



Always Advancing To Protect What's Important

INVESTOR PRESENTATION

August 2019
NYSE: BERY

Safe Harbor Statements

Forward-Looking Statements

Statements in this presentation that are not historical, including statements relating to the expected future performance of the Company, are considered “forward looking” and are presented pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. You can identify forward-looking statements because they contain words such as “believes,” “expects,” “may,” “will,” “should,” “would,” “could,” “seeks,” “approximately,” “intends,” “plans,” “estimates,” “anticipates,” “outlook,” or “looking forward,” or similar expressions that relate to our strategy, plans or intentions. All statements we make relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results or to our expectations regarding future industry trends are forward-looking statements. In addition, we, through our senior management team, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those that we expected.

Important factors that could cause actual results to differ materially from our expectations, which we refer to as cautionary statements, are disclosed under “Risk Factors” and elsewhere in our Annual Report on Form 10-K and subsequent filings with the Securities and Exchange Commission, including, without limitation, in conjunction with the forward-looking statements included in this release. All forward-looking information and subsequent written and oral forward-looking statements attributable to us, or to persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Some of the factors that we believe could affect our results include: (1) risks associated with our substantial indebtedness and debt service; (2) changes in prices and availability of resin and other raw materials and our ability to pass on changes in raw material prices on a timely basis; (3) performance of our business and future operating results; (4) risks related to acquisitions, integration of acquired businesses and their operations (including the acquisition of RP Group Plc (“RPC”), and realization of anticipated cost savings and synergies; (5) reliance on unpatented proprietary know-how and trade secrets; (6) increases in the cost of compliance with laws and regulations, including environmental, safety, and production and product laws and regulations; (7) risks related to disruptions in the overall economy and the financial markets that may adversely impact our business; (8) risk of catastrophic loss of one of our key manufacturing facilities, natural disasters, and other unplanned business interruptions; (9) risks related to market acceptance of our developing technologies and products; (10) general business and economic conditions, particularly an economic downturn; (11) risks that our restructuring programs may entail greater implementation costs or result in lower cost savings than anticipated; (12) ability of our insurance to fully cover potential exposures; (13) risks of competition, including foreign competition, in our existing and future markets; (14) uncertainty regarding the United Kingdom’s withdrawal from the European Union and the outcome of future arrangements between the United Kingdom and the European Union; (15) risks related to the phase-out of the London Interbank Offered Rate (LIBOR), or the replacement of LIBOR with a different reference rate or modification of the method used to calculate LIBOR; (16) new legislation or new regulations and the Company’s corresponding interpretations of either may affect our business and consolidated financial condition and results of operations; (17) potential failure to integrate recent acquisitions successfully and to realize the intended benefits, including, without limitation, the inability to realize the anticipated cost synergies in the anticipated amounts or within the contemplated timeframes or cost expectations, the inability to realize the anticipated revenues, expenses, earnings and other financial results and operational benefits, and the anticipated tax treatment; (18) risks related to international business, including as a result of the RPC transaction, including foreign currency exchange rate risk and the risks of compliance with applicable export controls, sanctions, anti-corruption laws and regulations; and (19) the other factors discussed under the heading “Risk Factors” in our Annual Report on Form 10-K and subsequent filings with the Securities and Exchange Commission. We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. Accordingly, readers should not place undue reliance on those statements. All forward-looking statements are based upon information available to us on the date of this release. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

This presentation should be read together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and the related notes thereto included in our public filings.

Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures such as operating EBITDA, adjusted EBITDA, adjusted net income, and free cash flow intended to supplement, not substitute for, comparable measures under generally accepted accounting principles (GAAP). Investors are urged to consider carefully the comparable GAAP measures and the reconciliations to those measures provided in our earnings release, presentations, and SEC filings. For further information about our non-GAAP measures, please see our earnings release, SEC filings and supplemental data at the end of this presentation.

Website Information

We often post important information for investors on our website, www.berryglobal.com, in the “Investor Relations” section. We use this website as a means of disclosing material, non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor the Investor Relations section of our website, in addition to following our press releases, SEC filings, public conference calls, presentations, and webcasts. The information contained on, or that may be accessed through our website, is not incorporated by reference into, and is not a part of this document.

No profit forecast

Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of Berry or the combination of the recent RPC acquisition, unless otherwise stated.

Presentation of Combined Information

The combined financial information set forth herein has not been prepared in accordance with Article 11 of Regulation S-X but rather represents a simple combination of Berry’s results with the results of RPC. RPC’s results have been prepared and reported in accordance with IFRS and converted into US dollars based on an exchange rate of \$1.00 USD to 1.3451 GBP, the average daily closing rate for the LTM period as of September 30, 2018. Combined financial information pursuant to Article 11 could differ materially from the combined inform.

LTM Information

LTM information presented herein is the Last Twelve Months of reported information as of the date represented.

Certain information included in this presentation has been sourced from third parties. Berry does not make any representations regarding accuracy, completeness or timeliness of such third party information. Permission to cite such information has neither been sought nor obtained.

BERRY OVERVIEW

Who is Berry?

A Leading Global Supplier Of Value-Added Protective Solutions

~\$13 B Annual
Revenues*

+290 Facilities
Worldwide*

13,000+
Customers

100,000+
Items

Low cost
manufacturer of
products used
everyday in stable
end markets

Strong, growing, and
predictable free cash
flow

Proven long-term
acquisition strategy
with a robust pipeline

Blue Chip Customers Include



Four Complementary Segments

Berry Revenue: ~\$13B ⁽¹⁾

Consumer Packaging - International

37% of Revenue⁽¹⁾

**Revenue⁽¹⁾
\$4.9B**

- Containers
- Closures
- Bottles
- Consumer and industrial flexible packaging
- Medical devices
- Recycling & waste mngt. solutions

Consumer Packaging - North America

20% of Revenue

**Revenue
\$2.6B**

- Closures
- Drink cups
- Bottles
- Prescription vials
- Containers
- Tubes

Health, Hygiene & Specialties

22% of Revenue

**Revenue
\$2.8B**

- Diapers
- Adult incont.
- Feminine care
- Medical garments
- Disinfectant wipes
- Dryer sheets
- Filtration

Engineered Materials

21% of Revenue⁽¹⁾

**Revenue⁽¹⁾
\$2.7B**

- Consumer and industrial flexible packaging
- Industrial & specialty tapes
- Can liners

(1) Pro forma revenue includes the RPC acquisition as of 09/30/18 LTM in the Consumer Packaging -International division and the Laddawn acquisition in the Engineered Materials division
 -Revenue is for the twelve months ended June 2019 for CP -North America, HH&S and Engineered Materials
 -Berry produces components of some of the products in the HH&S segment

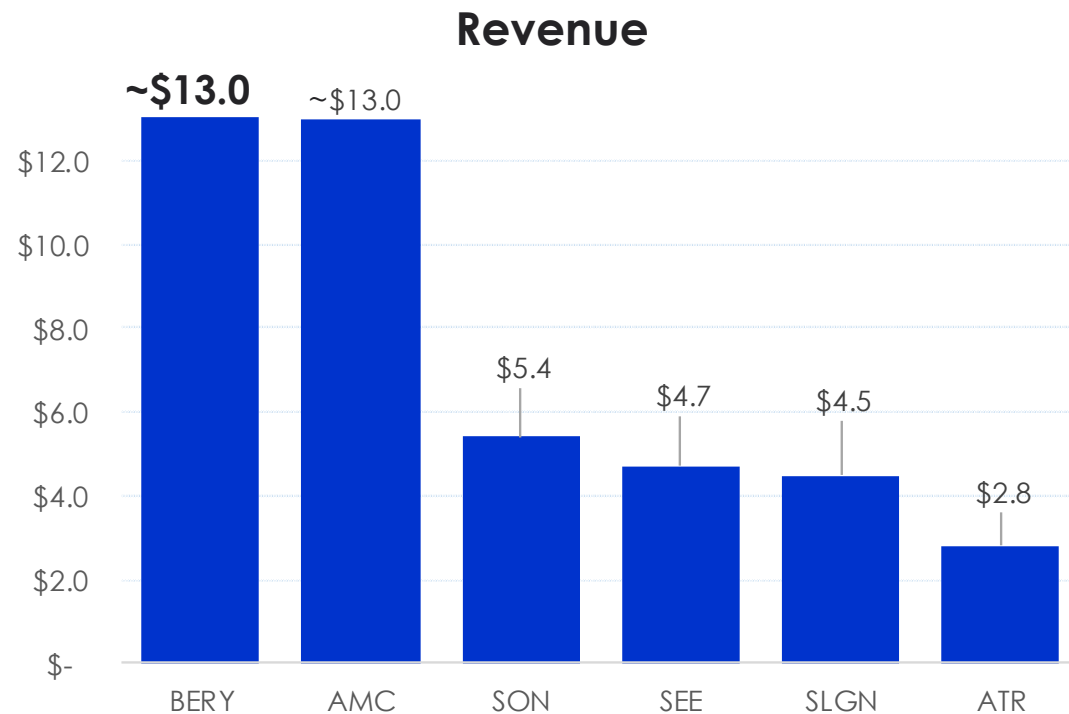
Why Berry Global?



.....We Are Continuing The Same Strategy We Have Always Done

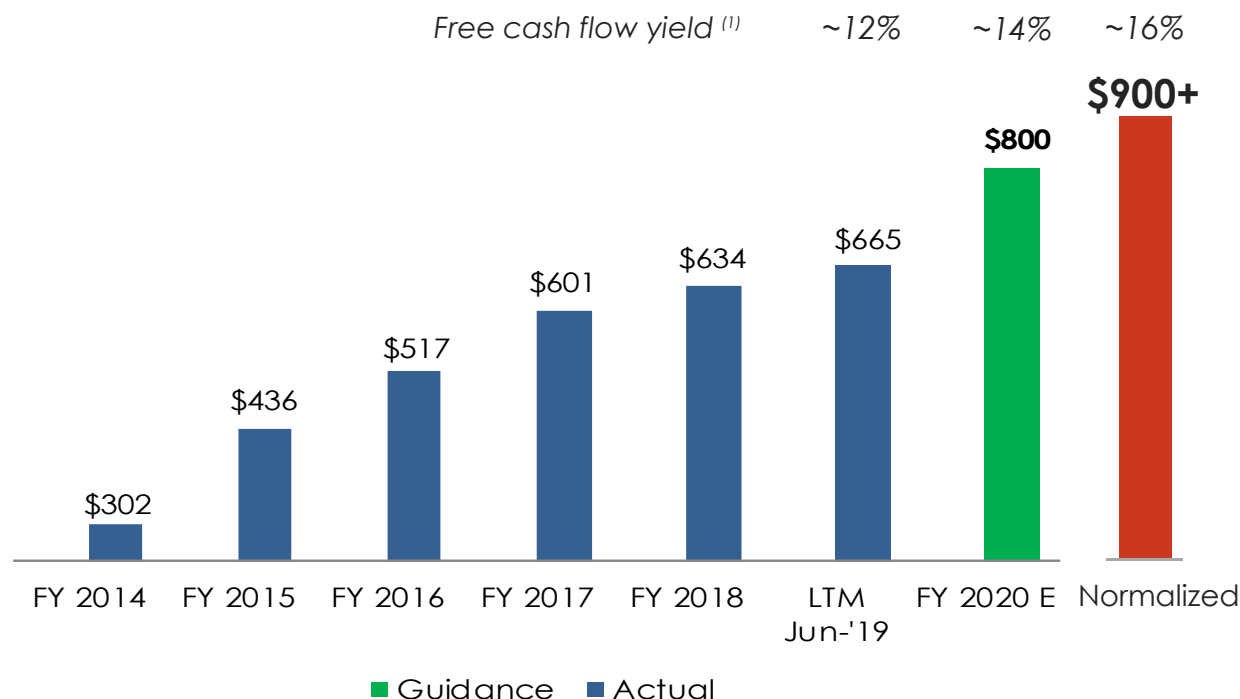
Significant Scale Advantages

- Largest resin buyer with ~7 billion lbs procured annually
- Leadership position across the majority of our portfolio
- The most expansive product offering and global footprint
- Low cost manufacturer – sustainable competitive advantage



Consistent Free Cash Flow

- 5-year free cash flow CAGR of **21%**
- **Exceeded** free cash flow guidance every year since IPO



Berry's LTM FCF yield is ~12% ⁽¹⁾ – still well above the peer group average of ≤5% ⁽²⁾

(1) Based on latest shares outstanding and stock price as of the end of the August 2, 2019

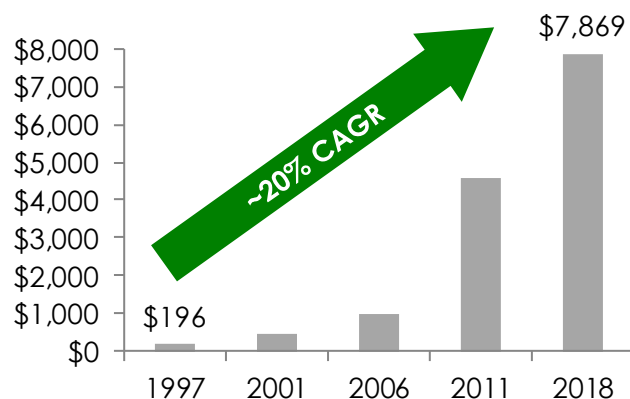
(2) Packaging peer group includes: Aptar Group, Ball Corporation, Bemis, Crown Holdings, Graphic Packaging, Owens Illinois, Sealed Air, Silgan, and Sonoco. Packaging peer average based on the latest calculated public data available as of August 2, 2019. Free cash flow calculated as cash flow from operations less net capital expenditures.

Note: Normalized free cash flow is expected free cash flow assuming the achievement of expected cost synergies and the exclusion of restructuring and integration costs associated with achieving synergies, on a tax adjusted basis. See slide 16.

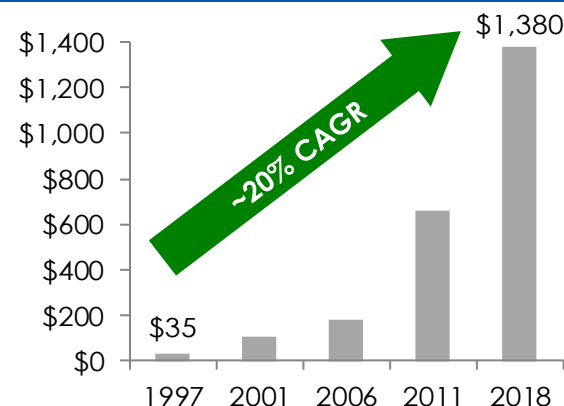
Strong Financial Performance Track Record



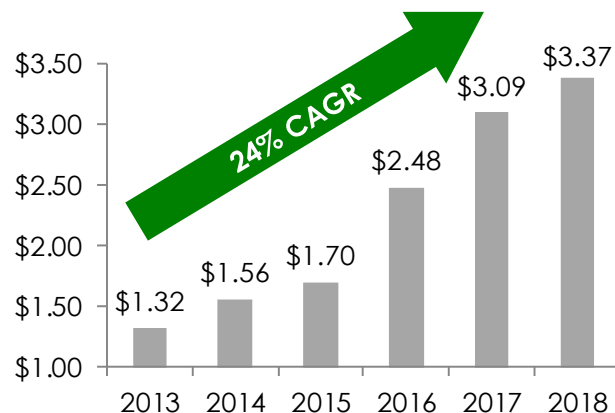
Revenue



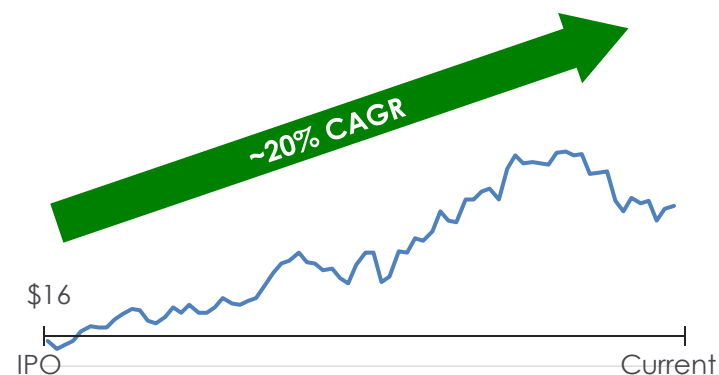
Operating EBITDA



Adjusted Earnings Per Diluted Share



Shareholder Returns



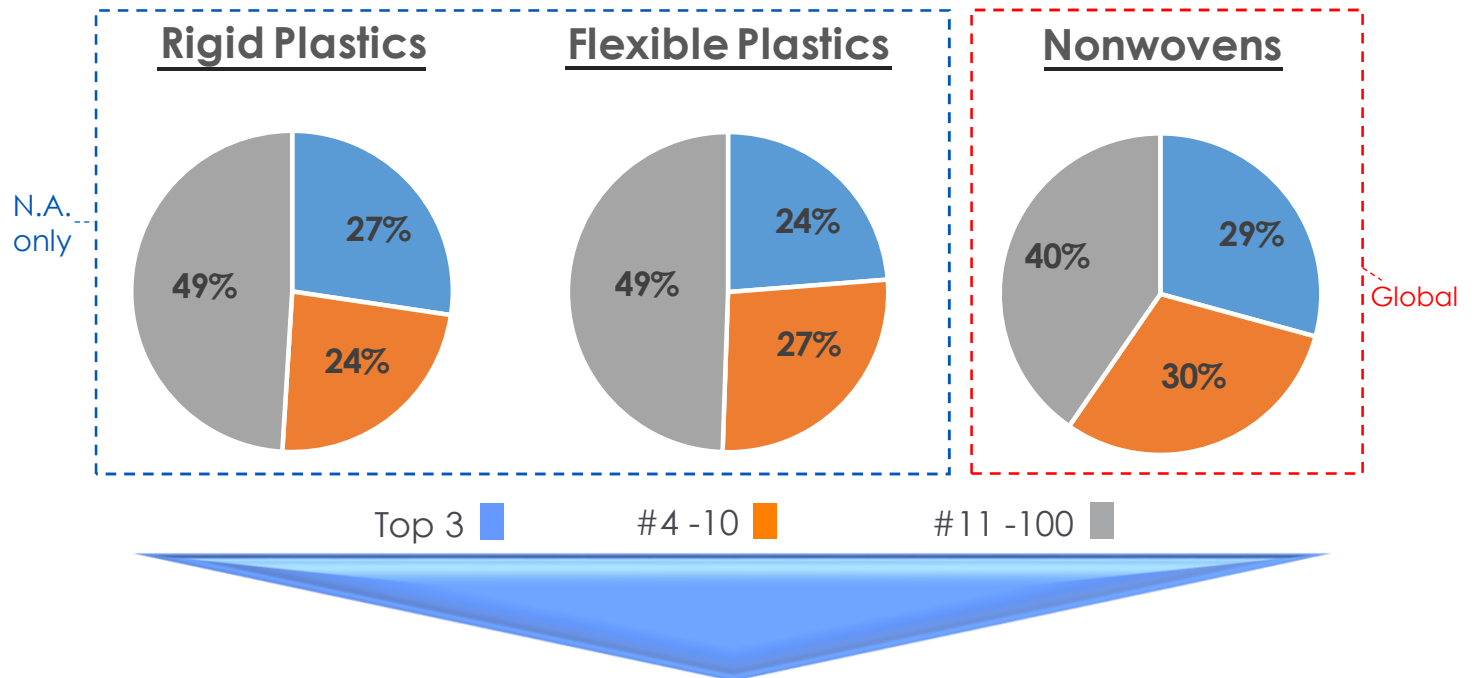
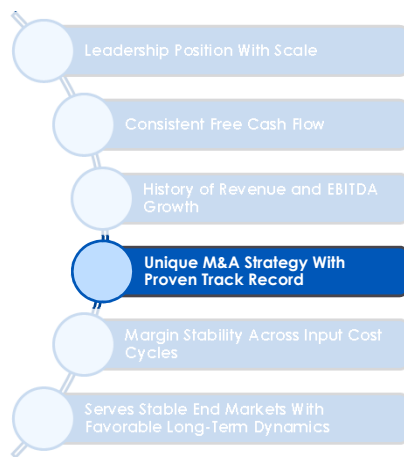
Proven Track Record of Net Sales, Earnings, and Shareholder Return Growth

Dollars in millions, except per share data
Represents fiscal revenue and operating EBITDA for respective years



Robust Acquisition Pipeline + Fragmented Markets

- Completed **46** acquisitions to date
- Average **~5%** cost synergies of acquired targets revenue

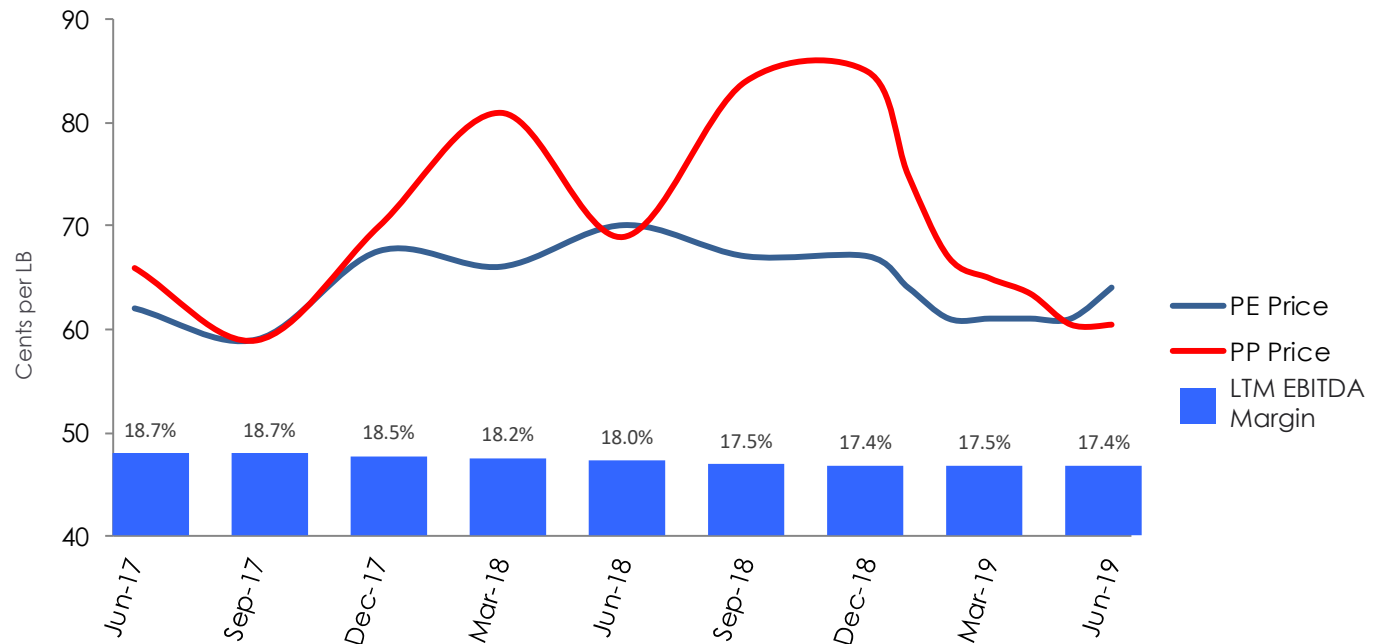
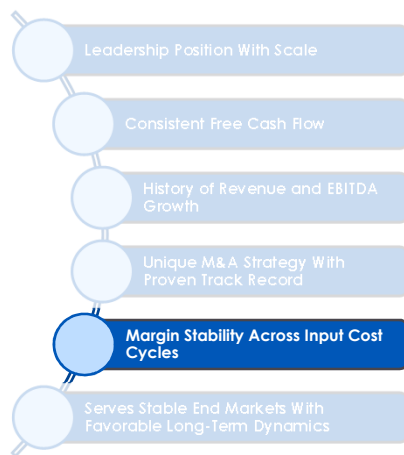


We Believe There Will Be Decades Of Consolidation Opportunities In A Growing Substrate

Source: Plastics News (*N.A. only*) and Nonwoven Industry Magazines
Note: Rigid Plastics includes thermoforming, blow molding and injection molding. Flexible Plastics includes film and sheet

Resin Is a Pass-Through

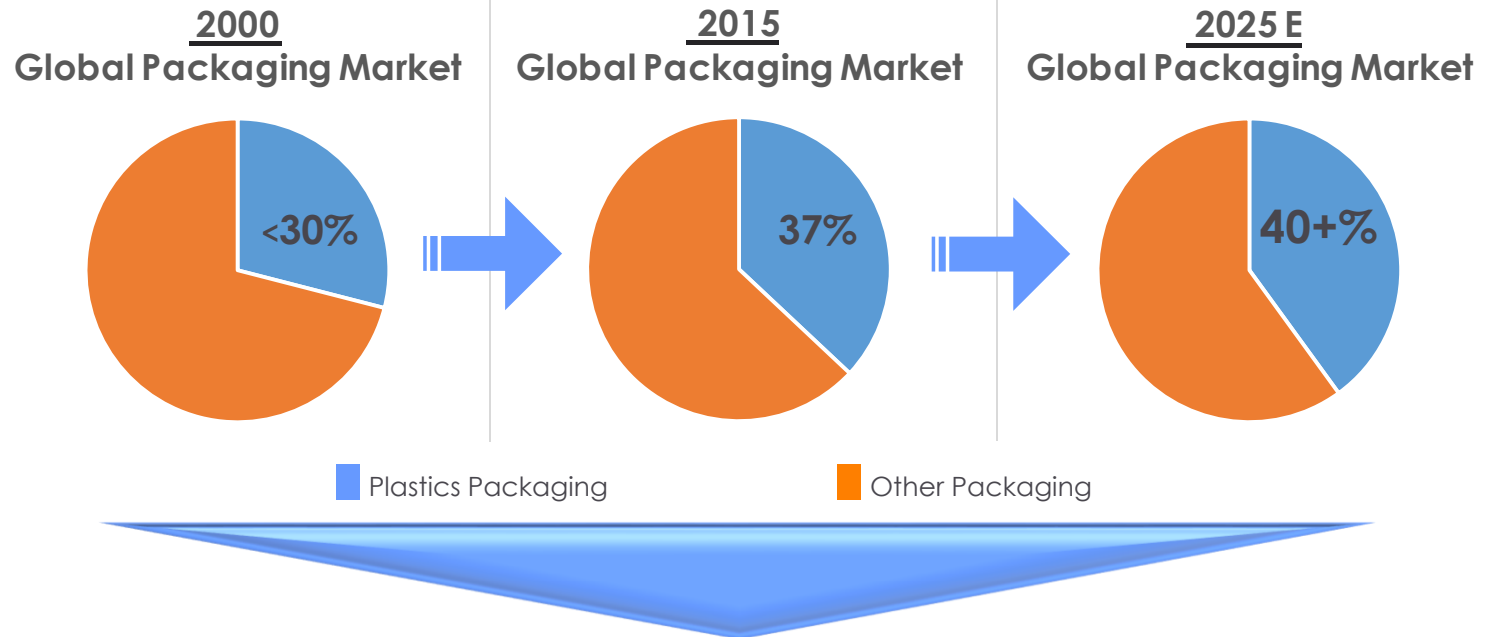
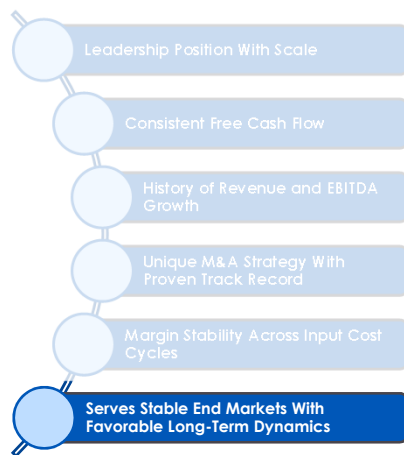
**Over the past 8 quarters resin volatility was >40%;
BERY margins remain in a tight range**



Resin – Primary Raw Material

- Resin comprises approximately 50% of COGS
- ~70% of resin pounds sold are on contractual pass through
- ~7 billion pounds of resin purchased annually
- Approximately 55% of our buy is polyethylene and 40% is polypropylene

Growing Substrate



Plastic Packaging Offers

- Durability
- Design versatility
- Cost advantage
- Lowest carbon footprint
- Lightweight
- Recyclability



***Scale-Based Global Plastic
And Recycled Packaging Franchise***

Compelling Acquisition Rationale

Strong Strategic Merit

- ✓ **Transformational** complementary combination creates a **global leader** in plastic packaging with enhanced **growth** opportunities
- ✓ Unmatched **value creation** opportunity for Berry shareholders, underpinned by strong **industrial logic** and powerful **synergies**
- ✓ Ability to leverage combined **know-how** in material science, product development and manufacturing technologies across **resin-based** consumer, industrial and healthcare applications

Long-term Benefits to Berry

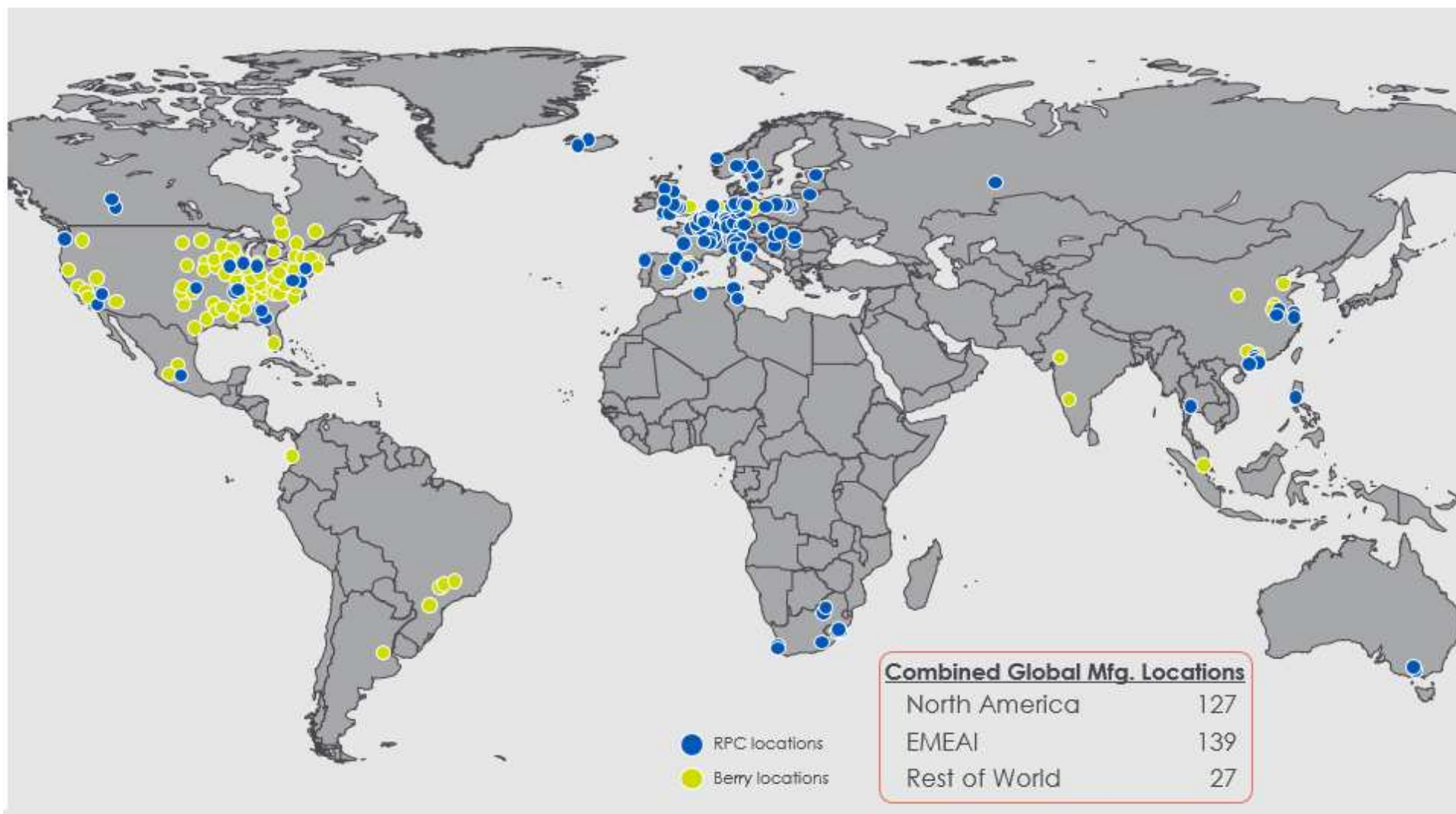
- ✓ **Balanced** franchise across geographies, markets and substrates
- ✓ Well-positioned for **sustainable** plastics and **recycling** paradigm
- ✓ Differentiated global **M&A platform** providing further long-term **growth/consolidation** opportunities

Attractive Financial Profile

- ✓ Sales and EBITDA increase by **~60%** respectively, inclusive of **\$150 million** of expected annual cost synergies
- ✓ Combined revenue and Adjusted EBITDA of approximately **\$13 billion and >\$2 billion**, respectively
- ✓ **Accretive** to earnings and free cash flow

Establishes One Of The World's Largest, Value-Added Providers Of Plastic Packaging And Recycled Solutions

Global Presence and Scale in Key Regions



Enhanced Ability to Serve Customers

Large Multi-National Blue-Chip Customer Base Supported By Thousands Of Smaller, Local Customers



Common Approaches

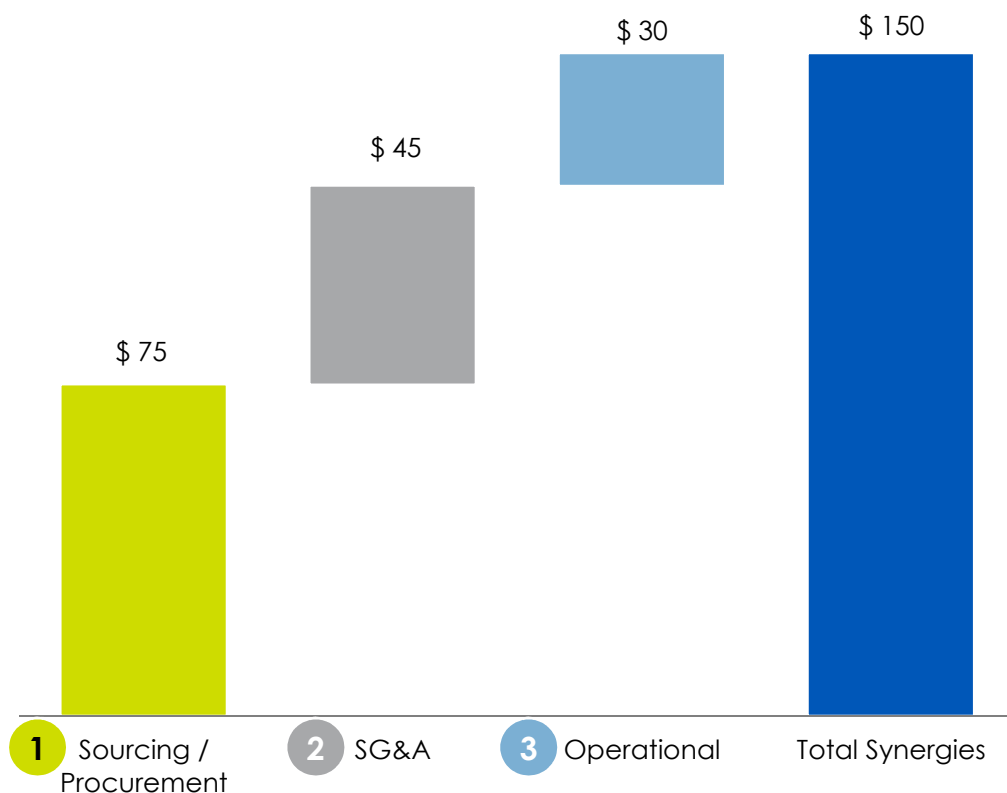
- ✓ Global reach, quality and service
- ✓ Long-term relationships
- ✓ Disciplined cost management
- ✓ Differentiated standardization and customization capabilities
- ✓ Premium, low-cost and sustainable solutions
- ✓ Local, in-market presence
- ✓ Deep product breadth and selection



Significant Capabilities And Solutions Serving An Attractive Global Customer Base

Compelling Synergy Opportunity

Expected Synergies



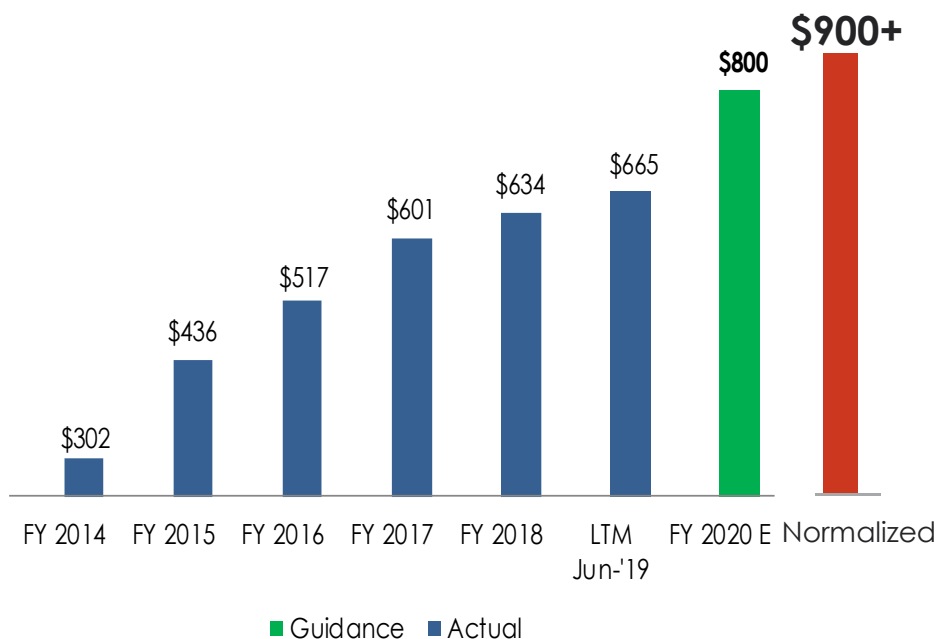
Synergy Overview

Categories	Description
1 Sourcing / Procurement	<ul style="list-style-type: none"> Resin, chemical, corrugated, MRO and Freight
2 SG&A	<ul style="list-style-type: none"> Professional services, corporate redundancies, overlapping sales functions & regional structure redundancies
3 Operational	<ul style="list-style-type: none"> Footprint maximization/rationalization, formulation sharing, capacity shifting & best practices & network capacity

Synergy Target Supported By Track-Record of Achieving Initial Synergy Estimates

Free Cash Flows

Strong and Consistent Free Cash Flow



Free Cash Flow

	FY 2020 Guidance
Operating EBITDA	\$ 2,150
Capital expenditures	(600)
Cash interest expense	(500)
Taxes	(160)
Working capital, restructuring & other	(90)
Free cash flow	\$ 800
Less: Restructuring & integration costs	75
Add: Additional synergies	75
Tax impact on normalization adj's	(40)
Normalized free cash flow	\$ 910

\$900+ million of Normalized Free Cash Flow

Note: Dollar amounts in millions.

Normalized free cash flow is expected free cash flow assuming the achievement of expected cost synergies and the exclusion of restructuring and integration costs associated with achieving synergies, on a tax adjusted basis.

Targeted Leverage and Historical De-levering Path

Ability to Rapidly De-lever Post Acquisition While Still Investing In the Business

Share Price - \$15.20

\$33.36

\$31.29

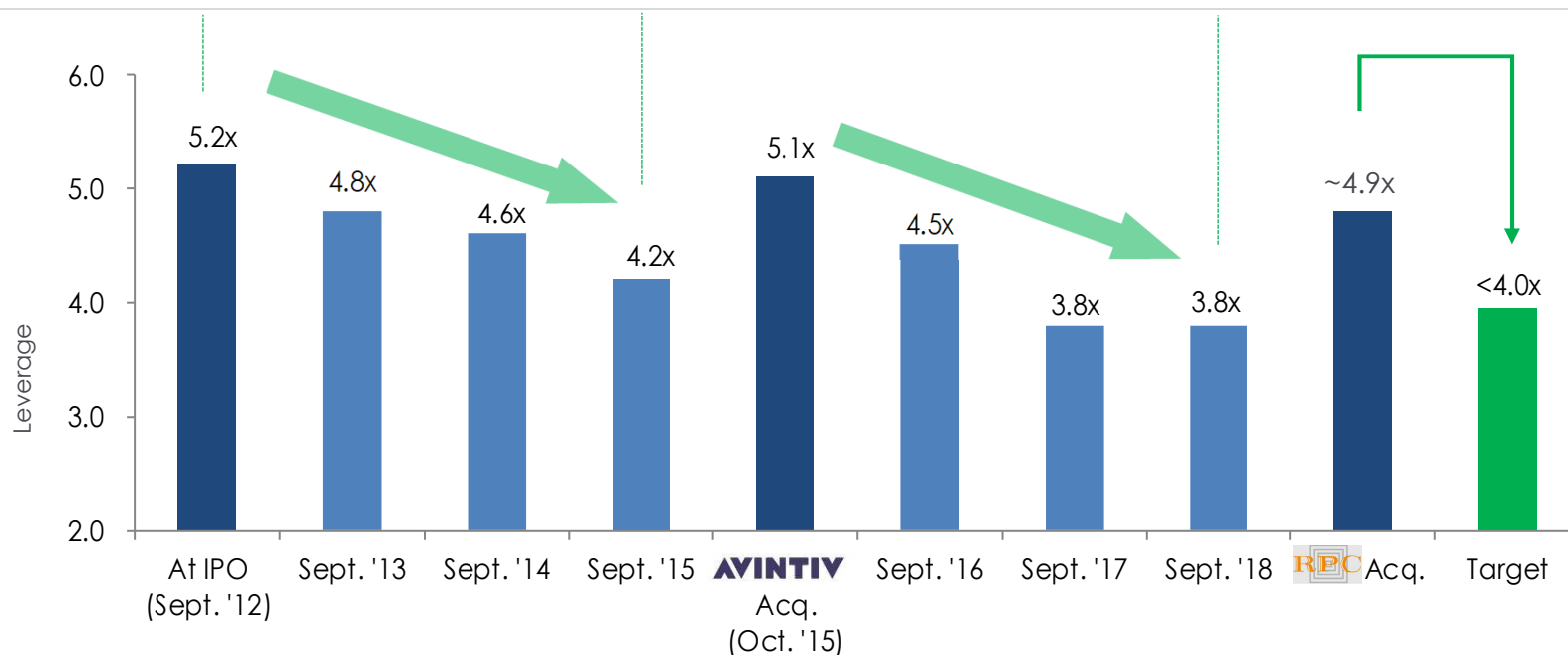
\$48.39

FCF - ~\$250M

\$436M

\$634M

\$900M+*



Demonstrated Track Record of Quickly De-levering to Committed Target Following Transformative Acquisitions; With Significantly More Free Cash

Note: Estimated pro forma leverage equals Berry 03/30/19 net debt plus new debt raised divided by the total of Berry LTM 03/30/19 EBITDA, RPC LTM EBITDA as of 9/30/18 and \$150 million of annual cost synergies. Leverage calculated as net debt/adjusted EBITDA.

*Normalized free cash flow is expected free cash flow assuming the achievement of expected cost synergies and the exclusion of restructuring and integration costs associated with achieving synergies, on a tax adjusted basis. See slide 16.

Appendix: Current Topics

Fiscal Year 2020 Guidance

Fiscal Year 2020 Free Cash Flow Guidance

Free cash flow	\$800
Capital expenditures	600
Cash interest expense	500
Taxes	160
Working capital & other costs	90

Cash flow from operations	\$1,400
Less: capital expenditures	(600)
Free cash flow	<u>\$800</u>

Capital Allocation Strategy

- Debt paydown – targeting leverage below 4x
- Organic growth investments

Key Objective - Maximize Shareholder Value

Lightweight Products

Plastic packaging has a lower overall environmental impact than alternatives

If plastic packaging was replaced with alternatives, like paper, metal, and glass:

Plastic



Alternatives would require **2x as much energy** as plastics



Alternatives would require **6x as much water** as plastics



Alternatives would generate **5x as much solid waste** as plastics



Alternatives would generate **4x as much greenhouse gas emissions** as plastics

Alternative Packaging Materials



- o Alliance To End Plastic Waste (AEPW)
- o “Impact 2025”
- o Signs Ellen MacArthur Foundation Global Commitment

Segment Opportunities & Trends

Consumer Packaging - International

- One-stop shop
- Product design & innovation
- Sustainability across supply chain
- Convenience

A global consumer packaging platform



Consumer Packaging – North America

- One-stop shop
- Design flexibility
- Clarity and sustainability
- Convenience



Health, Hygiene & Specialties

- Emerging markets (higher growth GDP)
- Rising middle class
- Infection prevention
- Adult Incont. growth



Engineered Materials

- E-commerce
- Material science
- Improved load management
- Film strength



Advantaged Products In Targeted Markets

Appendix: Our Business

Our Leadership



Tom Salmon

Chairman & CEO

Passionate leader focused on improving Berry's financial performance, creating an entrepreneurial-like workplace while helping our customers succeed

- Named CEO February 2017
- Prior 11 years with Berry: various leadership roles, including President and COO; led both Engineered Materials and Consumer Packaging divisions
- Prior experience includes leadership roles at Tyco Adhesives, Honeywell and General Electric



Mark Miles

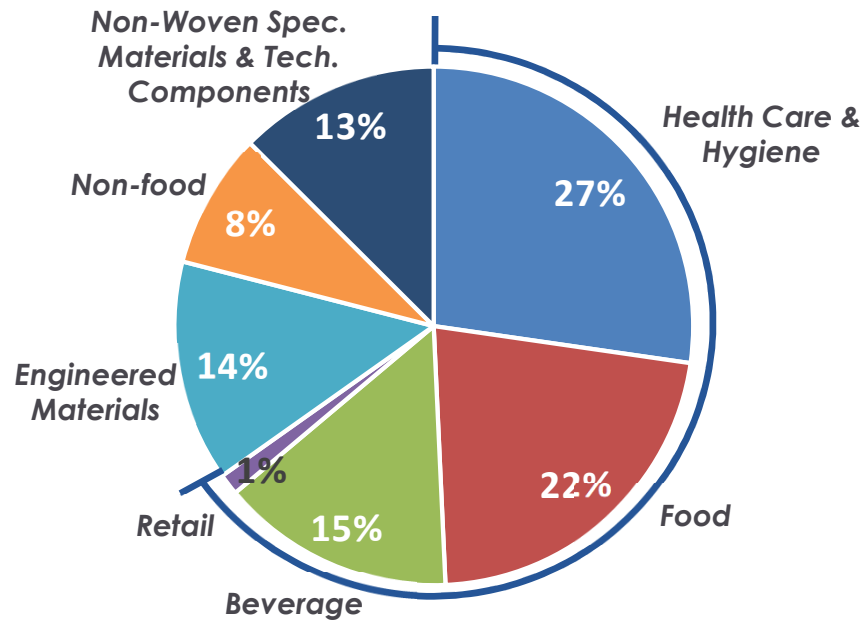
CFO & Treasurer

Disciplined and financially driven leader highly focused on creating long-term value for Berry

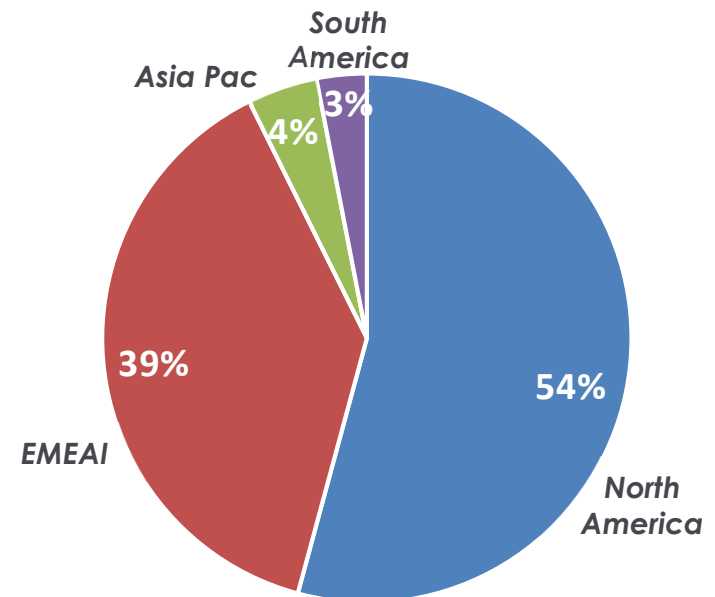
- Named CFO January 2014
- Previous 10 years with Berry as EVP, Controller and Treasurer
- Started with Berry in 1997 as Corporate Controller
- Integral part of management for 36 of Berry's 45 acquisitions

Total Company – End Markets and Regions

Revenue by End Markets:



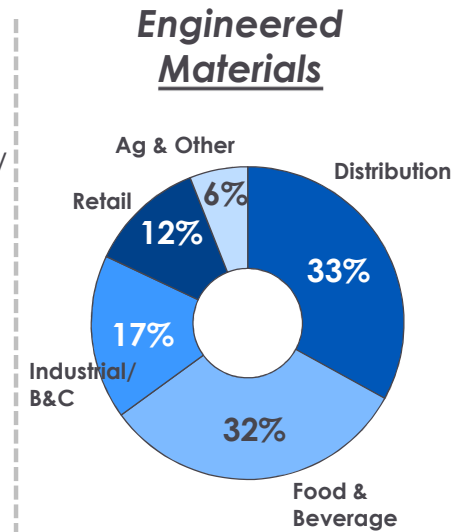
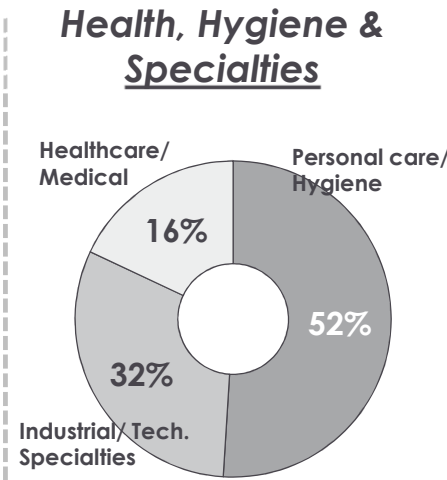
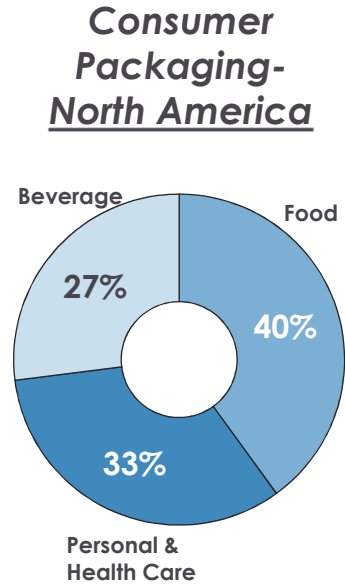
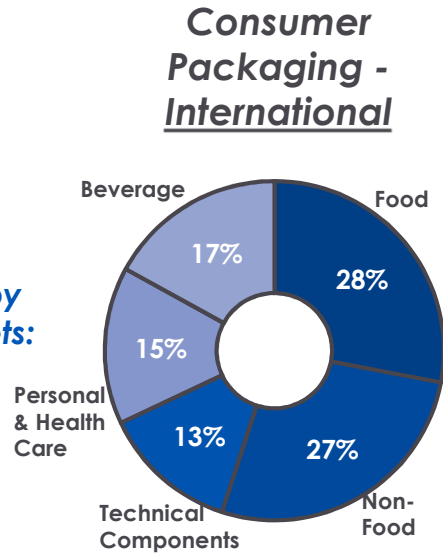
Revenue by Regions:



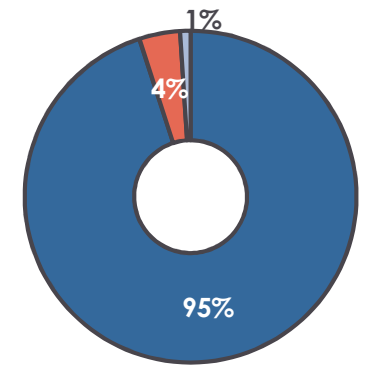
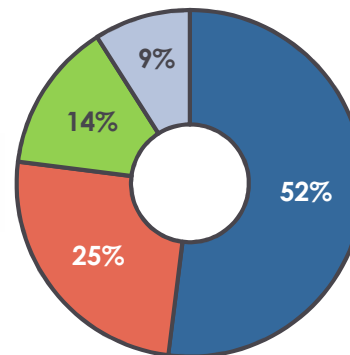
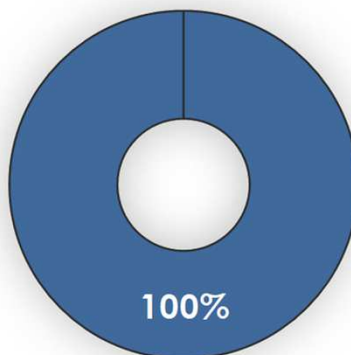
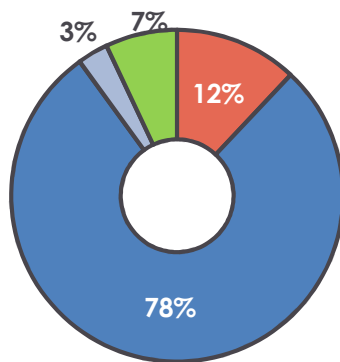
- ~65% of sales in **stable, consumer-oriented end markets**
- **Leadership** market position across the majority of our portfolio

Segment Breakdown – End Markets and Regions

Revenue by
End Markets:



Revenue by
Regions:







■ North America ■ EMEA
■ ROW ■ Asia Pac





■ North America

■ North America ■ EMEA
■ South America ■ Asia Pac

■ North America ■ EMEA ■ Asia Pac

Consumer Packaging – North America

	Containers	Closures	Drink Cups	Bottles
Product Examples				
Competitors	Airlite	Aptar	Dart	Alpha
	IPL	Reynolds	LidWorks	Amcor
	Polytainer	Mold-Rite	Reynolds	Reynolds
		Silgan		Silgan






	Tubes	Rx Vials	Overcaps	Jars
Product Examples				
Competitors	Albea	Apothecary Products	Aptar	Alpha
	CCL	Centor	Cobra	Mold-Rite
	Essel Propack	Tri State	Dubuque	Intrapack
	Viva		Underwood	Omega






Engineered Materials

	Stretch Films	Can Liners	Tapes	Converter Films
Product Examples				
Competitors	Inteplast	Aluf	3M	Amcor
	Malpack	Inteplast	IPG	Charter NEX
	Paragon	Novolex	Scapa	Next Gen
	Sigma	Sigma	Shurtape	Sealed Air

	Shrink Films	Food Films	Retail Bags	PVC Films
Product Examples				
Competitors	All American	Amcor	Clorox	Anchor
	Amcor	Printpack	Polyamerica	Fine Pkg
	Colormasters	Sealed Air	Reynolds	Polyvinyl
	Hillside	WinPak		Reynolds

Health, Hygiene & Specialties

	Diapers	Feminine Care	Adult Incont.	Surgical Products & Medical Packaging	Pharmaceutical & Rigid Medical
Product Examples					
Competitors	Avgol	Avgol	Avgol	Ahlstrom-Munksjö	Gerresheimer
	Fitesa	Fitesa	Fitesa	Amcor	Nypro
	Gulsan	Pegas	Gulsan	Fitesa	West Pharmaceutical
	Toray	RKW	Pegas	SAAF	

	Wipes	Filtration	Geosynthetics	Ag & Other	Building Wraps
Product Examples					
Competitors	Jacob Holm	Freudenberg	Low & Bonar	Fitesa	Barricade
	Sandler	John Mansville	Naue	Mogul	DuPont
	Spuntech		TenCate	Owens Corning	Kingspan
	Suominen	Mogul	Thrace	TenCate	

Appendix: Sustainability

Alliance To End Plastic Waste (AEPW)

- Nearly 30 global companies from the plastics and consumer goods value chain
- Goal to deploy \$1.5 billion to solutions over the next five years
- The Alliance will develop and bring to scale solutions that will minimize and manage plastic waste and promote solutions for used plastics by helping to enable a circular economy
 - **Infrastructure development** – to collect and manage waste and increase recycling
 - **Innovation** – to advance and scale new technologies that minimize waste, make recycling and recovering plastics easier, and create value from all post-use plastics
 - **Education and engagement** – of governments at all levels, businesses, and communities to mobilize action; and,
 - **Clean up** – of concentrated areas of plastic waste already in the environment, particularly major rivers that carry vast amounts of land-based waste to the ocean
- Berry already has a history of reducing the amount of resin annually in our products, as well as, using post-consumer recycled materials in our product offerings



**ALLIANCE TO
END PLASTIC WASTE**

<https://endplasticwaste.org/>



Sustainability Goal – “Impact 2025”

- Multifaceted initiative where we focus on making a positive impact through our products, performance, and partners
 - **Products**: minimize product impacts
 - Optimize design
 - Lightweight products
 - Design 100% of packaging to be reusable, recyclable, or compostable
 - **Performance**: minimize operational impacts
 - Climate change
 - Reduce greenhouse gas emissions 25% by 2025 versus 2016 baseline
 - Continuous improvement
 - Reduce landfill waste 5% per year
 - Reduce energy and water consumption 1% per year
 - Operation Clean Sweep (OCS)
 - Prevent resin loss through OCS
 - Implement OCS at acquisition sites within the first year
 - **Partners**: maximize positive impacts by engaging partners on key issues
 - End plastic waste
 - Expand and modernize waste infrastructure to increase recovery and prevent loss of plastic to the environment
 - Engage the plastics industry on OCS
 - Limit global warming
 - Increase renewable energy
 - Expand the use of plastic in place of alternative materials
 - Promote science-based targets

Benefits of Plastic

On an annualized basis, plastics save the greenhouse gas equivalent of:

186 million



cars off the road

834 million



acres of forest

2 billion



barrels of oil

Based on data from S&P Trucost and the U.S. EPA GHG Equivalencies Calculator

Corporate Sustainability Report

- Report in accordance with Global Reporting Initiative (GRI) Standards
- Provides examples of the work Berry has done to:
 - Reduce waste to landfill
 - Source renewable energy
 - Test and evaluate new, more efficient equipment
 - Institute standardized management plans to reduce environmental impacts
 - Conduct product life cycle assessments and explore sustainable materials
 - Promote social initiatives in the communities where we live and work



A New Era

2017 Corporate Social
Responsibility Report

To view our Sustainability Report documents
go to [www.berryglobal.com/about-
us/sustainability](http://www.berryglobal.com/about-us/sustainability)

Appendix: Supplemental Data

(1) Adjusted EBITDA, free cash flow, and adjusted net income should not be considered in isolation or construed as an alternative to our net income (loss) or other measures as determined in accordance with GAAP. In addition, other companies in our industry or across different industries may calculate adjusted EBITDA, free cash flow, and adjusted net income and the related definitions differently than we do, limiting the usefulness of our calculation of adjusted EBITDA, free cash flow, and adjusted net income as comparative measures. EBIT, operating EBITDA, adjusted EBITDA, free cash flow, and adjusted net income are among the indicators used by the Company's management to measure the performance of the Company's operations and thus the Company's management believes such information may be useful to investors. Such measures are also among the criteria upon which performance-based compensation may be based

Non-GAAP Financial Measures

	Actual						Guidance
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2020
Cash flow from operations	\$464	\$530	\$637	\$857	\$975	\$1,004	\$1,400
Capital expenditures, net	(221)	(196)	(162)	(283)	(263)	(333)	(600)
Payment of tax receivable agreement	(5)	(32)	(39)	(57)	(111)	(37)	-
Free cash flow	\$238	\$302	\$436	\$517	\$601	\$634	\$800

Non-GAAP Financial Measures

Fiscal Year	1997	2001	2006	2011	2018
U.S. GAAP Operating income	\$18	\$52	\$69	\$42	\$761
Add: restructuring and impairment	-	5	2	221	36
Add: business optimization and other costs ⁽¹⁾	2	2	3	49	45
Add: depreciation & amortization	15	49	106	344	538
Operating EBITDA	\$35	\$108	\$180	\$656	\$1,380

Fiscal Year	2013	2014	2015	2016	2017	2018
Net income per diluted share	\$ 0.47	\$ 0.51	\$ 0.70	\$ 1.87	\$ 2.54	\$ 3.67
Other expense (income)	0.34	0.20	0.52	(0.18)	0.03	0.18
Non-cash amortization	0.28	0.25	0.17	0.24	0.24	0.21
Restructuring and impairment	0.09	0.17	0.07	0.26	0.18	0.27
Other non-cash charges	-	-	-	0.38	0.22	0.04
Business optimization	0.14	0.43	0.24	0.20	0.13	0.13
Tax reform adjustments, net	-	-	-	-	-	(0.92)
Income tax impact on items above	-	-	-	(0.29)	(0.25)	(0.21)
Adjusted net income per diluted share	\$ 1.32	\$ 1.56	\$ 1.70	\$ 2.48	\$ 3.09	\$ 3.37

Non-GAAP Financial Measures

Quarterly Period	Operating Income	Depreciation & Amortization	Restructuring	Business Op. and Other ⁽¹⁾	Operating EBITDA	Net Sales	LTM Operating EBITDA Margins
Sept '16	151	135	3	12	301	1,618	
Dec '16	146	120	4	7	277	1,502	19.0%
Mar '17	175	131	6	24	336	1,806	18.7%
Jun '17	212	132	8	12	364	1,906	18.7%
Sept '17	199	138	6	7	350	1,881	18.7%
Dec '17	163	129	11	7	310	1,776	18.5%
Mar '18	188	132	15	15	350	1,967	18.2%
Jun '18	216	136	7	15	374	2,072	18.0%
Sept '18	194	141	3	8	346	2,054	17.5%
Dec '18	176	138	11	6	331	1,972	17.4%
Mar '19	185	132	5	32	354	1,950	17.5%
Jun '19	215	127	2	4	348	1,937	17.4%

Note: Dollars in millions

LTM operating EBITDA margins calculated by dividing the sum of the previous four quarters operating EBITDA by the sum of the previous four quarters net sales

(1) Includes integration expenses and other business optimization costs.

Non-GAAP Reconciliation

	Quarterly Period Ended	
	June 29, 2019	June 30, 2018
Net income	\$13	\$110
Add: other expense (income), net ⁽⁶⁾	136	3
Add: interest expense, net	71	67
Add: income tax expense (benefit)	(5)	36
Operating income	\$215	\$216
Add: non-cash amortization from 2006 private sale	7	7
Add: restructuring and impairment	2	7
Add: other non-cash charges ⁽¹⁾	6	7
Add: business optimization costs ⁽²⁾	(2)	8
Adjusted operating income ⁽⁷⁾	\$228	\$245
Add: depreciation	89	96
Add: amortization of intangibles ⁽³⁾	31	33
Operating EBITDA ⁽⁷⁾	\$348	\$374
Net income per diluted share	\$0.10	\$0.81
Other expense (income), net ⁽⁶⁾	1.01	0.02
Non-cash amortization from 2006 private sale	0.05	0.05
Restructuring and impairment	0.01	0.05
Other non-cash charges ⁽⁴⁾	-	0.01
Business optimization costs ⁽²⁾	(0.01)	0.06
Income tax impact on items above ⁽⁵⁾	(0.26)	(0.04)
Adjusted net income per diluted share ⁽⁷⁾	\$0.90	\$0.96

Note: Dollars in millions, except per share data. Unaudited
* See next page for footnote disclosures

Non-GAAP Reconciliation (continued)

- (1) Other non-cash charges for the June 2019 quarter includes \$4 million of stock compensation expense and other non-cash charges. Other non-cash charges for the June 2018 quarter includes \$6 million of stock compensation expense and other non-cash charges.
- (2) The current quarter primarily includes a legal settlement credit offset by legal and accounting fees associated with the RPC Group Plc acquisition (in the Consumer Packaging segment) along with integration expenses and other business optimization costs related to previous acquisitions.
- (3) Amortization excludes non-cash amortization from the 2006 private sale of \$7 million for the June 2019 and June 2018 quarters, respectively.
- (4) No adjustments were made for other non-cash charges to net income per diluted share for this June 2019 quarter and on a go forward basis. Other non-cash charges excludes \$6 million stock compensation expense for the quarter June 2018.
- (5) Income tax effects on adjusted net income is calculated using 25 percent for both the June 2019 and June 2018 quarters, respectively. The rates used represents the Company's expected effective tax rate for each respective period.
- (6) Other expense in the quarter is primarily related to \$138 million of cross currency swaps and foreign exchange forward contracts entered into as part of the RPC transaction.
- (7) Supplemental financial measures that are not required by, or presented in accordance with, accounting principles generally accepted in the United States ("GAAP"). These non-GAAP financial measures should not be considered as alternatives to operating or net income or cash flows from operating activities, in each case determined in accordance with GAAP. These non-GAAP financial measures may be calculated differently by other companies, including other companies in our industry, limiting their usefulness as comparative measures.

We define "free cash flow" as cash flow from operating activities less additions to property, plant, and equipment and payments under the tax receivable agreement. We believe free cash flow is useful to an investor in evaluating our liquidity because free cash flow and similar measures are widely used by investors, securities analysts, and other interested parties in our industry to measure a company's liquidity. We also believe free cash flow is useful to an investor in evaluating our liquidity as it can assist in assessing a company's ability to fund its growth through its generation of cash.

Adjusted EBITDA is used by our lenders for debt covenant compliance purposes. We also use Adjusted EBITDA and Operating EBITDA among other measures to evaluate management performance and in determining performance-based compensation. Adjusted EBITDA and Operating EBITDA and similar measures are widely used by investors, securities analysts, and other interested parties in our industry to measure a company's performance. We also believe EBITDA and adjusted net income are useful to an investor in evaluating our performance without regard to revenue and expense recognition, which can vary depending upon accounting methods.



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