last call there were a couple of questions on your views on administrations, new policies, potential from border deductibility and I think the answer was it was too early then to comment. I was wondering if you have any update on that subject for us, today?

Larry Hilsheimer - *Greif, Inc. - EVP & CFO*

I'll take the second one, first comment on FPS and I think Pete will add a few things, maybe on both, but particularly on FPS. With respect to the administration's proposals, George, it still is pretty much still too early to tell on specific benefits. I think as we indicated previously, anything that would result in a reduction in the U.S. corporate tax rate is a positive factor for us. So, we look forward to seeing that happen.

If it does, that would be beneficial to us. Relative to FPS, we believe that we will achieve the transformation run rate commitments coming out of 2017. We are pleased, very pleased, I'd say, with the job that Hari and his team are doing on executing more rapidly the plan that we laid out at the beginning of their transformation process. And, in terms of it being an investable business, as with everything, we always are assessing our portfolios. I would say, clearly, it's improving performance has us viewing that in a more favorable light.

Yes, we will talk more specifically about it in June and what its longer-term opportunities are. But, they are obviously showing significant improvement on their margin mix management and we talked in the past that by 2020 timeframe, we would expect their margins to be north of 20% and they're making really nice progress on that. We want to see that continue and also improving their operating cost. Good progress, still monitoring it closely, but encouraged by the progress. Pete, do you have anything?

Pete Watson - *Greif, Inc. - President & CEO*

No. We're very pleased with the pace of change going on and from a growth standpoint, George, we have pretty significant upside just in organic growth with our existing footprint. We have to demonstrate we have the ability to do that, first. Then just to reference to some of the potential policies in the administration, one big one is the border tax and does that have an impact on supply chain. We have very minimal exposure in our supply chain that would not be material risk to our Company if some of those policies play out.

George Staphos - *BofA Merrill Lynch - Analyst*

Pete, thanks for that. Larry, one quick one on the 2020 margin goal. I forget is that an EBITDA or is that an operating profit, if you will, margin goal? It sounds like to your comments that growth is really how you begin to make an assault on that target, or maybe not, what are the larger buckets of items that would drive you toward that target? Thank you, guys and good luck in the quarter.

Larry Hilsheimer - *Greif, Inc. - EVP & CFO*

I'm sorry, it was not clear enough. What I was really speaking to is gross margin on product sales, where we expect it to be north of 20%. But, there is obviously, also opportunities to drive out further SG&A cost and drive that bottom line operating profit, which not any different than our other businesses. We expect that to be 10% or above when they get to that 2020 timeframe.

George Staphos - *BofA Merrill Lynch - Analyst*

Thank you.

Operator

And there are no further questions at this time. I turn the call back over to Matt Eichmann for his concluding remarks.

Matt Eichmann - *Greif, Inc. - VP of IR & Corporate Communications*

Thanks a lot, Suzanne. That concludes our call for today. The replay of this question-and-answer session will be available later on, on our website and www.investor.Greif.com. We really appreciate your interest and participation this morning. Thanks a lot and have a good remainder to your day.

Operator

This concludes today's conference call. You may now disconnect.