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

June 8, 2020 **(June 2, 2020)**

Date of Report (Date of earliest event reported)

PACKAGING SUCCESS TOGETHER™

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.)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Class A Common Stock	GEF	New York Stock Exchange
Class B Common Stock	GEF-B	New York Stock Exchange

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 June 3, 2020, Greif, Inc. (the "Company") issued a press release (the "Earnings Release") announcing the financial results for its second quarter ended April 30, 2020. 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 net income, excluding the impact of adjustments, for the second quarter of 2020 and the second quarter of 2019, which is equal to the Company's consolidated net income for the applicable period plus restructuring charges, plus acquisition and integration related costs, plus debt extinguishment charges, plus non-cash asset impairment charges, plus non-cash asset impairment charges, plus incremental COVID-19 costs, net, plus the net tax benefit resulting from the Tax Cut and Jobs Act of 2017 (the "Tax Reform Act"), less (gain) loss on disposal of properties, plants, equipment and businesses, net, each net of tax, noncontrolling interest and equity earnings of unconsolidated affiliates and on a consolidated basis for the applicable period;

(ii) the Company's earnings per diluted Class A share, excluding the impact of adjustments, for the second quarter of 2020 and the second quarter of 2019, which is equal to earnings per diluted Class A share of the Company for the applicable period plus restructuring charges, plus acquisition and integration related costs, plus debt extinguishment charges, plus non-cash asset impairment charges, plus incremental COVID-19 costs, net, plus the net tax benefit resulting from the Tax Reform Act, less (gain) loss on disposal of properties, plants, equipment and businesses, net, each net of tax, noncontrolling interest and equity earnings of unconsolidated affiliates and on a consolidated basis for the applicable period;

(iii) the Company's consolidated adjusted EBITDA for the second quarter of 2020 and the second quarter of 2019, which is equal to the Company's consolidated net income for the applicable period plus interest expense, net, plus debt extinguishment charges, plus income tax expense, plus depreciation, depletion and amortization expense, plus restructuring charges, plus acquisition and integration related costs, plus non-cash asset impairment charges, plus incremental COVID-19 costs, net, plus non-cash pension settlement (income) charges, less (gain) loss on disposal of properties, plants, equipment and businesses, net, each on a consolidated basis for the applicable period;

(iv) the Company's consolidated adjusted free cash flow for the second quarter of 2020 and the second quarter of 2019, which is equal to the Company's consolidated net cash provided by (used in) operating activities for the applicable period less cash paid for purchases of properties plants and equipment, plus cash paid for acquisition and integration related costs, plus cash paid for debt issuance costs, plus cash paid for incremental COVID-19 costs, net, plus cash paid for acquisition and integration related enterprise resource planning ("ERP") systems each on a consolidated basis for the applicable period;

(v) the Company's net debt for the second and first quarters of 2020 and the second quarter of 2019, which is equal to the Company's consolidated total debt at the end of the applicable period ended less cash and cash equivalents at the end of the applicable period ended.

(vi) net sales excluding foreign currency translation for the Company's Rigid Industrial Packaging & Services business segment for the second quarter of 2020 and the second quarter of 2019, which is equal to that business segment's net sales for the applicable quarter, after adjusting such sales for the second quarter of 2020 for foreign currency translation;

(vii) adjusted EBITDA for the Company's Rigid Industrial Packaging & Services business segment for the second quarter of 2020 and the second quarter of 2019, which is equal to that business segment's operating profit less other (income) expense, net, less equity earnings of unconsolidated affiliates, net of tax, plus depreciation and amortization expense, plus restructuring charges, plus acquisition and integration related costs, plus non-cash asset impairment charges, plus incremental COVID-19 costs, net, less (gain) loss on disposal of properties, plants, equipment and businesses, net, each for the applicable period;

(viii) net sales excluding foreign currency translation for the Company's Paper Packaging & Services business segment for the second quarter of 2020 and the second quarter of 2019, which is equal to that business segment's net sales for the applicable quarter, after adjusting such sales for the second quarter of 2020 for foreign currency translation;

(ix) adjusted EBITDA for the Company’s Paper Packaging & Services business segment for the second quarter of 2020 and the second quarter of 2019, which is equal to that business segment’s operating profit less other (income) expense, net, less non-cash pension settlement (income) charges, plus depreciation and amortization expense, plus restructuring charges, plus acquisition and integration related costs, plus non-cash pension settlement (income) charges, plus incremental COVID-19 costs, net, less (gain) loss on disposal of properties, plants, equipment and businesses, net, each for the applicable period;

(x) net sales excluding foreign currency translation for the Company's Flexible Products & Services business segment for the second quarter of 2020 and the second quarter of 2019, which is equal to that business segment's net sales for the applicable quarter, after adjusting such sales for the second quarter of 2020 for foreign currency translation;

(xi) adjusted EBITDA for the Company’s Flexible Products & Services business segment for the second quarter of 2020 and the second quarter of 2019, which is equal to that business segment’s operating profit less other (income) expense, net, plus depreciation and amortization expense, plus restructuring charges, plus incremental COVID-19 costs, net, less (gain) loss on disposal of properties, plants, equipment and businesses, net, each for the applicable period; and

(xii) adjusted EBITDA for the Company’s Land Management business segment for the second quarter of 2020 and the second quarter of 2019, which is equal to that business segment’s operating profit plus depreciation, depletion and amortization expense, plus restructuring charges, less (gain) loss on disposal of properties, plants, equipment and businesses, net, each for the applicable period.

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 adjustments (restructuring charges, acquisition and integration related costs, non-cash asset impairment charges, incremental COVID-19 costs, net, non-cash pension settlement (income) charges, disposals of properties, plants, equipment and businesses, net, and the net tax benefit resulting from the Tax Reform Act) 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 adjustments provides 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 adjusted free cash flow, which excludes cash paid for capital expenditures, acquisition and integration related costs, incremental COVID-19 costs, net, cash paid for debt issuance costs, and cash paid for acquisition and integration related ERP systems from the Company's consolidated net cash provided by (used in) 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 5 – Corporate Governance and Management

Item 5.03(a). Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On June 2, 2020, the Company’s Board of Directors adopted, effective as of June 8, 2020, an amendment to the Second Amended and Restated By-Laws of the Company, as amended, by inserting a new Article XI providing that the exclusive forum for any claims against the Company under the Securities Act of 1933 is a federal district court of the United States of America. This amendment to the Second Amended and Restated By-Laws is attached as Exhibit 99.2 to this Current Report on Form 8-K.

Section 7 – Regulation FD

Item 7.01. Regulation FD Disclosure.

On June 4, 2020, 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 second quarter ended April 30, 2020. The file transcript of the Conference Call is attached as Exhibit 99.3 to this Current Report on Form 8-K.

On the Conference Call, Management provided the following information regarding the Company’s business in May 2020. In the Rigid Industrial Packaging & Services segment, steel drum volumes were down roughly 8% on a per day basis versus May

2019, as customers destocked, while IBCs were up slightly over 10% on a per day basis. In the Paper Packaging & Services segment, CorrChoice volumes were down single digits on a per day basis versus May 2019 while volumes in the tube and core business were a bit softer than that. Demand for corrugated sheets and tubes and cores improved between April and May this year, so we’re hopeful that we’re beginning to see a positive trend as businesses re-open. In addition, there were other references to the Company’s business in May by management during the Conference Call, which are reflected in the file transcript of the Conference Call attached as Exhibit 99.3 to this Current Report on Form 8-K.

Further, the file transcript has been amended to correct certain items from the Conference Call. Specifically, on pages 5 and 6, respectively, the following sentences originally stated:

"In our Rigid business, in large steel drums, on a global volume basis per day, our large steel drum business globally is down about 5% … And the large steel drum volume in APAC was up 1% on a per day basis compared to April. And if you look at EMEA, EMEA's volume on large steel drums were down 7% on a per day basis compared to April."

"If you look at our volumes in April to May and our converting operations in Paper and CorrChoice, which is really tied into our containerboard system, on a per day basis, May versus April, we're up 6%."

These sentences have been amended to read as follows:

"In our Rigid business, in large steel drums, on a global volume basis per day, our large steel drum business globally is down about 6% … And the large steel drum volume in APAC was up 1% on a per day basis compared to May 2019. And if you look at EMEA, EMEA's volume on large steel drums were down 2% on a per day basis compared to April"

"If you look at our volumes in April to May and our converting operations in Paper and CorrChoice, which is really tied into our containerboard system, on a per day basis, May versus April, we're up 4%."

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

Exhibits.

Exhibit No.	Description
99.1	Press release issued by Greif Inc. on June 3, 2020 announcing the financial results for its second quarter ended April 30, 2020.
99.2	Amendment to the Second Amended and Restated By-Laws of the Company, effective June 8, 2020.
99.3	File transcript of conference call with interested investors and financial analysts held by management of Greif Inc. on June 4, 2020.

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: June 8, 2020	By /s/ Lawrence A. Hilsheimer
	Lawrence A. Hilsheimer, Executive Vice President and Chief Financial Officer

Exhibit 99.1

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

Greif Reports Second Quarter 2020 Results

DELAWARE, Ohio (June 3, 2020) – Greif, Inc. (NYSE: GEF, GEF.B), a world leader in industrial packaging products and services, today announced second quarter 2020 results.

Second Quarter Highlights include (all results compared to the second quarter of 2019 unless otherwise noted):

- Net income of $11.4 million or $0.19 per diluted Class A share decreased compared to net income of $13.6 million or $0.23 per diluted Class A share. Net income, excluding the impact of adjustments(1), of $56.5 million or $0.95 per diluted Class A share increased compared to net income, excluding the impact of adjustments, of $47.6 million or $0.81 per diluted Class A share. Adjusted EBITDA(2) increased by $19.3 million to $181.3 million.
- Net cash provided by operating activities increased by $37.6 million to $99.8 million. Adjusted free cash flow(3) increased by $32.9 million to $79.0 million.
- Total debt decreased by $260.2 million to $2,682.3 million. Net debt(4) decreased $242.8 million to $2,609.9 million and decreased $107.4 million sequentially from the first quarter of 2020.

Strategic Actions and Announcements

- Completed the divestiture of the Consumer Packaging Business to Graphic Packaging Holding Company for $85.0 million in cash, subject to closing adjustments.
- Announced the permanent closure of the Mobile, Alabama Uncoated Recycled Board Mill (URB) as part of the Company's commitment to optimize the URB mill network. The closure of the #1 machine in October 2019 (approximately 65,000 tons) combined with the closure of the #2 machine (approximately 75,000 tons) removes approximately 140,000 tons of URB capacity from Greif's network. The Company will transfer existing customer business to other mills in its network.
- Achieved record intermediate bulk container (IBC) volume during the quarter. Also acquired a minority stake in Centurion Container LLC to further expand the Company's IBC reconditioning network in North America.
- Withdrawing fiscal 2020 adjusted Class A earnings per share and adjusted free cash flow guidance. Due to end market uncertainty, the Company is unable to reasonably quantify the impacts to its business for the remainder of its fiscal year. The Company plans to reinstate guidance in the future when there is better clarity into the duration and impact of the COVID-19 pandemic.

Pete Watson, Greif's President and Chief Executive Officer, commented:

"At Greif, we safely package and protect essential goods and materials that serve the greater needs of communities around the world. That is our purpose as a Company and a serious responsibility in which we take pride. While we are operating in a highly unprecedented time, we continue to draw strength from our 16,000 global colleagues, and I commend them for their efforts this past quarter. I would like to especially thank our front line production colleagues for their dedication during this pandemic and for their outstanding service to our customers.

We are responding to COVID-19 from a position of strength, taking proactive steps to prioritize the safety and well-being of our colleagues, customers and suppliers while adapting to new methods to further serve customer needs. We are also advancing our strategic priorities, and during the quarter took steps to enhance our U.S. IBC reconditioning capability and published our 11th annual sustainability report.

From a financial perspective, the business generated solid second quarter results. Adjusted EBITDA rose by 12 percent to $181.3 million, while Adjusted Free Cash Flow increased by more than 71 percent to $79.0 million. Although pleased with this performance, the current operating environment is dynamic and remains difficult to read. While economies have begun to reopen for business, the pace at which they do so varies and uncertainty persists."

(1) Adjustments that are excluded from net income before adjustments and from earnings per diluted Class A share before adjustments are gain or loss on disposal of properties, plants, equipment and business, net, restructuring charges, acquisition and integration related costs, non-cash asset impairment charges, incremental COVID-19 costs, net, debt extinguishment charges, and tax net expense (benefit) resulting from the Tax Cuts and Jobs Act ("Tax Reform Act").

(2) Adjusted EBITDA is defined as net income, plus interest expense, net, plus income tax expense, plus depreciation, depletion and amortization expense, plus restructuring charges, plus acquisition and integration related costs, plus non-cash asset impairment charges, plus incremental COVID-19 costs, net, plus non-cash pension settlement (income) charges, less (gain) loss on disposal of properties, plants, equipment and businesses, net.

(3) Adjusted free cash flow is defined as net cash provided by (used in) operating activities, less cash paid for purchases of properties, plants and equipment, plus cash paid for acquisition and integration related costs, plus cash paid for debt issuance costs, plus cash paid for incremental COVID-19 costs, net, plus cash paid for acquisition and integration related Enterprise Resource Planning (ERP) systems.

(4) Net debt is defined as total debt less cash and cash equivalents.

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.

COVID-19 Pandemic Response

The health and safety of our Greif colleagues is our first priority. The global COVID-19 pandemic remains an evolving situation and our global and regional pandemic task forces meet multiple times per week to monitor the latest updates and take action to further safeguard the health of our colleagues, customers and suppliers.

The Company has implemented a variety of safety measures in response to COVID-19, including: conducting temperature screenings for personnel entering our operations; routinely cleaning high-touch surfaces; following social distancing protocols; staggering production teams where needed; prohibiting all non-critical business travel; implementing visitor protocols; and encouraging all colleagues to work from home when possible. Additionally, Greif has launched a dedicated COVID-19 micro site internally for colleagues to access Company and health authority information, guidelines, protocols and polices, including those issued by the World Health Organization and the U.S. Centers for Disease Control and Prevention.

Greif's business continuity plans are designed to ensure its operations are fully capable of performing in adverse conditions in support of our customers' needs. The Company maintains a diverse supply chain and has not experienced significant production challenges or raw material or supply disruptions. The Company is also conducting frequent customer outreach and updates in the form of letters, audio and visual calls, and virtual customer webinars to maximize communication and further enhance transparency during this global crisis.

Customer Service, Sustainability and Colleague Engagement

The Company's consolidated CSI[5] score was 92.3 during the fiscal second quarter 2020. Our long term objective is for each business to achieve a CSI score of 95.0 or greater. On a trailing four quarter basis, the total Company recorded an all-time best CSI score of 91.7.

CSI for the Rigid Industrial Packaging & Services segment was 93.9, or roughly 5 percent higher than the prior year quarter. CSI for the Flexible Products & Services segment was 84.7, which was roughly 8 percent lower compared to the prior year quarter as a result of COVID-19 related delays to product shipments. CSI for the Paper Packaging & Services segment was 91.3, which was approximately 3 percent higher compared to the prior year quarter.

During the quarter, the Company also completed its 11th annual sustainability report, which was prepared in accordance with the GRI Standards: Core option, SASB Application Guidance and fulfills the United Nations Global Compact annual Communication on Progress. The sustainability report is available for review at https://sustainability.greif.com. Notable Company accomplishments highlighted in this year's report include:

- Diverting 85 percent of total waste from landfills in 2019 from the legacy Greif businesses
- Achieving an 11 percent reduction in greenhouse gas emissions per unit of production relative to our fiscal 2014 baseline

The Company recently completed its third annual colleague engagement survey administered by Gallup. Based on feedback received, Greif's engagement rating was in the 89th percentile of all Gallup manufacturing clients. The Company is a proponent of the Service Profit Chain concept which states that a team of highly engaged colleagues is critical to providing industry leading customer service that helps generate enhanced financial results.

Liquidity and Balance Sheet

In addition to $72.4 million in cash balances as of April 30, 2020, the Company had $690.3 million of available borrowing capacity under its $800.0 million revolving credit facility. The Company's Euro €200 million notes are due in July of 2021, but otherwise the Company has no other sizable debt maturities due until 2024.

Despite its solid position, the Company is taking further steps to improve liquidity and is reducing 2020 capital spending by delaying certain growth projects; closely managing its working capital; and reducing operating costs and selling, general and administrative expenses across the portfolio.

Segment Results (all results compared to the second quarter of 2019 unless otherwise noted)

Net sales are impacted mainly by the volume of primary products[6] sold, selling prices, product mix and the impact of changes in foreign currencies against the U.S. Dollar. The table below shows the percentage impact of each of these items on net sales for our primary products for the second quarter of 2020 as compared to the prior year quarter for the business segments with manufacturing operations. Net sales from Caraustar's primary products are included in the Paper Packaging & Services segment below for the second quarter of 2020 and for the second quarter of 2019 from Greif's ownership period which began on February 11, 2019. The inclusion of Caraustar's primary products for the full second quarter of 2020 resulted in the Paper Packaging & Services segment volumes within the table below to increase by approximately 5 percent.

Net Sales Impact - Primary Products	Rigid Industrial Packaging & Services	Paper Packaging & Services	Flexible Products & Services
	%	%	%
Currency Translation	(3.7) %	(0.1) %	(3.3) %
Volume	1.3 %	5.1 %	(5.4) %
Selling Prices and Product Mix	(2.4) %	(4.9) %	(4.3) %
Total Impact of Primary Products	(4.8) %	0.1 %	(13.0) %

Rigid Industrial Packaging & Services

Net sales decreased by $29.0 million to $602.6 million. Net sales excluding foreign currency translation decreased by $9.3 million primarily due to lower average sale prices as a result of raw material price decreases and corresponding contractual price adjustment mechanisms, partially offset by strategic pricing actions and stronger volumes in certain regions.

Gross profit increased by $8.3 million to $129.3 million. The increase in gross profit was primarily due to lower priced raw materials in part due to opportunistic sourcing, the timing of contractual pass through arrangements, strategic pricing actions, and product mix shifts.

Operating profit increased by $23.5 million to $70.5 million. Adjusted EBITDA increased by $23.3 million to $92.2 million primarily due to the same factors that impacted gross profit and a reduction in the segment's SG&A expense due to a decrease in performance based compensation, cost reduction activities, and the segment receiving a smaller portion of allocated corporate costs.

Paper Packaging & Services

Net sales decreased by $16.0 million to $481.6 million. Net sales excluding foreign currency translation decreased by $15.8 million primarily due to lower published containerboard and boxboard prices and the divestment of the Consumer Packaging Business, partially offset by Greif's eleven day additional ownership period of Caraustar in the 2020 second quarter. The Company took approximately 24,000 tons of economic downtime across its containerboard operations during the quarter.

Gross profit decreased by $13.4 million to $94.9 million. The decrease in gross profit was primarily due to the same factors that impacted net sales.

Operating profit decreased by $35.7 million to a loss of $5.5 million due to the loss on divestment of the Consumer Packaging Business, which was primarily related to the allocation of goodwill to the transaction. Adjusted EBITDA decreased by $3.0 million to $79.1 million primarily due to the same factors that impacted net sales and the segment receiving a greater portion of allocated corporate costs, partially offset by a reduction in the segment's SG&A expense due to a decrease in performance based compensation and cost reduction activities.

Flexible Products & Services

Net sales decreased by $9.6 million to $67.4 million. Net sales excluding foreign currency translation decreased by $7.2 million primarily due to continued demand softness and lower average sale prices primarily as a result of raw material price decreases and corresponding contractual price adjustment mechanisms.

Gross profit decreased by $2.7 million to $13.9 million. The decrease in gross profit was primarily due to the same factors that impacted net sales, partially offset by the timing of contractual pass through arrangements for raw material price decreases.

Operating profit decreased by $6.6 million to $4.6 million. Adjusted EBITDA decreased by $0.8 million to $6.9 million primarily due to the same factors that impacted gross profit, partially offset by a reduction in the segment's SG&A expense due to a decrease in performance based compensation and cost reduction activities.

Land Management

Net sales decreased by $0.4 million to $6.7 million.

Operating profit increased by $0.2 million to $2.4 million. Adjusted EBITDA decreased by $0.2 million to $3.1 million.

Tax Summary

During the second quarter, the Company recorded an income tax rate of 63.7 percent, which was negatively impacted by a non-cash goodwill charge related to the divestiture of the Consumer Packaging Business with no associated tax benefit. The Company's tax rate excluding the impact of adjustments was 32.6 percent. The application of FIN 18 frequently causes fluctuations in our quarterly effective tax rates. For fiscal 2020, the Company expects its tax rate to range between 31.0 and 35.0 percent and its tax rate excluding adjustments to range between 27.0 and 31.0 percent.

Dividend Summary

On June 2, 2020, the Board of Directors declared quarterly cash dividends of $0.44 per share of Class A Common Stock and $0.66 per share of Class B Common Stock. Dividends are payable on July 1, 2020, to stockholders of record at the close of business on June 18, 2020.

(5) Customer satisfaction index (CSI) tracks a variety of internal metrics designed to enhance the customer experience in dealing with Greif.
(6) Primary products are manufactured steel, plastic and fibre drums; new and reconditioned intermediate bulk containers; linerboard, containerboard, corrugated sheets and corrugated containers, boxboard, and tube and core products; and 1&2 loop and 4 loop flexible intermediate bulk containers.

Conference Call

The Company will host a conference call to discuss the second quarter of 2020 results on June 4, 2020, at 8:30 a.m. Eastern Time (ET). To participate, domestic callers should call 833-921-1617. The Greif ID is 2278767. The number for international callers is +1-236-714-2102. Phone lines will open at 8:00 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: in industrial packaging, be the best performing customer service company in the world. The Company produces steel, plastic and fibre drums, intermediate bulk containers, reconditioned containers, flexible products, containerboard, uncoated recycled paperboard, coated recycled paperboard, tubes and cores and a diverse mix of specialty products. The Company also manufactures packaging accessories and provides filling, packaging and other services for a wide range of industries. In addition, Greif manages timber properties in the southeastern United States. The Company is strategically positioned in over 40 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, 2019. 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 growth objectives, (iii) our level of indebtedness could adversely affect our liquidity, limit our flexibility in responding to business opportunities, and increase our vulnerability to adverse changes in economic and industry conditions, (iv) our operations subject us to currency exchange and political risks that could adversely affect our results of operations, (v) the current and future challenging global economy and disruption and volatility of the financial and credit markets may adversely affect our business, (vi) the continuing consolidation of our customer base and suppliers may intensify pricing pressure, (vii) we operate in highly competitive industries, (viii) our business is sensitive to changes in industry demands, (ix) raw material and energy price fluctuations and shortages may adversely impact our manufacturing operations and costs, (x) changes in U.S. trade policies could impact the cost of imported goods into the U.S., which may materially impact our revenues or increase our operating costs, (xi) the results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and our business, (xii) geopolitical conditions, including direct or indirect acts of war or terrorism, could have a material adverse effect on our operations and financial results, (xiii) we may encounter difficulties arising from acquisitions, (xiv) in connection with acquisitions or divestitures, we may become subject to liabilities, (xv) the acquisition of Caraustar Industries, Inc. and its subsidiaries subjects us to various risks and uncertainties, (xvi) we may incur additional restructuring costs and there is no guarantee that our efforts to reduce costs will be successful, (xvii) we could be subject to changes to our tax rates, the adoption of new U.S. or foreign tax legislation or exposure to additional tax liabilities, (xviii) full realization of our deferred tax assets may be affected by a number of factors, (xix) several operations are conducted by joint ventures that we cannot operate solely for our benefit, (xx) certain of the agreements that govern our joint ventures provide our partners with put or call options, (xxi) our ability to attract, develop and retain talented and qualified employees, managers and executives is critical to our success, (xxii) our business may be adversely impacted by work stoppages and other labor relations matters, (xxiii) we may not successfully identify illegal immigrants in our workforce, (xxiv) 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, (xxv) we may be subject to losses that might not be covered in whole or in part by existing insurance reserves or insurance coverage, (xxvi) our business depends on the uninterrupted operations of our facilities, systems and business functions, including our information technology and other business systems, (xxvii) 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, (xxviii) legislation/regulation related to environmental and health and safety matters and corporate social responsibility could negatively impact our operations and financial performance, (xxix) product liability claims and other legal proceedings could adversely affect our operations and financial performance, (xxx) 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, (xxxi) the current COVID-19 pandemic could have a material adverse effect on our business, financial condition, results of operations and cash flows, (xxxii) changing climate, climate change regulations and greenhouse gas effects may adversely affect our operations and financial performance, (xxxiii) the frequency and volume of our timber and timberland sales will impact our financial performance, (xxxiv) changes in U.S. generally accepted accounting principles (GAAP) and SEC rules and regulations could materially impact our reported results, (xxxv) if we fail to maintain an effective system of internal control, we may not be able to accurately report financial results or prevent fraud, and (xxxvi) we have 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

(in millions, except per share amounts)	Three months ended April 30, 2020	Three months ended April 30, 2019	Six months ended April 30, 2020	Six months ended April 30, 2019
Net sales	$ 1,158.3	$ 1,213.3	$ 2,270.7	$ 2,110.3
Cost of products sold	917.6	964.6	1,807.4	1,688.8
Gross profit	240.7	248.7	463.3	421.5
Selling, general and administrative expenses	121.1	140.0	256.5	238.1
Restructuring charges	4.4	7.5	7.7	11.2
Acquisition and integration related costs	4.8	13.8	9.9	16.4
Non-cash asset impairment charges	1.3	—	1.4	2.1
Gain on disposal of properties, plants and equipment, net	(1.3)	(4.9)	(1.8)	(5.8)
Loss on disposal of businesses, net	38.4	1.7	38.4	1.7
Operating profit	72.0	90.6	151.2	157.8
Interest expense, net	29.3	33.9	60.0	45.6
Non-cash pension settlement income	—	—	(0.1)	—
Debt extinguishment charges	—	21.9	—	21.9
Other expense, net	1.1	2.3	2.4	2.1
Income before income tax expense and equity earnings of unconsolidated affiliates, net	41.6	32.5	88.9	88.2
Income tax expense	26.5	11.5	37.9	31.5
Equity earnings of unconsolidated affiliates, net of tax	(0.7)	(0.1)	(0.9)	(0.2)
Net income	15.8	21.1	51.9	56.9
Net income attributable to noncontrolling interests	(4.4)	(7.5)	(8.2)	(13.6)
Net income attributable to Greif, Inc.	$ 11.4	$ 13.6	$ 43.7	$ 43.3
Basic earnings per share attributable to Greif, Inc. common shareholders:				
Class A common stock	$ 0.19	$ 0.23	$ 0.74	$ 0.74
Class B common stock	$ 0.29	$ 0.34	$ 1.10	$ 1.09
Diluted earnings per share attributable to Greif, Inc. common shareholders:				
Class A common stock	$ 0.19	$ 0.23	$ 0.74	$ 0.74
Class B common stock	$ 0.29	$ 0.34	$ 1.10	$ 1.09
Shares used to calculate basic earnings per share attributable to Greif, Inc. common shareholders:				
Class A common stock	26.4	26.3	26.3	26.1
Class B common stock	22.0	22.0	22.0	22.0
Shares used to calculate diluted earnings per share attributable to Greif, Inc. common shareholders:				
Class A common stock	26.4	26.3	26.3	26.1
Class B common stock	22.0	22.0	22.0	22.0

GREIF, INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEETS
UNAUDITED

(in millions)	April 30, 2020	October 31, 2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 72.4	$ 77.3
Trade accounts receivable	640.5	664.2
Inventories	339.0	358.2
Assets held by special purpose entities	50.9	—
Other current assets	145.1	149.3
	1,247.9	1,249.0
LONG-TERM ASSETS		
Goodwill	1,474.7	1,517.8
Intangible assets	740.2	776.5
Assets held by special purpose entities	—	50.9
Operating lease assets	321.0	—
Other long-term assets	149.1	142.2
	2,685.0	2,487.4
PROPERTIES, PLANTS AND EQUIPMENT	1,596.1	1,690.3
	$ 5,529.0	$ 5,426.7
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 418.3	$ 435.2
Short-term borrowings	3.4	9.2
Current portion of long-term debt	83.8	83.7
Current portion of operating lease liabilities	53.1	—
Current portion of liabilities held by special purpose entities	43.3	—
Other current liabilities	238.6	297.3
	840.5	825.4
LONG-TERM LIABILITIES		
Long-term debt	2,595.1	2,659.0
Liabilities held by special purpose entities	—	43.3
Operating lease liabilities	270.6	—
Other long-term liabilities	667.6	686.6
	3,533.3	3,388.9
REDEEMABLE NONCONTROLLING INTERESTS	20.0	21.3
EQUITY		
Total Greif, Inc. equity	1,083.2	1,133.1
Noncontrolling interests	52.0	58.0
	1,135.2	1,191.1
	$ 5,529.0	$ 5,426.7

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

	Three months ended April 30,		Six months ended April 30,	
(in millions)	2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	$ 15.8	$ 21.1	$ 51.9	$ 56.9
Depreciation, depletion and amortization	61.2	55.5	122.5	86.8
Asset impairments	1.3	—	1.4	2.1
Pension settlement income	—	—	(0.1)	—
Other non-cash adjustments to net income	55.4	6.7	63.0	4.3
Operating working capital changes	(3.8)	2.5	(31.5)	(43.0)
Deferred purchase price on sold receivables	—	—	—	(6.9)
Increase (decrease) in cash from changes in other assets and liabilities	(30.1)	(23.6)	(87.9)	(47.6)
Net cash provided by (used in) operating activities	99.8	62.2	119.3	52.6
CASH FLOWS FROM INVESTING ACTIVITIES:				
Acquisitions of companies, net of cash acquired	—	(1,828.4)	—	(1,828.4)
Purchases of properties, plants and equipment	(27.9)	(37.6)	(65.4)	(63.6)
Purchases of and investments in timber properties	(1.2)	(1.4)	(2.8)	(2.3)
Purchases of equity method investments	(3.6)	—	(3.6)	—
Proceeds from the sale of properties, plants and equipment, businesses, timberland and other assets	83.1	8.7	84.6	11.0
Proceeds on insurance recoveries	—	—	—	0.2
Net cash used in investing activities	50.4	(1,858.7)	12.8	(1,883.1)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from (payments on) debt, net	(120.4)	1,880.3	(61.9)	1,941.3
Dividends paid to Greif, Inc. shareholders	(26.1)	(26.1)	(52.0)	(51.8)
Payments for extinguishment and issuance of debt	—	(44.1)	—	(44.1)
Other	(7.7)	(6.3)	(8.5)	(18.6)
Net cash provided by (used in) financing activities	(154.2)	1,803.8	(122.4)	1,826.8
Reclassification of cash to assets held for sale	—	0.4	—	—
Effects of exchange rates on cash	(14.4)	(2.4)	(14.6)	(0.7)
Net increase (decrease) in cash and cash equivalents	(18.4)	5.3	(4.9)	(4.4)
Cash and cash equivalents, beginning of period	90.8	84.5	77.3	94.2
Cash and cash equivalents, end of period	$ 72.4	$ 89.8	$ 72.4	$ 89.8

GREIF, INC. AND SUBSIDIARY COMPANIES
FINANCIAL HIGHLIGHTS BY SEGMENT
UNAUDITED

(in millions)	Three months ended April 30, 2020	Three months ended April 30, 2019	Six months ended April 30, 2020	Six months ended April 30, 2019
Net sales:				
Rigid Industrial Packaging & Services	$ 602.6	$ 631.6	$ 1,171.3	$ 1,229.5
Paper Packaging & Services	481.6	497.6	955.3	714.9
Flexible Products & Services	67.4	77.0	130.4	152.1
Land Management	6.7	7.1	13.7	13.8
Total net sales	$ 1,158.3	$ 1,213.3	$ 2,270.7	$ 2,110.3
Gross profit:				
Rigid Industrial Packaging & Services	$ 129.3	$ 121.0	$ 237.1	$ 219.6
Paper Packaging & Services	94.9	108.3	195.0	162.2
Flexible Products & Services	13.9	16.6	26.2	34.0
Land Management	2.6	2.8	5.0	5.7
Total gross profit	$ 240.7	$ 248.7	$ 463.3	$ 421.5
Operating profit (loss):				
Rigid Industrial Packaging & Services	$ 70.5	$ 47.0	$ 113.3	$ 70.3
Paper Packaging & Services	(5.5)	30.2	27.0	65.5
Flexible Products & Services	4.6	11.2	6.6	17.2
Land Management	2.4	2.2	4.3	4.8
Total operating profit	$ 72.0	$ 90.6	$ 151.2	$ 157.8
EBITDA[(7)]:				
Rigid Industrial Packaging & Services	$ 89.9	$ 62.5	$ 149.9	$ 105.7
Paper Packaging & Services	33.5	65.4	106.5	109.4
Flexible Products & Services	6.1	12.8	9.7	20.7
Land Management	3.3	3.2	6.2	6.9
Total EBITDA	$ 132.8	$ 143.9	$ 272.3	$ 242.7
Adjusted EBITDA[(8)]:				
Rigid Industrial Packaging & Services	$ 92.2	$ 68.9	$ 154.7	$ 117.6
Paper Packaging & Services	79.1	82.1	157.0	128.6
Flexible Products & Services	6.9	7.7	11.0	15.6
Land Management	3.1	3.3	6.0	6.5
Total Adjusted EBITDA	$ 181.3	$ 162.0	$ 328.7	$ 268.3

[(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 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.
[(8)]Adjusted EBITDA is defined as net income, plus interest expense, net, plus income tax expense, plus depreciation, depletion and amortization expense, plus restructuring charges, plus acquisition and integration related costs, plus non-cash impairment charges, plus incremental COVID-19 costs, net, plus non-cash pension settlement (income) charges, less (gain) loss on disposal of properties, plants, equipment and businesses, net.

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
CONSOLIDATED ADJUSTED EBITDA
UNAUDITED

	Three months ended April 30,		Six months ended April 30,	
(in millions)	**2020**	**2019**	**2020**	**2019**
Net income	$ 15.8	$ 21.1	$ 51.9	$ 56.9
Plus: Interest expense, net	29.3	33.9	60.0	45.6
Plus: Debt extinguishment charges	—	21.9	—	21.9
Plus: Income tax expense	26.5	11.5	37.9	31.5
Plus: Depreciation, depletion and amortization expense	61.2	55.5	122.5	86.8
EBITDA	$ 132.8	$ 143.9	$ 272.3	$ 242.7
Net income	$ 15.8	$ 21.1	$ 51.9	$ 56.9
Plus: Interest expense, net	29.3	33.9	60.0	45.6
Plus: Debt extinguishment charges	—	21.9	—	21.9
Plus: Income tax expense	26.5	11.5	37.9	31.5
Plus: Non-cash pension settlement income	—	—	(0.1)	—
Plus: Other expense, net	1.1	2.3	2.4	2.1
Less: Equity earnings of unconsolidated affiliates, net of tax	(0.7)	(0.1)	(0.9)	(0.2)
Operating profit	$ 72.0	$ 90.6	$ 151.2	$ 157.8
Less: Other expense, net	1.1	2.3	2.4	2.1
Less: Non-cash pension settlement income	—	—	(0.1)	—
Less: Equity earnings of unconsolidated affiliates, net of tax	(0.7)	(0.1)	(0.9)	(0.2)
Plus: Depreciation, depletion and amortization expense	61.2	55.5	122.5	86.8
EBITDA	$ 132.8	$ 143.9	$ 272.3	$ 242.7
Plus: Restructuring charges	4.4	7.5	7.7	11.2
Plus: Acquisition and integration related costs	4.8	13.8	9.9	16.4
Plus: Non-cash asset impairment charges	1.3	—	1.4	2.1
Plus: Non-cash pension settlement income	—	—	(0.1)	—
Plus: Incremental COVID-19 costs, net [9]	0.9	—	0.9	—
Less: (Gain) loss on disposal of properties, plants, equipment, and businesses, net	37.1	(3.2)	36.6	(4.1)
Adjusted EBITDA	$ 181.3	$ 162.0	$ 328.7	$ 268.3

[9] Incremental COVID-19 costs, net includes costs directly attributable to COVID-19 such as costs incurred for incremental cleaning and sanitation efforts and employee safety measures, offset by economic relief received from foreign governments.

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
SEGMENT ADJUSTED EBITDA[10]
UNAUDITED

(in millions)	Three months ended April 30, 2020	Three months ended April 30, 2019	Six months ended April 30, 2020	Six months ended April 30, 2019
Rigid Industrial Packaging & Services				
Operating profit	70.5	47.0	113.3	70.3
Less: Other expense, net	1.3	3.3	3.9	3.2
Less: Equity earnings of unconsolidated affiliates, net of tax	(0.7)	(0.1)	(0.9)	(0.2)
Plus: Depreciation and amortization expense	20.0	18.7	39.6	38.4
EBITDA	$ 89.9	$ 62.5	$ 149.9	$ 105.7
Plus: Restructuring charges	2.0	4.4	3.8	8.0
Plus: Acquisition and integration related costs	—	0.2	—	0.3
Plus: Non-cash asset impairment charges	1.3	—	1.4	2.1
Plus: Incremental COVID-19 costs, net	0.3	—	0.3	—
Less: (Gain) loss on disposal of properties, plants, equipment, and businesses, net	(1.3)	1.8	(0.7)	1.5
Adjusted EBITDA	$ 92.2	$ 68.9	$ 154.7	$ 117.6
Paper Packaging & Services				
Operating profit (loss)	(5.5)	30.2	27.0	65.5
Less: Other income, net	(0.2)	(1.0)	(1.4)	(0.9)
Less: Non-cash pension settlement income	—	—	(0.1)	—
Plus: Depreciation and amortization expense	38.8	34.2	78.0	43.0
EBITDA	$ 33.5	$ 65.4	$ 106.5	$ 109.4
Plus: Restructuring charges	1.7	3.0	2.7	3.1
Plus: Acquisition and integration related costs	4.8	13.6	9.9	16.1
Plus: Non-cash pension settlement income	—	—	(0.1)	—
Plus: Incremental COVID-19 costs, net	0.5	—	0.5	—
Less: (Gain) loss on disposal of properties, plants, equipment, and businesses, net	38.6	0.1	37.5	—
Adjusted EBITDA	$ 79.1	$ 82.1	$ 157.0	$ 128.6
Flexible Products & Services				
Operating profit	4.6	11.2	6.6	17.2
Less: Other income, net	—	—	(0.1)	(0.2)
Plus: Depreciation and amortization expense	1.5	1.6	3.0	3.3
EBITDA	$ 6.1	$ 12.8	$ 9.7	$ 20.7
Plus: Restructuring charges	0.7	—	1.2	—
Plus: Incremental COVID-19 costs, net	0.1	—	0.1	—
Less: (Gain) loss on disposal of properties, plants, equipment and businesses, net	—	(5.1)	—	(5.1)
Adjusted EBITDA	$ 6.9	$ 7.7	$ 11.0	$ 15.6
Land Management				
Operating profit	2.4	2.2	4.3	4.8
Plus: Depreciation, depletion and amortization expense	0.9	1.0	1.9	2.1
EBITDA	$ 3.3	$ 3.2	$ 6.2	$ 6.9
Plus: Restructuring charges	—	0.1	—	0.1
Less: (Gain) loss on disposal of properties, plants, equipment and businesses, net	(0.2)	—	(0.2)	(0.5)
Adjusted EBITDA	$ 3.1	$ 3.3	$ 6.0	$ 6.5
Consolidated EBITDA	$ 132.8	$ 143.9	$ 272.3	$ 242.7
Consolidated Adjusted EBITDA	$ 181.3	$ 162.0	$ 328.7	$ 268.3

[10] Adjusted EBITDA is defined as net income, plus interest expense, net, plus income tax expense, plus depreciation, depletion and amortization expense, plus restructuring charges, plus acquisition and integration related costs, plus non-cash impairment charges, plus incremental COVID-19 costs, net, plus non-cash pension settlement (income) charges, less (gain) loss on disposal of properties, plants, equipment and businesses, net. However, because the Company does not calculate net income by segment, this table calculates adjusted

EBITDA by segment with reference to operating profit by segment, which, as demonstrated in the table of consolidated adjusted EBITDA, is another method to achieve the same result.

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
ADJUSTED FREE CASH FLOW[11]
UNAUDITED

(in millions)	Three months ended April 30, 2020	Three months ended April 30, 2019	Six months ended April 30, 2020	Six months ended April 30, 2019
Net cash provided by (used in) operating activities	$ 99.8	$ 62.2	$ 119.3	$ 52.6
Cash paid for purchases of properties, plants and equipment	(27.9)	(37.6)	(65.4)	(63.6)
Free cash flow	$ 71.9	$ 24.6	$ 53.9	$ (11.0)
Cash paid for acquisition and integration related costs	5.8	16.4	9.9	16.4
Cash paid for debt issuance costs	—	5.1	—	5.1
Cash paid for incremental COVID-19 costs, net	0.9	—	0.9	—
Cash paid for acquisition and integration related ERP systems	0.4	—	1.0	—
Adjusted free cash flow	$ 79.0	$ 46.1	$ 65.7	$ 10.5

[11]Adjusted free cash flow is defined as net cash provided by (used in) operating activities, less cash paid for purchases of properties, plants and equipment, plus cash paid for acquisition and integration related costs, plus cash paid for debt issuance costs, plus cash paid for incremental COVID-19 costs, net, plus cash paid for acquisition and integration related ERP systems.

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
NET INCOME, CLASS A EARNINGS PER SHARE AND TAX RATE BEFORE ADJUSTMENTS
UNAUDITED

(in millions, except for per share amounts)	Income before Income Tax (Benefit) Expense and Equity Earnings of Unconsolidated Affiliates, net	Income Tax (Benefit) Expense	Equity Earnings	Non-Controlling Interest	Net Income (Loss) Attributable to Greif, Inc.	Diluted Class A Earnings Per Share	Tax Rate
Three months ended April 30, 2020	$ 41.6	$ 26.5	$ (0.7)	$ 4.4	$ 11.4	$ 0.19	63.7 %
Loss (gain) on disposal of properties, plants, equipment and businesses, net	37.1	0.5	—	0.5	36.1	0.61	
Restructuring charges	4.4	1.0	—	—	3.4	0.05	
Acquisition and integration related costs	4.8	1.2	—	—	3.6	0.07	
Non-cash asset impairment charges	1.3	—	—	—	1.3	0.02	
Incremental COVID-19 costs, net	0.9	0.2		—	0.7	0.01	
Excluding Adjustments	$ 90.1	$ 29.4	$ (0.7)	$ 4.9	$ 56.5	$ 0.95	32.6 %
Three months ended April 30, 2019	$ 32.5	$ 11.5	$ (0.1)	$ 7.5	$ 13.6	$ 0.23	35.4 %
Loss (gain) on disposal of properties, plants, equipment and businesses, net	(3.2)	(0.3)	—	(2.5)	(0.4)	(0.01)	
Restructuring charges	7.5	2.1	—	0.1	5.3	0.10	
Debt extinguishment charges	21.9	5.3	—	—	16.6	0.28	
Acquisition and integration related costs	13.8	2.7	—	—	11.1	0.19	
Tax net benefit resulting from the Tax Reform Act	—	(1.4)	—	—	1.4	0.02	
Excluding Adjustments	$ 72.5	$ 19.9	$ (0.1)	$ 5.1	$ 47.6	$ 0.81	27.4 %
Six months ended April 30, 2020	$ 88.9	37.9	(0.9)	8.2	$ 43.7	$ 0.74	42.6 %
Loss (gain) on disposal of properties, plants, equipment and businesses, net	36.6	0.4	—	0.5	35.7	0.60	
Restructuring charges	7.7	1.9	—	0.3	5.5	0.09	
Acquisition and integration related costs	9.9	2.4	—	—	7.5	0.13	
Non-cash asset impairment charges	1.4	—	—	—	1.4	0.02	
Non-cash pension settlement income	(0.1)	—	—	—	(0.1)	—	
Incremental COVID-19 costs, net	0.9	0.2		—	0.7	0.01	
Excluding Adjustments	$ 145.3	$ 42.8	$ (0.9)	$ 9.0	$ 94.4	$ 1.59	29.5 %
Six months ended April 30, 2019	$ 88.2	$ 31.5	$ (0.2)	$ 13.6	$ 43.3	$ 0.74	35.7 %
Loss (gain) on disposal of properties, plants, equipment and businesses, net	(4.1)	(0.5)	—	(2.6)	(1.0)	(0.02)	
Restructuring charges	11.2	3.0	—	0.1	8.1	0.14	
Debt extinguishment charges	21.9	5.3	—	—	16.6	0.28	
Acquisition and integration related costs	16.4	2.8	—	—	13.6	0.23	
Non-cash asset impairment charges	2.1	—	—	—	2.1	0.04	
Tax net benefit resulting from the Tax Reform Act	—	(3.2)	—	—	3.2	0.05	
Excluding Adjustments	$ 135.7	$ 38.9	$ (0.2)	$ 11.1	$ 85.9	$ 1.46	28.7 %

The impact of income tax expense and non-controlling interest on each adjustment is calculated based on tax rates and ownership percentages specific to each applicable entity.

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
NET SALES TO NET SALES EXCLUDING THE IMPACT OF CURRENCY TRANSLATION
UNAUDITED

(in millions)	Three months ended April 30, 2020	Three months ended April 30, 2019	Increase (Decrease) in Net Sales ($)	Increase (Decrease) in Net Sales (%)
Consolidated				
Net Sales	$ 1,158.3	$ 1,213.3	$ (55.0)	(4.5) %
Currency Translation	22.3	N/A		
Net Sales Excluding the Impact of Currency Translation	$ 1,180.6	$ 1,213.3	$ (32.7)	(2.7) %
Rigid Industrial Packaging & Services				
Net Sales	$ 602.6	$ 631.6	$ (29.0)	(4.6) %
Currency Translation	19.7	N/A		
Net Sales Excluding the Impact of Currency Translation	$ 622.3	$ 631.6	$ (9.3)	(1.5) %
Paper Packaging & Services				
Net Sales	481.6	497.6	$ (16.0)	(3.2) %
Currency Translation	0.2	N/A		
Net Sales Excluding the Impact of Currency Translation	$ 481.8	$ 497.6	$ (15.8)	(3.2) %
Flexible Products & Services				
Net Sales	$ 67.4	$ 77.0	$ (9.6)	(12.5) %
Currency Translation	2.4	N/A		
Net Sales Excluding the Impact of Currency Translation	$ 69.8	$ 77.0	$ (7.2)	(9.4) %

(in millions)	Six months ended April 30, 2020	Six months ended April 30, 2019	Increase (Decrease) in Net Sales ($)	Increase (Decrease) in Net Sales (%)
Consolidated				
Net Sales	$ 2,270.7	$ 2,110.3	$ 160.4	7.6 %
Currency Translation	27.8	N/A		
Net Sales Excluding the Impact of Currency Translation	$ 2,298.5	$ 2,110.3	$ 188.2	8.9 %
Rigid Industrial Packaging & Services				
Net Sales	$ 1,171.3	$ 1,229.5	$ (58.2)	(4.7) %
Currency Translation	24.1	N/A		
Net Sales Excluding the Impact of Currency Translation	$ 1,195.4	$ 1,229.5	$ (34.1)	(2.8) %
Paper Packaging & Services				
Net Sales	955.3	714.9	$ 240.4	33.6 %
Currency Translation	0.2	N/A		
Net Sales Excluding the Impact of Currency Translation	$ 955.5	$ 714.9	$ 240.6	33.7 %
Flexible Products & Services				
Net Sales	130.4	152.1	$ (21.7)	(14.3) %
Currency Translation	3.5	N/A		
Net Sales Excluding the Impact of Currency Translation	$ 133.9	$ 152.1	$ (18.2)	(12.0) %

GREIF, INC. AND SUBSIDIARY COMPANIES
GAAP TO NON-GAAP RECONCILIATION
NET DEBT
UNAUDITED

(in millions)	April 30, 2020	January 31, 2020	April 30, 2019
Total Debt	$ 2,682.3	$ 2,808.1	$ 2,942.5
Cash and cash equivalents	(72.4)	(90.8)	(89.8)
Net Debt	$ 2,609.9	$ 2,717.3	$ 2,852.7

Exhibit 99.2

Amendment to Second Amended and Restated of By-Laws
Greif, Inc.

ARTICLE XI
Forum for Federal Securities Claims

Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933. Any person or entity purchasing or otherwise acquiring any interest in any security of the Corporation shall be deemed to have notice of and consented to this Article XI.

Exhibit 99.3

Greif, Inc.
Second Quarter 2020 Earnings Results Conference Call
June 4, 2020

CORPORATE PARTICIPANTS

David C. Lloyd *Greif, Inc. - CAO, VP, Corporate Financial Controller & Treasurer*

Lawrence Allen Hilsheimer *Greif, Inc. - Executive VP & CFO*

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

Peter G. Watson *Greif, Inc. - President, CEO & Director*

CONFERENCE CALL PARTICIPANTS

Adam Jesse Josephson *KeyBanc Capital Markets Inc., Research Division - Director and Senior Equity Research Analyst*

Gabrial Shane Hajde *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

George Leon Staphos *BofA Merrill Lynch, Research Division - MD and Co-Sector Head in Equity Research*

Ghansham Panjabi *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

Justin Laurence Bergner *Gabelli Funds, LLC - Research Analyst*

Mark William Wilde *BMO Capital Markets Equity Research - Senior Analyst*

Steven Pierre Chercover *D.A. Davidson & Co., Research Division - MD & Senior Research Analyst*

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Greif Second Quarter 2020 Earnings Conference Call. At this time all participants are in a listen only mode. After the speakers presentation there will be a question and answer session. To ask a question during the session you will need to press pound one on your telephone. If you require any further assistance please press star zero.

I would now like to hand the conference over to your speaker today, Matt Eichmann. Thank you. Please go ahead, sir.

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

Thank you, Tacan, and good morning, everyone. Welcome to Greif's Second Quarter Fiscal 2020 Earnings Conference Call. On the call today are Pete Watson, Greif's President and Chief Executive Officer; and Larry Hilsheimer, Greif's Chief Financial Officer. Pete and Larry will take questions at the end of today's call.

In accordance with Regulation Fair Disclosure, we encourage you to ask questions regarding issues you consider material because we are prohibited from discussing significant nonpublic information with you on an individual basis. Please limit yourself to 1 question and to 1 follow-up before returning to the queue.

Please turn to Slide 2. As a reminder, during today's call, we will make forward-looking statements involving plans, expectations and beliefs related to future events. Actual results could differ materially from those discussed.

Additionally, we'll be referencing certain non-GAAP financial measures and reconciliation to the most directly comparable GAAP metrics can be found in the appendix of today's presentation.

And now I turn the presentation over to Pete on Slide 3.

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

Thank you, Matt, and good morning, everyone. We really appreciate you joining us today.

On behalf of Greif, I'd like to offer our thoughts and best wishes to all of you who have been impacted by COVID-19 pandemic and express our thanks and admiration for the brave healthcare workers and first responders on the front lines of the health crisis. I'd also like to recognize our 16,000 global colleagues at Greif and their families for their enduring spirit and perseverance as we've been adapting to new ways of working and communicating. And I'm really inspired by the efforts and proud of our performance and the global team that we've delivered during the crisis. COVID-19 pandemic remains an evolving situation, and we continue to monitor the latest updates. Our global and regional pandemic task forces are meeting multiple times weekly to ensure we safeguard the health of our colleagues and the continuity of our supply chain to serve our valued customers.

Our purpose at Greif is to safely package and protect critical goods materials that serve the greater needs of communities all around the world. And given our position, Greif has been identified as an essential business as we continue to operate all of our production facilities in more than 40 countries. Our global portfolio is uniquely capable of fulfilling customer needs worldwide, and our sourcing and supply chain is well supported with extensive alternate backups in place for all critical products and components.

If you could please turn to Slide 4 for an overview of the quarter. We continue to make really strong progress across all of our strategic priorities. Our second quarter adjusted EBITDA and adjusted free cash flow both improved versus prior year quarter, with especially strong performance in our global Rigid Industrial Packaging segment. In addition to improved financial performance, we completed our third annual Gallup Colleague engagement survey scoring in the 89th percentile of all manufacturing companies.

We also recorded our best-ever trailing fourth quarter customer satisfaction index score. We firmly believe there's a linkage between engaged colleagues and customer service excellence to improved financial performance. We also published our 11th annual Sustainability Report, which reflects the progress we've made to reduce our environmental footprint and build a more circular supply chain as part of our overall business strategy.

Lastly, we completed several portfolio optimization moves aligned to advancing our strategy. First, we acquired a minority stake in Centurion Container, which is expanding IBC reconditioning capability in North America, and we have an optional path to full ownership in the future. Second, we completed the sale of the Consumer Packaging Group to Graphic Packaging for $85 million, subject to customary closing adjustments, enabling us to refocus on our industrial franchise, optimize our capital expenditures and pay down debt. Third, we announced yesterday the closure of our Mobile, Alabama Uncoated Recycled Boxboard mill as part of our ongoing network cost optimization initiatives. We also consolidated 2 Rigid Industrial Packaging operations, one in Brazil and the other in the West Coast of the United States, as we examine ongoing our portfolio performance in that business.

I'd like to now review our business performance by segment and if you could please turn to Slide 5. Our Rigid Industrial Packaging business delivered a solid second quarter. We generated record global IBC production with volumes 26% higher versus the prior year quarter, thanks primarily to our new IBC investments in Tholu, which is an IBC reconditioner in Europe, and our 2 new IBC plants, one in Houston, Texas and the other in Kaluga, Russia. Global steel drum volumes declined by 70 basis points versus the prior year quarter. Steel drum demand in EMEA, which is our largest steel drum region, grew by roughly 60 basis points, and North America increased by 1.6% due to strong first half of the quarter fueled partly by increased customer stocking and new customer growth.

Steel drum volumes in APAC were roughly flat versus the prior year, while volumes in Latin America were down nearly 16% due to weak demand for lubricants as well as a loss of a low margin, high-volume customer.

RIPS second quarter sales fell roughly $9 million versus the prior year quarter on a currency-neutral basis due to raw material price declines and corresponding contractual pricing adjustments, which was partially offset by strategic pricing actions and better volumes in certain regions. RIPS second quarter adjusted EBITDA rose by roughly $23 million versus the prior year quarter due to favorable product mix, lower raw material costs including roughly $7 million of opportunistic sourcing benefits and lower segment SG&A expenses, all partially offset by the impact of lower sales.

For comparative purpose, RIPS in our second quarter of 2019 adjusted EBITDA was negatively impacted by a $1.5 million customer bankruptcy bad debt write-off that was previously disclosed.

I'd like to now have you turn to Slide 6. Given the extraordinary time we find ourselves in, I want to spend a moment to discuss what we are currently seeing in the market. One of Greif's strengths is our broad end market exposure, and our business is not overly dependent on any one customer or any one segment. Broadly speaking, during the quarter, we experienced additional demand for pharmaceuticals, sanitizer and disinfectants, partly due to the pandemic and volume softness in lubricants, paints and coatings as economic activity slowed. Looking ahead, we anticipate several of these end markets improving as economies reopen, and those currently strong will remain that way.

If I'd ask you to turn to Slide 7. Our Flexible Products & Services segment second quarter sales fell roughly 9% versus the prior year quarter on a currency-neutral basis. Soft demand, raw material price declines and corresponding contractual pricing adjustments were the main drivers. Our second quarter adjusted EBITDA fell by roughly $1 million versus the prior year due to lower sales, which is partially offset by lower segment SG&A expense. We estimate that FPS lost roughly $600,000 in adjusted EBITDA during Q2 due to government-mandated operated capacity reductions in Turkey aimed at preventing the spread of COVID-19 in that region.

Those restrictions are slowly being lifted, and we anticipate operating at full capacity in fiscal -- our fiscal third quarter.

I'd please ask you to turn to Slide 8. Our Paper Packaging second quarter sales fell by roughly $16 million versus the prior year quarter, primarily due to lower published containerboard and recycle prices. Volumes were also negatively impacted by 24,000 tons of containerboard economic downtime taken in the second quarter. Paper Packaging second quarter adjusted EBITDA fell by roughly 4% versus the prior year as lower sales were only partially offset by lower segment SG&A expense and by the incremental adjusted EBITDA contribution for 11 more days of Caraustar assets this year. We estimate that PPS experienced roughly an $8 million adjusted EBITDA headwind during Q2 from nonessential customer closures.

For comparison's sake, in Paper Packaging's second quarter in 2019, the adjusted EBITDA was negatively impacted by a $9 million inventory step-up charge that was previously disclosed. During the quarter, we announced a $50 a ton price increase for all grades of uncoated and coated recycled board, effective with shipments beginning May 13, 2020, which we're continuing to implement. Yesterday, we announced the closure of our URB mill in Mobile, Alabama as part of our ongoing network cost optimization activities and then further enhance our capital deployment efficiency. The total capacity of this mill was 140,000 tons, which includes the shutdown of our mill's #1 paper machine that was accomplished in October of 2019. We thank all of our colleagues in Mobile for their hard work, and we are committed to supporting them through this transition.

I'd like to ask you to turn to Slide 9. Similar to our Rigid Packaging review, I want to provide a little bit more commentary on what we're seeing in the paper packaging end markets. Our CorrChoice corrugated sheet feeder network consists of 6 state-of-the-art facilities east of the Mississippi River that service a mix of independent and integrated corrugated box plants. During the quarter, sales to integrated customers were softer as they internalized some of the volumes previously outsourced to us in their own networks. Sales to independent customers were negatively impacted by lower durable goods demand as a result of the slowing economic activity in automobile manufacturing closures.

Similar to our Rigid Industrial Packaging business, our Tube and Core business serves a diverse mix of end markets. We estimate that roughly 40% of our top 10 tube and core customer markets were labeled as nonessential businesses during the health crisis in Q2, which dragged on our results. We are particularly impacted by weak demand in cloth, yarn and carpet segments. Film core volume growth was solid versus the prior year. We expect demand for construction and protect-a-board board products to moderately improve over the remainder of the year.

I'd like to now turn over the presentation to our Chief Financial Officer, Larry Hilsheimer, on Slide 10.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Thank you, Pete. Good morning, everyone. I want to reiterate Pete's comments to all of those impacted by COVID-19 and express my thanks to each of our colleagues for their dedication and professionalism during these very challenging times.

Slide 10 highlights our quarterly financial performance. Overall, Greif generated very solid results. Second quarter net sales, excluding the impact of foreign exchange, fell roughly 3% year-over-year. However, adjusted EBITDA rose strongly by roughly 12%. That improvement was driven largely in RIPS, but all segments and the corporate center recorded reductions in SG&A expense. Currency was a modest $2 million headwind to total company results compared to prior year. Below the operating profit line, interest expense decreased by roughly $4 million, and our bottom line adjusted Class A earnings per share rose 17% versus the prior year quarter to $0.95 per share.

During the quarter, we recorded a $38 million loss related to the CPG divestiture. Roughly $36 million of that $38 million relates to a portion of the PPS segment's goodwill that we are required to allocate to the transaction. That noncash charge has no associated tax benefit, which is why our GAAP tax rate was more than 62% during the quarter. Our second quarter non-GAAP tax rate was 32.6% and we continue to expect that rate to range between 27% and 31% for fiscal 2020.

Finally, second quarter adjusted free cash flow improved by roughly $33 million versus the prior year quarter to a source of $79 million due to increased EBITDA and lower CapEx.

Please turn to Slide 11. Given the continued uncertainty caused by COVID-19, we are withdrawing our fiscal 2020 adjusted Class A earnings per share and adjusted free cash flow guidance as it is very difficult to estimate projected near-term business performance with precision. We are providing the key fiscal 2020 assumptions you see listed on Slide 11 to assist with modeling.

In terms of what we saw in May, in RIPS, steel volumes were down roughly 8% on a per day basis versus May 2019 as customers destocks, while IBCs were up slightly over 10% per day. In PPS, CorrChoice volumes were down single digits on a per day basis versus May of 2019, while volumes in our Tube and Core business were a bit softer than that. Demand for corrugated sheets and tubes and cores improved between April and May this year. So we're hopeful that we're beginning to see a positive trend as businesses reopen. We currently believe our fiscal third quarter will be our weakest volume quarter before overall demand recovers later this year.

I think it's important to point out at this point that our quarters obviously differ from most as many companies talk about their second quarter being their weakest. Our third quarter will be our weakest.

Please turn to Slide 12. We can't control how long this pandemic will last or determine what the ultimate impact will be to our global customers. That said, we have taken steps to prepare the portfolio for an economic downturn by identifying variable cost reduction actions, determining potential back office reductions or delays in hiring open positions, and optimizing capital spending plans and working capital requirements. In fact, we've already implemented actions to generate roughly $40 million of EBITDA benefit over the remainder of fiscal 2020.

We believe our business today is significantly better positioned to weather a prolonged economic slowdown than it was in 2008. We've optimized our portfolio by closing or divesting 62 underperforming or noncore assets while replacing and walking away from over $400 million of low-margin business and securing new higher-margin business of over $400 million via organic growth activities, resulting in EBITDA growth of over 65% since fiscal 2015. We've expanded into newer and higher-margin packaging substrates like the IBC and penetrated less cyclical markets such as food, pharma and agriculture. We've also implemented a single ERP platform across the majority of our business, enabling better and faster decision-making, which is critical during a downturn.

Please turn to Slide 13. Our balance sheet is solid, with substantial access to liquidity and a well-structured debt maturity profile. We currently have $690 million of available liquidity, undrawn on our revolver, and another $72 million of cash and equivalents. Our only near-term debt maturity, our senior notes due midway through 2021 with a principal of EUR 200 million. At quarter end, our compliance leverage ratio stood at 3.6 -- well below our stated covenant of 4.75. Given current market uncertainty, to be prudent, we are reducing or postponing noncritical expenses, including capital investments. We now anticipate spending between $120 million and $140 million on CapEx in fiscal 2020. Roughly $10 million of the CapEx reduction relates to the sale of CPG. Roughly 24% of our remaining forecasted CapEx is earmarked for various growth projects and could be reduced further if needed.

Lastly, our largest pension program, which resides in the U.S., is fully funded from an ERISA standpoint with no required contributions for the next 3 to 4 years, although we currently intend to continue making contributions. While our financial position is strong, we will continue to evaluate our liquidity needs and options to reinforce our balance sheet as needed.

Please turn to Slide 14. We've used this slide for a number of quarters and point -- and the point is that our capital allocation priorities are firm. They are: funding organic CapEx, delevering our balance sheet, maintaining steady dividends and pursuing our strategic growth priorities in IBCs, IBC reconditioning and containerboard integration. Consistent and predictable capital allocation, we believe, is critical to value creation. So what you see here is what you're going to get.

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

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

Thank you, Larry. And if everyone could please turn to Slide 15.

In closing, I want to thank all of our 16,000 global colleagues, again, for their commitment to Greif and to our customers. While a lot is behind us, there will be more uncertainty ahead as countries and communities reopen their economies. That said, I'm extremely confident in Greif's ability to navigate these uncertain times. We have a highly engaged and motivated team focusing on providing differentiated service to our customers. We're well positioned to serve a variety of end markets through our industry-leading product portfolio and our commitment to customer service excellence. We are successfully advancing our strategic priorities, and our balance sheet is strong.

Thank you for participating this morning, and we appreciate your interest in Greif, and we look forward to taking your questions.

QUESTIONS AND ANSWERS

Operator

As a reminder, to ask a question you will need to press star one on your telephone. To withdraw your question, please press the pound key. Please limit yourself to one question and one follow-up. The standby line will compile a queue and a roster.

Your first question comes from the line of George Staphos of Bank of America.

George Leon Staphos - *BofA Merrill Lynch, Research Division - MD and Co-Sector Head in Equity Research*

Thanks for all you're doing on COVID, and congratulations on the quarter.

My 2 questions first, in terms of the May volume trends, Pete, can you talk a little bit about the geographic trends you might be seeing? And kind of a parenthetical here. There was a comment about trend getting better between April and May, and I wasn't sure what that was referring to.

The second question, just on SG&A cost reductions. You did a great job there. I think the year-on-year number was down roughly $20 million. How much of that is sustainable going forward? Was there any kind of one-offs that maybe dissipates over the course of the year? And what do you think you can do from some of these additional cost reduction efforts that you talked about generally?

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

Yes, George, let me talk about some of the volume trends from April to May for your question, and I'll ask Larry to comment on the SG&A.

So when you look at volumes overall, I think you first have to look and over the last 4 months, the global health crisis, I think we've done a really excellent job in demonstrating we have a really resilient and battle-tested supply chain. So our sourcing and materials are regional by design, and we've had no disruptions at all, have been very stable. And our operational footprint is very diversified, as we've talked about, and I think we've done an excellent job at demonstrating to our customers that we can deliver in very challenging times as both reliable and dependable. And our value proposition, as we've always talked about, security of supply and customer intimacy.

So there's been some challenges. But if you look at our volumes from April to May transition, I'll talk about on a per day basis because May compared to a year ago is 2 less days. So if I could, let me just walk through RIPS and then talk about Paper because they're slightly different in transition on volumes from April to May.

In our Rigid business, in large steel drums, on a global volume basis per day, our large steel drum business globally is down about 6%. And that evolution really is aligned to the geographies around the world that are consistent with how economies are recovering to the COVID-19 cases. So in China, for example, in May, the PMI was above 50%, which is a significant change in the last 2 or 3 months. And the large steel drum volume in APAC was up 1% on a per day basis compared to May 2019. And if you look at EMEA, EMEA's volume on large steel drums were down 2% on a per day basis compared to April. And North

America was down double digits. Now that's really reflective as economies reopen and businesses are transgressing across this health crisis.

In IBC and Reconditioning, it's a much stronger basis. It's not as high as the breakneck pace that we had in Q1, but we're still up 10% versus prior year. And again, that's with 2 less days. So while we are challenged April to May in steel drums around the world, we still see positive growth in our IBC and IBC reconditioning. And again, that's talking about a transition, April to May. As we talked about in our comments earlier in prepared remarks, I think we're going to have more challenged volumes outlook in steel in our third quarter, which is May through July. In IBCs, we still expect to see double-digit growth of 10%-plus in that range for our third quarter.

If you look at Paper Packaging, those trends are slightly different. So we had a little more challenging volumes in paper packaging, particularly in converting. If you look at our volumes in our mill system, we expect on a per day basis to be up 3% in May compared to April on a per day basis. May backlogs and into June, it's early June, the backlogs at our mill system are very steady with 4 to 5 weeks of backlog. URB volume is improving in May compared to April, up 1% versus May on a per day basis. And our CRB volume continues to be very steady, particular in our Tama, Iowa and Sweetwater, Georgia facilities. For full disclosure, we did take 5,000 tons of economic downtime in containerboard on the West Coast only. That's really a reflection, not a market demand, just a delay in ag orders in that market.

If you look at our volumes in April to May and our converting operations in Paper and CorrChoice, which is really tied into our containerboard system, on a per day basis, May versus April, we're up 4%. And what we saw in the last 8 days of May, really strong volume at CorrChoice. And I think that's reflective of the durable manufacturing businesses, such as the automotive plants starting to reopen and fill up their supply chain needs. And again, this is a business, as you know, that has backlogs and visibility of less than 24 hours. So we don't have tremendous visibility out past tomorrow. But again, there's more positive signs that our May volumes on a per day basis are much improved versus April.

In Tube and Cores, our May volumes were flat to April on a per day basis. And again, we have some high exposure in that business to our nonessential businesses that are starting to gradually open without disruption. And in that business, through Q3, we expect gradual improvement from May into June and July.

Again, overall, I think in our Paper Packaging, we're cautiously optimistic that as the health crisis continue to recover, we can see improvement sequentially from May through the end of the third quarter in our Paper business. So I'll pause and then ask Larry to comment on SG&A.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Great. Thank you, Pete. And George, with respect to the SG&A, when you really break it down year-over-year, the second quarter, you have about $12.3 million of salary and benefit reductions, $2.5 million in travel and entertainment. Professional fees were down about $3.2 million. Depreciation of our IT LN system caused depreciation to actually be up about $2.5 million. And other miscellaneous things across the board, local taxes, bad debt, those kind of things, were down about $3.5 million. So overall, about $19 million. When you look at it, is that sustainable? We've been focused on reducing our SG&A cost for some time, as you know, committing to get down below 10% by 2022. And so some of the reductions are just part of that effort. We obviously have put in a lot of actions, as I mentioned, to reduce cost.

We did adjust incentives in the second quarter, which pumped the number up a bit. But the long-term -- if I cut to the chase, we do expect that our SG&A will continue to run at substantially lower levels than last year.

Operator

Your next question comes from the line of Adam Josephson of KeyBanc.

Adam Jesse Josephson - *KeyBanc Capital Markets Inc., Research Division - Director and Senior Equity Research Analyst*

Pete and Larry, I hope you and your families are well. My 2 questions. One on -- Pete, if I may, I'll start with Rigid margins. Obviously, you had a phenomenal margin quarter. You mentioned many things. Obviously, you had the SG&A reductions. You also talked about opportunistic sourcing. You had a timing benefit. Can you just talk about what exactly drove that Rigid margin in the quarter? How much was opportunistic sourcing? What exactly that was? How much were timing benefits of raws falling and prices not catching up, et cetera? And then what your expectations are in terms of margins in that segment normalizing thereafter?

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

Yes. I'll make a few comments, and Larry can get into the specific financial impacts of each of those categories, Adam. But yes, we were really pleased with the RIPS performance. And when you look at that business, we consolidated that into a global organization 9 months ago. Ole Rosgaard leads that, and he's really leading an organizational transformation. And longer term, we continue to expect to get benefits from a lower cost structure, a more efficient manufacturing footprint, and also a continued push to growing our higher-margin products. So we really feel good about the improvement trend in that business.

The details really, as we talked about, we had favorable price and product mix, meaning we had higher-margin growth products. We talked about the IBC and Reconditioning results. We had lower raw materials and advantageous cost, raw material sourcing. And we did a really cost -- aggressive cost-reduction activities. We consolidated 2 plants, 1 in Brazil and 1 in the U.S. Larry talked about organizational SG&A reductions. And we had a lot of discretionary spending reductions. And I'll let Larry walk through the bridge and what those dollars meant in each of those categories.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Thanks, Pete. So Adam, on a value-add percentage, we went from 45.8% to 50% in RIPS. So really nice improvement. About 1% of that was some -- the sourcing opportunities. And most companies would not need a sourcing group if you're going to be able to buy at index prices. What you have them, therefore, is to work the markets and see if you can find opportunities. In a dislocated market like we're in, currently, those opportunities surface more often. And so our team did a great job of sourcing about $7 million of raw material cost benefits relative to index prices. Some of that benefit got offset by currencies, in terms of how that translates over to U.S. dollars. We've lost part of that benefit. But then also timing. We talked in recent years about the timing of our PAM adjustments being a drag on us. It actually turned around for us a bit in this quarter. So that was -- the sourcing was about 1%. The timing was about 1%. And then the other 2.2% was just really good activities around managing pricing for nonraw materials. We've been talking about how that's been ongoing for the last year or 2, and some of that started to flow through in our quarter.

If I go to overall adjusted EBITDA and you look down through those, the others are the pickup in SG&A. Some change in just allocations because the PPS business getting bigger, they get a bigger relative share of our corporate allocations, which is just obviously a shift. Depreciation actually was a drag as we implement the ERP system and other things, and there's a few other negative things that are offsetting that get us to that 4.4% increase in our EBITDA margin.

Adam Jesse Josephson - *KeyBanc Capital Markets Inc., Research Division - Director and Senior Equity Research Analyst*

I really appreciate that. And just on the OCC situation. Obviously, it's been a roller coaster ride this year and defied, I think, everyone's expectations, both on the way up and now, I think, on the way down. So price -- June prices are coming out tomorrow. I think most people are expecting a decline. The question is how big of a decline. So can you talk about how much of a drop you're expecting in OCC in June and perhaps thereafter as well? And how that's influencing your thinking about the URB price increase considering that URB demand has been really challenging? So the increase appears to be tied to OCC, which is about to drop, I think, by at least $20 a ton. So can you walk us through your thinking in there and your OCC expectations for the balance of the fiscal year?

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

Yes, Adam, we're expecting a $30 a ton decline based on our exposure to OCC markets and our recovered fiber group. But we'll wait and see definitively tomorrow. I know people have different opinions.

Regarding our price increase, it was really predicated on cost inflation as well as market demand. As I indicated, our volumes were up in our boxboard mills over 4% versus prior year. And again, in May versus -- April going into May, our volumes continue to be steady. We have steady backlogs, 4 to 5 weeks. So when you look at cost inflation, though, at OCC, there is a $90 a ton increase from January to present, and a $30 a ton decline in pricing that occurred in February on boxboard products, URB and CRB, which created $120 price cost squeeze. So we are moving forward on the price increase from mid-May and we need to maintain acceptable margins for our shareholders, and that's our position.

Operator

Your next question comes from the line of Ghansham Panjabi of Baird.

Ghansham Panjabi - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

Yes, good. I guess, can you, Pete, give us some more details on the end market verticals for RIPS that you have outlined in the pie chart on Slide 6? A lot of companies in the chemical spectrum and industrial that are downstream from you have talked about 20%-plus declines in April. Obviously, a bulk of the world was shut down in the month. And your volumes were actually up in North America and the EMEA region during the quarter. So can you help us reconcile that outperformance? Did share gains play -- were those part of that as well?

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

Yes. So it's a good question. And really, it's a case of haves and have-nots on the end market exposures in our global RIPS business. And as you can imagine, we saw really strong March sequentially in our quarter. So February was fairly consistent. March was very, very strong. And in the second half of April, we saw fairly strong volumes, and it started tailing off at the end of April. And as I indicated in my comments to George's questions in May. But if you look at the end markets where we saw really strong volumes on a global basis were exposures to pharma and personal care. We had a lot of customers transitioned some of their manufacturing capabilities to alcohol-based disinfectants. As I indicated, in March, we had really strong restocking in the middle of the quarter and it continued into early April.

The offset of that was lower demand in lubricants, paints and coatings. And as you can imagine, when the economy shut down mid-March through April, lubricant business is really negatively impacted by the reduced amount of commercial and industrial vehicle traffic as well as some lower manufacturing activities in nonessential businesses. So the exposures to our IBC and Reconditioning business were much more positive because they're more geared to some of those products that were having stronger end market growth.

And our steel drum, while we're flat year-over-year, I think that's reflected in more of the commodity and bulk -- lubricants in bulk and commodity chemicals. But I think we've benefited just from overstocking in March and April.

Our large plastic drum business was up 2.5% in the quarter. And that exposure, again, was to pharma and personal care. We had a little bit lower ag chem demand mainly because of access to labor and some delayed seasons. We also had a little bit of addition because we added new capacity in the U.S., and we're doing well in that market. But again, in the IBC and reconditioning, we -- that demand exposure to food, disinfectants and detergents really were beneficial to us in the quarter. And we expect some of those markets to maintain their strength. But it's very clear that destocking is occurring at the end of April into May, and we expect through our third quarter that destocking is normalized.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

To your other part of your question, Ghansham, on share pickup. We feel very confident and know that we've gained share of wallet and new customer business. And we attribute it directly to our focus on customer service. At the same time, Pete mentioned in his comments, we walked away from another very low margin, high-volume customer in Latin America. And we've also walked away from some other low-margin business in other parts of the world. But net-net, we feel comfortable that we're gaining market share in the places we're targeting.

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

And I think what's really important --

Ghansham Panjabi - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

Okay. And then for my second question in terms of -- sorry, go ahead.

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

The other comment was we -- in addition to our growth initiatives, strategic growth initiatives, IBCs, but also in Jubail, Saudi Arabia, that business really continues to go very well and their exposures are outside of the Middle East. So we're really pleased with the investments we've made and are starting to show up in some of our growth and profit assumptions.

Ghansham Panjabi - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

Okay. And then for my second question, in terms of the opportunistic sourcing you benefited in 2Q, is there -- should we assume that there's a positive component for the third quarter as well? And then just in terms of your base -- raw material basket for the cost structure for RIPS, will the paths continue to be favorable in 3Q as well? To the same extent.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes. Ghansham, I would -- those things tend to be opportunistic. I think it's hard to build those into your model and count on them recurring. As I mentioned, we do charge our team in-sourcing to achieve some of those. We budget in them achieving a benefit to index spread. But we do think there will be some in Q3. Thus far, I would not say it would be at the level of Q2.

Operator

Your next question comes from the line of Mark Wilde of Bank of Montreal.

Mark William Wilde - *BMO Capital Markets Equity Research - Senior Analyst*

Pete, Larry, I wondered, just going back to Adam's question around OCC. Is it possible to get a sense of what your OCC costs look like in the second quarter? And then, best if you can estimate now based on May and what you're seeing in June, where you might end up in the third quarter?

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes. We -- basically, Mark, if you go back, we saw OCC about $82 a ton in April, and it rose up to $119 in May. So a really steep jump up. Our view is we think things will continue to trend down. But the challenge we're trying to project out much is, one of the reasons we withdrew guidance is if opening the country back up creates another spike in severe hospitalizations and things, who knows where this thing goes? Because clearly, the drawdown, shutdown of retail and restaurant trades impacted the source of OCC dramatically. And then you combine that with really strong demand in the entire paper space.

So we have our view that it's going to be at least $30 tomorrow. We do think that it should trend down if we don't run into a spike because you have those businesses opening up and that source should be coming on. And we think the demand side is probably a little weaker just particularly if you look at export and that kind of thing. So we think there's a path down. But we haven't really tried to forecast exactly where we think that ends up beyond the next reduction tomorrow, Mark.

Mark William Wilde - *BMO Capital Markets Equity Research - Senior Analyst*

And do you have a sense, Larry, can you give us any kind of a ballpark number for what you might have averaged during the second quarter? So it's a little hard from the outside to kind of know how this rolls through your inventories and we know that the spike happened during the quarter.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes. Do you remember what the average number was, Matt?

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

Yes. So let's see, February, March and April, we just ran those numbers. $37 in February, $47 in March, roughly $82 in April. So blend that to get an average cost for the quarter.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Thanks, Matt.

Mark William Wilde - *BMO Capital Markets Equity Research - Senior Analyst*

Okay. That's really helpful. And then I wondered, just on downtime, you mentioned 24,000 in containerboard in the second quarter. Is all the only amount that you've taken in May the 5,000 on the West Coast that Pete mentioned?

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes. So it was really isolated, Mark, to a specific delay in some customer orders, and it wasn't really reflective of the demand pattern we're seeing in our containerboard system.

Mark William Wilde - *BMO Capital Markets Equity Research - Senior Analyst*

Yes. Okay. The last one for me is just kind of related to that. One of your bigger competitors flagged walking away from some sheet business last month when they reported. I wondered if you can just give us some more general color about what you're seeing in both pricing and volume in that sheet market?

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

Yes. As you know, on our exposure in our CorrChoice business, because we sell predominantly to independent box makers. And we also sell to integrated box plants. It's really 2 worlds. Most of our exposure -- not most, but a large percentage is to durable markets and the automotive plant exposures with them going down really put a challenge in our volumes. So any time you have a market -- and the sheet market is very consistent with ours, with others. When it gets volume sensitive, the market can get a little chippy. And I think there's experience of that throughout the quarter.

It depends on what -- let me back up. You have some integrated box plants that will decide because their volumes might not be really strong. They will get in the sheet market for a short term and their methodology might be different than a true sheet feeder. So that attributes to the chippiness. But we try to stay fairly core to what we do, which is really high product complexity. Low -- high turnover of orders, low MSF order quantities and try to take a value approach. So there is chippiness, but that is pretty common in this type of environment. So it's nothing new or unusual, Mark, in our view.

Operator

Your next question comes from the line of Steve Chercover of D.A. Davidson.

Steven Pierre Chercover - *D.A. Davidson & Co., Research Division - MD & Senior Research Analyst*

So just to clarify, was there about a $4 million transfer from RIPS to Paper Packaging in terms of overhead in the quarter? And is that the run rate?

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes. That's about it, Steve, yes.

Steven Pierre Chercover - *D.A. Davidson & Co., Research Division - MD & Senior Research Analyst*

Okay. That's fair. It's kind of late in the session as well. And then Pete said that fiscal Q3 will be the weakest from a demand standpoint. And looking back over many years, Greif has been very much a second half story. So I guess I'm wondering if that's still the case?

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

Yes. From a demand standpoint, the reason we pulled guidance is it is uncertain. But our best guess today is that as economies reopen, the pace of our volume would be dictated on how disrupted supply chains are and the velocity of destocking in RIPS business. And so that will determine how we evolve in our Q3 on volumes. We do know that in our RIPS business, the conical season, which is ag related, we are optimistic that, that will be a positive position. We believe, in the West Coast, the U.S., that, that will be positive volume for us in our fiber business and steel drum business. Our Latin America juice season and ag season has been delayed. So that's some potential upside. But it's just too uncertain with what we see in the RIPS business.

I'll tell you, in Paper, we're a little more optimistic. I think our volume trough was in April in our Paper business, in our converting business. And our margin trough will be May because, as we've talked about the OCC squeeze. But I think you'll see sequential improvement in that business in Q3 because the exposure to durables and the economies are reopening. All that said, if you don't -- if you have a controlled reopening of economies without any real significant supply disruption and you don't have a severe second wave of COVID cases, we see an evolution in Q3, toward the end of Q3 and improving in Q4.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes, Steve, I'd supplement what Pete said. I mean, Pete and I tend to be pretty optimistic people generally. I have to put on my CFO hat sometimes to be pessimistic by profession. But when we tried to go through our normal forecasting process, our business unit leaders are doing everything they can to talk to all of our customers. Our customers aren't able to tell them much out more than 15 or 30 days. And most of what we hear tends to be a bit pessimistic. But then every time we get the weekly results, they seem to be still going fine. Obviously, May trailed down a lot. And as Pete mentioned, we think that's tied to destocking. But we tend to be a GDP industrial production type of business and all of the predictions of the economists, I mean, are showing the second calendar quarter of the year just diving down in a 30-plus percent down. Well, if that happens, that should have a negative impact on our business.

And so those disparities between how Pete and I are feeling about things and some of the optimistic things we see measured against what we're seeing as all the economists telling us it's going to be armageddon, have us at a point where we just decided we need to pull guidance.

Steven Pierre Chercover - *D.A. Davidson & Co., Research Division - MD & Senior Research Analyst*

Did you say, Larry, that you had $40 million in EBITDA benefits in the second half of the year from the cost cutting initiatives?

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes. Actions, initiatives that we've taken, which also plays into the answer to the question from George about do we believe we'll be able to continue seeing SG&A down, low, some of those -- there's some revenue items, there are some cost items, those kind of things. But yes, $40 million for the second half of the year.

Steven Pierre Chercover - *D.A. Davidson & Co., Research Division - MD & Senior Research Analyst*

Well, that's good. All right. So despite the volume from an earnings standpoint, it could still be a push or even skewed a bit towards the second half because, obviously, the worst was in Q1 -- or sorry, in the quarter just -- I'll just leave it there. Okay. One other odd ball question because I've been watching too much TV. Just recently, I've seen ads for these bagster bags from Waste Management that carried 3,300 pounds. And it looks exactly like one of your flexibles. Are you familiar with those? Is that an opportunity? Or do you even know what I'm talking about?

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

I haven't been watching that much TV, Steve, but I've seen pictures of that. But I would be lying to you if I could intelligently talk about if that's an opportunity or not. But I will ask Hari Kumar, and I promise you, he'll have a response to me by tomorrow.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Thanks for your enthusiasm on Flexible, too.

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

Thanks for the lead.

Steven Pierre Chercover - *D.A. Davidson & Co., Research Division - MD & Senior Research Analyst*

It's a flexible dumpster, is what it is.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

I'll call Waste Management.

Operator

Your next question comes from the line of Justin Bergner of GAMCO Research.

Justin Laurence Bergner - *Gabelli Funds, LLC - Research Analyst*

Pete, Larry, I hope you guys are well, in addition. I guess to start, this sourcing benefit that you characterized as $7 million in the second quarter with some carryover benefit in the third quarter. If we were to look back prior to the second quarter, what type of levels would the sourcing benefits have run at sort of quarter-to-quarter? Was it material or was it sort of de minimis prior to the second quarter?

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

It was slightly less in the first quarter, Justin. And if you go back further, and actually, if you went back in our transcripts a couple of years, a number of years ago, we were almost regularly talking about strategic sourcing benefits. They faded away in '18 and '19, and we virtually had none. And you look at the year-over-year comparisons, and we would talk about that. But like I said, when you get to dislocated markets where things are being disheveled and customers, businesses and industries are shutting down, suppliers end up having supply that they don't have -- nowhere to place, and you have those opportunities if you're sourcing group's out doing a good job.

Justin Laurence Bergner - *Gabelli Funds, LLC - Research Analyst*

Great. That's helpful. So it's sort of like a -- I mean, it's sort of like a trading-type profit when the opportunity presents itself, I guess.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

That's right.

Justin Laurence Bergner - *Gabelli Funds, LLC - Research Analyst*

I'll move on to a second question, which is, I noticed your interest expense came down $4 million or $5 million. Is that mainly because of the proceeds from the sale? And if so, should I read into sort of the similar interest expense as sort of a harbinger that while you're withdrawing the free cash flow guide, one might not expect it to be too dissimilar from your prior guide? Or one might not expect the number that you're --

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes, Justin. I feel comfortable answering your question, but I'll actually have David Lloyd, our Treasurer, answer it because he's sitting right here, and he'll be much more articulate and accurate than me.

David C. Lloyd - *Greif, Inc. - CAO, VP, Corporate Financial Controller & Treasurer*

Yes. So the interest expense decline is really driven off of a couple of things. So obviously, we had a fairly heavy pace of debt repayment during the quarter, at least part of which was driven by proceeds from the CPG divestiture. Obviously, variable interest rates were at significant lows, and so we benefited from that significantly as well. And then we've done some things in the portfolio as well to drive some lower interest costs also.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

And then on continuing.

David C. Lloyd - *Greif, Inc. - CAO, VP, Corporate Financial Controller & Treasurer*

Yes. So I think the -- what we have forecasted in the past is not going to change a whole heck of a lot from an interest rate standpoint. So most of our rates are fixed at this point. And -- yes.

Justin Laurence Bergner - *Gabelli Funds, LLC - Research Analyst*

And then, I guess, for the second part of that question, I mean, is it presumptuous to sort of assume, based on the interest expense not changing too much, that the free cash flow, do you -- while sort of pulled is -- there's no reason to expect it to be too dissimilar from the prior view?

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Well, yes. I mean, from the impact of interest expense, that's true. I mean, obviously, with us pulling back on providing guidance, I mean, the main driver of cash flow is obviously operations. And so that's why we are not giving free cash flow guidance for the remainder of the year either, Justin. But we do feel very confident about how well our treasury group's managing cash around the world and how well our business is doing, focusing on working capital. So we feel very good about what our cash flow for this year will be. But it's all going to be relative to results. And obviously, as we said, there's just too many variables out there right now for us to give any kind of guidance range around that.

Operator

Your next question comes from the line of Gabe Hajde of Wells Fargo Securities.

Gabrial Shane Hajde - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

Pete, Larry, Matt. I hope you and your families are doing well. I guess I'll try to take a stab again at the guidance question. Just trying to tie in, Pete, to your comments about volume trajectory. Can you, I guess, maybe any sense of, directionally, if the volume environment plays out as you expect, that EBITDA would be down on a sequential basis from fiscal Q2? Is that what I'm hearing?

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

Well, I mean, it's hard to predict that. But again, we expect our volumes in our Rigid business to be much lower in Q3. Some caveats is how fast supply chains recover and whether disruptions determines the evolution of that within the quarter into Q4. I think it also depends as economies are recovering from the health crisis. And you look at the case rate improvements, do you have any disruptions or negative events on the medical side that could hamper that recovery. I think there's just a lot of unknowns that could be variable that could impact it. But as what we know today, we think we're going to have a tougher volume month in RIPS in Q3, worse in May and slowly improve in June and July, better view in Q4 in Paper. I think you're going to see an improving scenario in volumes. Although, as I mentioned, April was a lower point for our converted products in April. But again, the variables on how fast the durable market opens, how fast the automobile manufacturing plants open, what's the demand of consumers, is there disruption during the health crisis is really challenging to predict. We're trying to give you our best view of the volume scenarios across both RIPS and Paper, Gabe.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes. And Gabe, if you think about it, auto, like Pete explained earlier, has a big impact on our CorrChoice volumes, and they peaked up toward the end of May as some of the auto came back online. And nice articles in The Wall Street Journal today about consumer demand and some of the dealers not having enough inventory on F-150s and other kind of vehicles. But then you have the challenges they have because their supply chain is so complex. And so some of them are having struggles because they can't get parts from Mexico or whatever. So that -- it just makes it really, really hard to give you a solid answer of where do we think things are going.

Gabrial Shane Hajde - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

Understand, not a problem. All right. Maybe this will be -- hopefully, this one is easier. With, I guess, closing the second machine at Mobile, Alabama, I'm assuming the residual of that business will be kind of redistributed to other facilities. But can you give us a sense of what fixed cost savings might look like? And is that -- I'm assuming -- is that part of the $40 million that you talked about? Or is that above and beyond or something separate?

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes. There's a -- Gabe, there's about $1.5 million, just shy of that for the remainder of the year related to closure, and that's a $5 million on an annual basis. And just to put this in context, you'll recall, before we ever got into COVID, we've been talking since last June about being in an industrial recession. So we kicked off a process last fall of going through and reviewing every single one of our plants across all of our businesses. That has led already to closures of the 2 RIPS plants that Pete mentioned. And that was also the genesis of the closure of this plant. It's just not an efficient one. And you're right, we shifted all the business to -- we will shift all that business to other facilities. It just wasn't a cost-effective operation, unfortunately.

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

And Gabe, just from a customer transition. It's a little easier for us because over 95% of our customers in that facility are all consumed internally within our own tube and core facilities.

Gabrial Shane Hajde - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

Interesting. Okay. And I guess maybe the last question. You -- I think Larry made comment of sourcing of alternative products within RIPS outside of materials, which I think is maybe 60% or so of the cost of goods sold wheel. So that sounds like it's a sustainable go forward benefit. Any way to put a number on that or quantify it for us?

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes, it wasn't -- maybe I misstated something there. We have -- it was pricing and other actions that added to that margin value add, if that's the comment you're relating to. You might remember us talking about as we reinitiated our contracts on renewals, we put in for openers for other price areas other than just the standard raws. So yes, we do think and expect that those things should continue in our business. But what you won't see is the year-over-year because, obviously, as you go through that -- but we do think a lot of that will be sustainable in our margin.

Operator

And your last question comes from the line of Adam Josephson of KeyBanc.

Adam Jesse Josephson - *KeyBanc Capital Markets Inc., Research Division - Director and Senior Equity Research Analyst*

Pete and Larry, 2 follow-up questions. One is just going back to what Gabe was getting at, just in terms of the timing of EBITDA. So when you went into the year, you were thinking 3Q would be the high point and that second half EBITDA would be higher than the first half. Now obviously, that was pre-COVID, so a great deal has changed since then. Is it still reasonable to assume that 2H would be better than 1H? Or you just -- you have no way of knowing? No one really has much visibility. And so that statement is probably out the window, and there's really no way to know? What do you feel about that?

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Adam, I think -- well, first of all, I didn't have a chance to say, I hope you and your family are doing well. Second, third quarter is clearly not going to be what it normally is. That's painfully obvious to us. And like I said, if the economists are right about where the calendar second quarter is, we should see negative impact in June. But again, Pete and I keep having optimism about it. So it's just all over the place about where we think it could be. We do not think 3Q is going to be what we thought it would be. We do expect that we'll start to see recovery in July and then through our fourth quarter. But trying to predict how strong that's going to be -- I mean, I listen to more economist calls than I ever have in my life, and I always listen to a lot, and the range is all over the place. So we just couldn't get a handle on it to feel confident to give you real true guidance.

Adam Jesse Josephson - *KeyBanc Capital Markets Inc., Research Division - Director and Senior Equity Research Analyst*

Yes. No, understood. And just one last one on Paper volumes. So I think, Pete, you said CorrChoice volumes were down single digits in May and that Tubes and Cores are down a little more than that. Could you be a little more precise about the extent to which the CorrChoice and Tubes and Cores were down year-on-year in May?

And then just more broadly, we've looked at containerboard volumes in past recessions, and they've averaged down about 6% in the months in which the U.S. was technically in recession. And usually, URB is a bit more economically sensitive than even containerboard. So who knows how long this recession will last. But just based on the economic conditions you see, I mean, do you think containerboard and/or URB volumes are more likely to be up or down for the balance of the year on a year-over-year basis?

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

Yes. So let me just reiterate what I mentioned about CorrChoice and Tubes and Core volumes. So my comments were about transitions from April to May. I wasn't referencing what our quarter volume. So in CorrChoice, from May -- April to May on a per day basis, they are up 6%. And if you remember, in May, we have 2 less working days than a year ago. So that's why I'm referencing sequential evolvement of corrugated. So the 6% up from April to May and the volume in the last 8 days at CorrChoice has been incredibly strong. And I referenced as durable manufacturing businesses that were closed and deemed nonessential during the shutdown, that included automotive, they're starting to fill up, open up and starting to fill up their supply chain needs. And that business, CorrChoice, has a lot of exposure to durables and automotive. So that was my comment on April to May transition.

We don't really have any backlog beyond 24 days. So other than telling you what I know today, I'd be throwing a dart at a dart board trying to think beyond that.

In Tube and Core, relative to May volumes versus April, sequentially, they're flat. And again, going forward, we have a high exposure, nonessential businesses that are gradually reopening. And based on how they come up, whether their demand is positive or there's disruptions in their supply chain would dictate what our trajectory is on volume in that business in Q3.

In regard to your second question of trying to project what our volumes may be in boxboard and containerboard, that's a hypothetical question. It's because of the uncertainty we have right now. I'm just not going to go there and try to predict what those 2 businesses will do beyond what we know today.

Adam Jesse Josephson - *KeyBanc Capital Markets Inc., Research Division - Director and Senior Equity Research Analyst*

Yes. And just one, on the year-over-year again in CorrChoice and Tubes and Cores, Pete. I did hear you correctly, right, down, single, down single digits in...

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes, down single digits. Yes.

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

Yes. So if you're talking about Q2 volumes, our Q2 volumes in CorrChoice were flat versus prior year. And our Tube and Core volumes, Q2 this year versus Q2 prior year, is down 5%.

Adam Jesse Josephson - *KeyBanc Capital Markets Inc., Research Division - Director and Senior Equity Research Analyst*

That was in Q2. And then in May -- I'm sorry, go ahead, Larry. Sorry.

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes. In May, I said that the CorrChoice was down 8 -- high-single digits and Tube and Cores slightly more than that.

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

And that's because in May, there's 2 less working days. So the -- it's a tough comp, over a quarter, it equals out. But on a May-to-May comparison, it's not equal. That's why I referenced on a per day basis, April to May.

Adam Jesse Josephson - *KeyBanc Capital Markets Inc., Research Division - Director and Senior Equity Research Analyst*

Yes. So the down 8% is not on a per day. It's total?

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

It is as well, Adam, on a year-over-year basis. But -- so yes, CorrChoice and Tube and Core were down 1 high single digits, 1 low double digits.

Operator

There's another question from George Staphos of Bank of America

George Leon Staphos - *BofA Merrill Lynch, Research Division - MD and Co-Sector Head in Equity Research*

I'm sorry about that. Somehow I got dropped from the queue. Just -- I was curious, just if you can put 30 seconds of comments on the CSI scores that you're seeing in RIPS, you saw some nice improvement there.

Peter G. Watson - *Greif, Inc. - President, CEO & Director*

Yes, George, we are seeing increased CSI scores across the whole portfolio. And North America and APAC now are at a 95% level. So really pleased with that. A big part of the improvement, though, is EMEA. EMEA is driving toward that low 90% range. So I think, again, having one global organization with a very singular focus is making a significant impact. As Larry mentioned earlier, I think that's driving some of the opportunities we're seeing with new customers or expanded wallet share in some of our Rigid Packaging customer base. So thanks for the question.

Operator

And your last question comes from the line of Justin Bergner of GAMCO Research.

Justin Laurence Bergner - *Gabelli Funds, LLC - Research Analyst*

Just quickly, the $40 million of cost actions that you are targeting for the second half, just to verify, none of the benefit there was in the second quarter? And then, how much of that $40 million is sort of structural versus temporary we kind of look beyond the second half of the fiscal year?

Lawrence Allen Hilsheimer - *Greif, Inc. - Executive VP & CFO*

Yes. Justin, the vast majority of it is variable and not structural. The structural stuff was already built into our budget and process for the year. So we're not counting that because we had already planned it towards our focus of getting down below 10% by 2022.

Operator

There are no further questions at this time. I turn the call back over to the presenter.

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

Thanks very much, Tacan. And thank you very much for joining us today. We appreciate your interest in Greif and hope that you have a nice weekend ahead. Take care.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect..