Berry

*Always Advancing to Protect What's Important*

# *Fourth Quarter & Fiscal Year 2019*

**Thursday, November 21, 2019**
**Earnings Conference Call Supplement**
*(Unaudited Results)*

**Thomas E. Salmon – Chairman and CEO**
**Mark W. Miles – CFO**

Berry

# 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 presentation. 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 integration of RPC Group Plc ("RPC"), and realization of anticipated cost savings and synergies and 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; (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) 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 (18) 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.

# *Important Information*

**No profit forecast**
Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of RPC or the combined business following the completion of the combination, unless otherwise stated.

**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.

**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.

# Key Topics for Today

1. **RPC integration on track**
2. **Quarter results in-line with our expectations**
   - **Exceeded FCF guidance by ~$100 million**
3. **Organic growth opportunities and sustainability**
4. **Reaffirmed fiscal 2020 guidance**

# Fourth Quarter & Fiscal Year 2019 Highlights

| | Fiscal Fourth Quarter 2019 | Fiscal Fourth Quarter 2018 | YoY% | Fiscal Year 2019 | Fiscal Year 2018 | YoY% |
|---|---|---|---|---|---|---|
| Net Sales | **$ 3,019** | $ 2,054 | 47% | **$ 8,878** | $ 7,869 | 13% |
| Operating Income | **398** | 194 | 105% | **974** | 761 | 28% |
| Operating EBITDA | **497** | 346 | 44% | **1,530** | 1,380 | 11% |
| EPS-diluted | **1.70** | 0.99 | 72% | **3.00** | 3.67 | -18% |
| Adjusted EPS-diluted | **0.90** | 0.90 | 0% | **3.41** | 3.37 | 1% |
| Cash Flow from Operations | **630** | 448 | 41% | **1,201** | 1,004 | 20% |
| Free Cash Flow | **480** | 382 | 26% | **764** | 634 | 21% |

## Segment Highlights

- Consumer Packaging - North America – has delivered **six** consecutive qtrs. of volume growth
- Health, Hygiene & Specialties – sequential volume improvement, as anticipated; new capital investments remain on track
- Engineered Materials – sequential volume improvement, as anticipated; over $150 million of capital growth investments in next generation products expected over the next three years
- Consumer Packaging - International – off to a solid start

# Our Sustainability Journey

ALLIANCE TO END PLASTIC WASTE

Alliance goal to deploy $1.5 billion to solutions over the next 5 years

- Infrastructure development
- Innovation
- Education and engagement
- Clean up

Berry "Impact 2025"

- Products
  - Lightweight
  - Design 100% of packaging to be reusable, recyclable, or compostable
- Performance
  - Reduce GHG by 25%
  - Reduce landfill waste 5%/year
  - Reduce energy & water use 1%/year
  - Operation Clean Sweep
- Partners
  - Help expand waste infrastructure
  - Expand the use of plastics in place of alternative materials

ELLEN MACARTHUR FOUNDATION

Complementary to our efforts with the Alliance.

- Take action to eliminate problematic or unnecessary plastic packaging
- A target of 10% post-consumer recycled content across all plastic packaging
- Take action to increase reusable packaging

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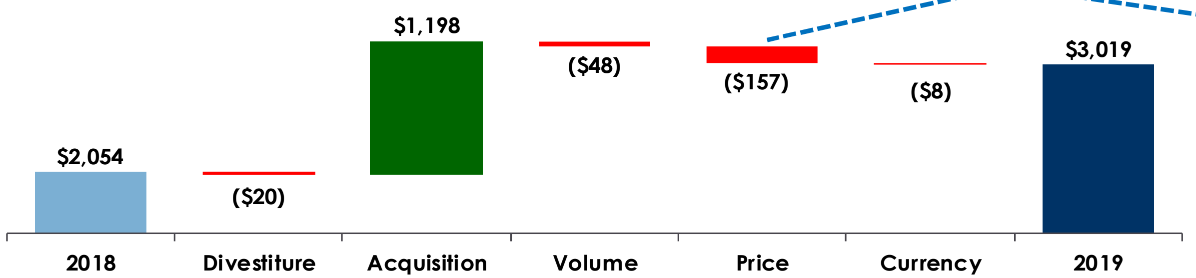
- Partner to drive innovation and use of polyolefin resins made from chemical recycling
- Commitments in driving a circular economy by the use of chemical recycling to recover harder to recycle materials

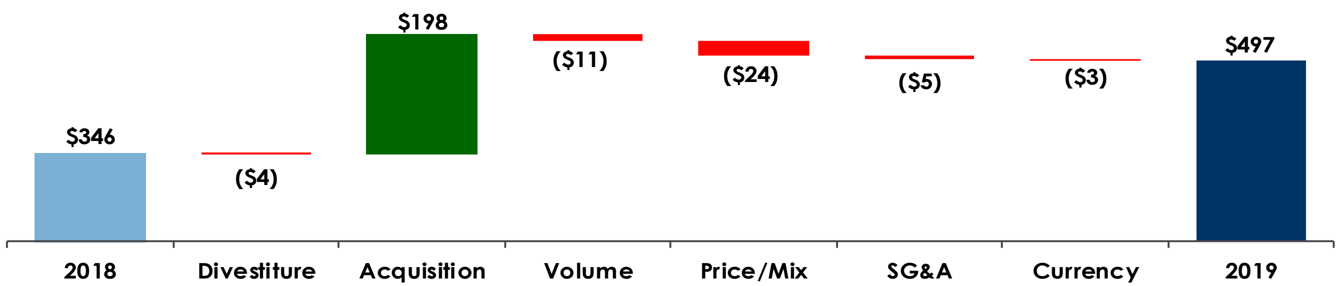
# Fiscal Q4 Net Sales and Operating EBITDA Bridge

## Net Sales




➢ Primarily driven by lower resin prices passed through on contract
(resin prices down ~19% vs PY qtr.)

## Operating EBITDA




*Note: All dollar amounts in millions*

# Segment Realignment

**Berry's Legacy Structure**

- Consumer Packaging
- Engineered Materials
- Health, Hygiene & Specialties

**New Structure**

**Consumer Packaging - International (CPI)**

= *RPC's international business*
+ *HH&S's international rigid business*
+ *EM's international flexible business*

**Consumer Packaging - North America (CPNA)**

= *Consumer Packaging*
+ *RPC's North American rigid business*

**Health, Hygiene & Specialties (HHS)**

= *Health, Hygiene & Specialties*
- *International rigid business (to CPI)*

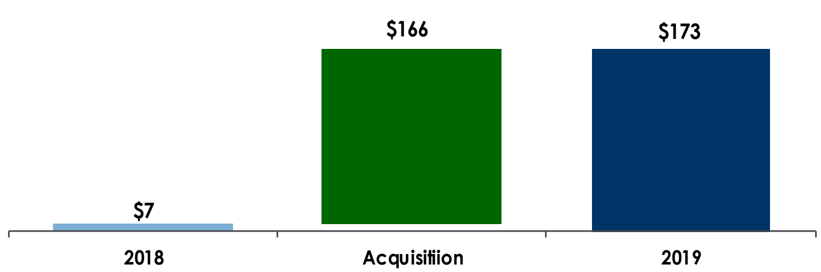
**Engineered Materials (EM)**

= *Engineered Materials*
+ *RPC's Canadian films business*
- *International flexible business (to CPI)*

# Consumer Packaging - International (CPI)

| | Fiscal Fourth Quarter 2019 | Fiscal Fourth Quarter 2018 | YoY% | Fiscal Year 2019 | Fiscal Year 2018 | YoY% |
|---|---|---|---|---|---|---|
| Net Sales | **$ 1,077** | $ 53 | Nm | **$ 1,229** | $ 215 | Nm |
| Operating Income | **13** | 3 | Nm | **12** | 17 | Nm |
| Operating EBITDA | **173** | 7 | Nm | **197** | 32 | Nm |

**Fiscal Q4 Operating EBITDA**



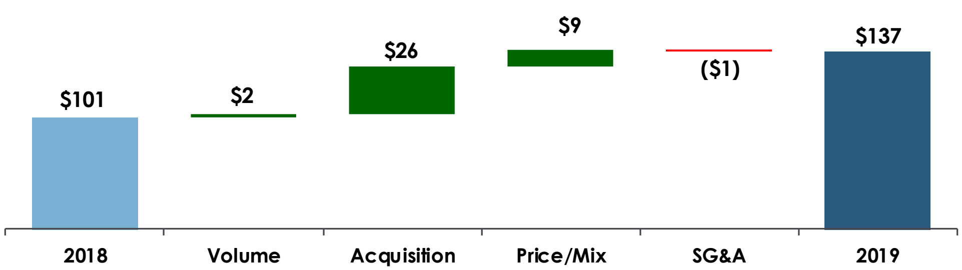

- The legacy RPC business, on a constant currency basis, reported an 8% increase in operating EBITDA while net sales and volumes were consistent with the prior year quarter.

*Note: All dollar amounts in millions*
*FQ4 '18 represents realignment operating EBITDA from legacy Berry businesses.*

# Consumer Packaging - North America (CPNA)

| | Fiscal Fourth Quarter | | | Fiscal Year | | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | YoY% | 2019 | 2018 | YoY% |
| Net Sales | **$ 744** | $ 648 | 15% | **$ 2,636** | $ 2,463 | 7% |
| Operating Income | **67** | 39 | 72% | **234** | 190 | 23% |
| Operating EBITDA | **137** | 101 | 36% | **475** | 431 | 10% |

## Fiscal Q4 Operating EBITDA

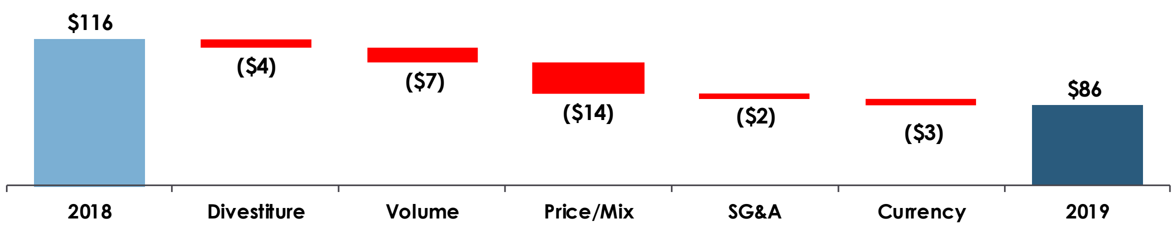



*Note: All dollar amounts in millions*
*Includes acquisition operating EBITDA from RPC's North American rigid business.*

# Health, Hygiene, & Specialties (HH&S)

| | Fiscal Fourth Quarter | | | Fiscal Year | | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | YoY% | 2019 | 2018 | YoY% |
| Net Sales | **$ 570** | $ 680 | -16% | **$ 2,475** | $ 2,558 | -3% |
| Operating Income | **250** | 60 | 317% | **410** | 189 | 117% |
| Operating EBITDA | **86** | 116 | -26% | **405** | 424 | -4% |

**Fiscal Q4 Operating EBITDA**

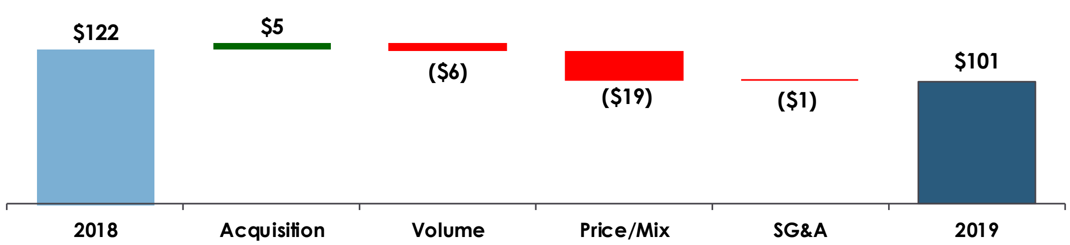



*Note: All dollar amounts in millions*
*Restated Fiscal Q4 '18 operating EBITDA includes $7 million related to business realignment out of Health, Hygiene, & Specialties segment into the Consumer Packaging – International segment. Related net sales were $44 million.*

# Engineered Materials (EM)

| | Fiscal Fourth Quarter 2019 | Fiscal Fourth Quarter 2018 | YoY% | Fiscal Year 2019 | Fiscal Year 2018 | YoY% |
|---|---|---|---|---|---|---|
| Net Sales | **$ 628** | $ 673 | -7% | **$ 2,538** | $ 2,633 | -4% |
| Operating Income | **68** | 92 | -26% | **318** | 365 | -13% |
| Operating EBITDA | **101** | 122 | -17% | **453** | 493 | -8% |

## Fiscal Q4 Operating EBITDA




*Note: All dollar amounts in millions*
*Restated Fiscal Q4 '18 operating EBITDA includes <$1 million related to business realignment out of the Engineered Materials segment into the Consumer Packaging - International segment. Related net sales were $9 million.*

# Condensed Income Statement

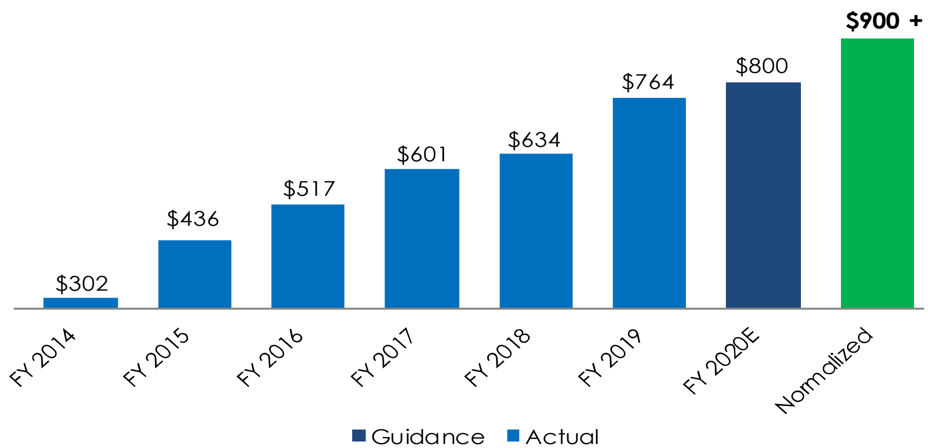
| | Quarterly Period Ended | |
|---|---|---|
| | **September 28, 2019** | September 29, 2018 |
| Net sales | **$ 3,019** | $ 2,054 |
| Costs and expenses | **2,621** | 1,860 |
| Operating income | **398** | 194 |
| Other expense (income), net | **(4)** | 8 |
| Interest expense, net | **128** | 64 |
| Income before income taxes | **274** | 122 |
| Income tax (benefit) expense | **45** | (11) |
| Net income | **$ 229** | $ 133 |
| Net income per share: | | |
| Diluted | **$ 1.70** | $ 0.99 |
| Adjusted Diluted | **$ 0.90** | $ 0.90 |

*Note: All dollar amounts in millions, except per share amounts*

# Free Cash Flow

| | | Fiscal Year Ended Sept. '19 |
|---|---|---|
| **Operating EBITDA** | **$** | **1,530** |
| Capital expenditures | | (399) |
| Cash interest expense | | (328) |
| Taxes | | (138) |
| Working capital, restructuring & other [(2)] | | 99 |
| **Free cash flow** | **$** | **764** |

| | Fiscal Fourth Quarter | | Fiscal Year | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Cash flow from operations | $ 630 | $ 448 | $ 1,201 | $ 1,004 |
| Capital expenditures (net) | (128) | (66) | (399) | (333) |
| Payment of TRA [(1)] | (22) | - | (38) | (37) |
| **Free Cash Flow** | **$ 480** | **$ 382** | **$ 764** | **$ 634** |




***Exceeded Free Cash Flow Guidance Every Year***

*Note: All dollar amounts in millions*
*(1) Includes tax receivable agreement payments made in the Dec.'18 and Sept.'19 quarters of $16 million and $22 million, respectively, along with other cash taxes. The TRA agreement was terminated in fiscal 2019.*
*(2) Includes working capital, integration expenses, tax receivable payments and other business optimization costs*
*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.*

# Financial Outlook & Strategy

## 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** | **$800** |

## Capital Allocation Strategy

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

***Strong, Dependable, and Consistent Cash Flows Allow Capital Allocation Flexibility***

*Note: All dollar amounts in millions*

# Berry | Earnings Call - Key Takeaways

- Solid quarter overall–results and organic growth progression - in line with our expectations
- RPC integration on track – expect to realize $75 million of cost synergies in FY ‘20
- Reaffirmed our FY ‘20 free cash flow guidance of $800 million
- Committed to sustainable, profitable organic volume growth – pipeline remains strong
- Continued focus on sustainability through redesign, light-weighting, collaboration, and innovation

# Q&A

***Fourth Quarter and Fiscal Year 2019***

Earnings Conference Call

# Non-GAAP Financial Measures

| | Actual | | | | | | Guidance |
|---|---|---|---|---|---|---|---|
| | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 |
| Cash flow from operations | $530 | $637 | $857 | $975 | $1,004 | $1,201 | $1,400 |
| Capital expenditures, net | (196) | (162) | (283) | (263) | (333) | (399) | (600) |
| Payment of tax receivable agreement | (32) | (39) | (57) | (111) | (37) | (38) | - |
| **Free cash flow** | $302 | $436 | $517 | $601 | $634 | $764 | $800 |

*Note: All dollar amounts in millions*

# Non-GAAP Reconciliation

| | Quarterly Period Ended September 28, 2019 | | | | |
|---|---|---|---|---|---|
| | **Consumer Packaging - Int'l** | **Consumer Packaging - N.A.** | **Health, Hygiene & Specialties** | **Engineered Materials** | **Total** |
| Net Sales | **$1,077** | **$744** | **$570** | **$628** | **$3,019** |
| Operating income | **$13** | **$67** | **$250** | **$68** | **$398** |
| Depreciation and amortization | **82** | **59** | **46** | **29** | **216** |
| Restructuring and transaction activities (1) | **41** | **6** | **(213)** | **2** | **(164)** |
| Other non-cash charges (2) | **37** | **5** | **2** | **1** | **45** |
| Business optimization costs | **-** | **-** | **1** | **1** | **2** |
| Operating EBITDA | **$173** | **$137** | **$86** | **$101** | **$497** |

| | Quarterly Period Ended September 29, 2018 | | | | |
|---|---|---|---|---|---|
| | Consumer Packaging - Int'l | Consumer Packaging - N.A. | Health, Hygiene & Specialties | Engineered Materials | Total |
| Net Sales | $53 | $648 | $680 | $673 | $2,054 |
| Operating income | $3 | $39 | $60 | $92 | $194 |
| Depreciation and amortization | 4 | 60 | 51 | 26 | 141 |
| Restructuring and transaction activities (1) | - | 1 | 1 | 1 | 3 |
| Other non-cash charges (2) | - | - | - | 1 | 1 |
| Business optimization costs | 0 | 1 | 4 | 2 | 7 |
| Operating EBITDA | $7 | $101 | $116 | $122 | $346 |

*Note: All dollar amounts in millions. Unaudited*

*(1) The current quarter primarily includes the sale of our Seal for Life (SFL) business of approximately $214 million, partially offset by transaction activities costs related to the RPC acquisition.*

*(2) Other non-cash charges for the September 2019 quarter primarily includes a $39 million inventory step charge related to the RPC acquisition, $6 million of stock compensation expense and other non-cash charges. Other non-cash charges for the September 2018 quarter primarily includes $4 million of stock compensation expense and other non-cash charges.*

** Prior year has been restated to match our current structure.*

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# *Non-GAAP Reconciliation*

**Fiscal Year Ended September 28, 2019**

| | Consumer Packaging - Int'l | Consumer Packaging - N.A. | Health, Hygiene & Specialties | Engineered Materials | Total |
|---|---|---|---|---|---|
| Net Sales | $1,229 | $2,636 | $2,475 | $2,538 | $8,878 |
| Operating income | $12 | $234 | $410 | $318 | $974 |
| Depreciation and amortization | 93 | 216 | 188 | 116 | 613 |
| Restructuring and transaction activities (1) | 54 | 12 | (200) | 2 | (132) |
| Other non-cash charges (2) | 38 | 11 | 9 | 11 | 69 |
| Business optimization costs | - | 2 | (2) | 6 | 6 |
| Operating EBITDA | $197 | $475 | $405 | $453 | $1,530 |

Fiscal Year Ended September 29, 2018

| | Consumer Packaging - Int'l | Consumer Packaging - N.A. | Health, Hygiene & Specialties | Engineered Materials | Total |
|---|---|---|---|---|---|
| Net Sales | $215 | $2,463 | $2,558 | $2,633 | $7,869 |
| Operating income | $17 | $190 | $189 | $365 | $761 |
| Depreciation and amortization | 15 | 229 | 186 | 108 | 538 |
| Restructuring and transaction activities (1) | - | 3 | 28 | 5 | 36 |
| Other non-cash charges (2) | - | 7 | 11 | 10 | 28 |
| Business optimization costs | 0 | 1 | 11 | 5 | 17 |
| Operating EBITDA | $32 | $431 | $424 | $493 | $1,380 |

*Note: All dollar amounts in millions. Unaudited*

*(1) The current year, fiscal year ended September 28, 2019, primarily includes the sale of our Seal for Life (SFL) business of approximately $214 million, partially offset by transaction activities costs related to the RPC acquisition.*

*(2) Other non-cash charges for the fiscal year ended September 2019 includes a $39 million inventory step up charge related to the RPC acquisition, $27 million of stock compensation expense and other non-cash charges. Other non-cash charges for the fiscal year ended September 2018 includes $23 million of stock compensation expense, a $5 million inventory step up charge related to acquisitions and other non-cash charges.*

** Prior year has been restated to match our current structure.*

# Non-GAAP Reconciliation

| | Quarterly Period Ended | | Fiscal Year Ended | |
|---|---|---|---|---|
| | **September 28, 2019** | September 29, 2018 | **September 28, 2019** | September 29, 2018 |
| **Net income** | **$229** | $133 | **$404** | $496 |
| Add: other expense (income), net | **(4)** | 8 | **155** | 25 |
| Add: interest expense, net | **128** | 64 | **329** | 259 |
| Add: income tax expense (benefit) | **45** | (11) | **86** | (19) |
| **Operating income** | **$398** | $194 | **$974** | $761 |
| Add: non-cash amortization from 2006 private sale | **7** | 7 | **28** | 28 |
| Add: restructuring and transaction activities (2) | **(164)** | 3 | **(132)** | 36 |
| Add: other non-cash charges (1) | **45** | 1 | **69** | 28 |
| Add: business optimization costs | **2** | 7 | **6** | 17 |
| **Adjusted operating income** (7) | **$288** | $212 | **$945** | $870 |
| Add: depreciation | **141** | 103 | **419** | 384 |
| Add: amortization of intangibles (3) | **68** | 31 | **166** | 126 |
| **Operating EBITDA** (7) | **$497** | $346 | **$1,530** | $1,380 |
| Net income per diluted share | **$1.70** | $0.99 | **$3.00** | $3.67 |
| Other expense (income), net | **(0.03)** | 0.06 | **1.15** | 0.18 |
| Non-cash amortization from 2006 private sale | **0.05** | 0.05 | **0.21** | 0.21 |
| Restructuring and transaction activities | **(1.22)** | 0.02 | **(0.98)** | 0.27 |
| Other non-cash charges (4) | **0.29** | (0.02) | **0.29** | 0.04 |
| Business optimization costs | **0.02** | 0.05 | **0.05** | 0.13 |
| Tax reform adjustments, net (5) | - | (0.21) | - | (0.92) |
| Income tax impact on items above (6) | **0.09** | (0.04) | **(0.31)** | (0.21) |
| **Adjusted net income per diluted share** (7) | **$0.90** | $0.90 | **$3.41** | $3.37 |

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

# Non-GAAP Reconciliation *(continued)*

(1) Other non-cash charges for the September 2019 quarter primarily includes a $39 million inventory step up charge related to the RPC acquisition, $6 million of stock compensation expense and other non-cash charges. Other non-cash charges for the September 2018 quarter primarily includes $4 million of stock compensation expense and other non-cash charges. For the four quarters ended September 28, 2019 other non-cash charges primarily includes a $39 million inventory step up charge related to the RPC acquisition, $27 million of stock compensation expense and other non-cash charges. For the four quarters ended September 29, 2018, other non-cash charges primarily includes $21 million of stock compensation expense and other non-cash charges.
(2) The current quarter primarily includes the sale of our Seal for Life (SFL) business of approximately $214 million, partially offset by transaction activities costs related to the RPC acquisition.
(3) Amortization excludes non-cash amortization from the 2006 private sale of $7 million, $7 million, $28 million and $28 million for the September 2019 quarter, September 2018 quarter, and four quarters ended September 28, 2019 and September 29, 2018, respectively.
(4) An adjustment was made only for the $39 million inventory step up charge related to the RPC acquisition. No adjustments were made for stock compensation expense or any other non-cash charges to net income per diluted share for the September 2019 quarter. Other non-cash charges for the September 2018 quarter primarily excludes $4 million of stock compensation expense and consists of other non-cash charges only. An adjustment was made only for the $39 million inventory step up charge related to the RPC acquisition. No adjustments were made for stock compensation or other non-cash charges to net income per diluted share for fiscal year end September 2019.. Other non-cash charges for fiscal year ended September 2018 primarily excludes $21 million of stock compensation expense and consists of other non-cash charges only.
(5) Represents net adjustments for valuing and transition tax related to the passed tax reform legislation in the prior year.
(6) Income tax effects on adjusted net income is calculated using 25 percent for both the September 2019 and September 2018 quarters and fiscal years end, respectively. The rates used represents the Company's expected effective tax rate for each respective period.
(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. Organic sales growth excludes the impact of currency translation effects and acquisitions. These non-GAAP financial measures may be calculated differently by other companies, including other companies in our industry, limiting their usefulness as comparative measures. Berry's management believes that Adjusted net income and other non-GAAP financial measures are useful to our investors because they allow for a better period-over-period comparison of operating results by removing the impact of items that, in management's view, do not reflect our core operating performance.

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.

**Dustin M. Stilwell**
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