

BERRY GLOBAL GROUP INC  
Form 10-Q  
May 03, 2018

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 2018  
Commission File Number 001-35672

BERRY GLOBAL GROUP, INC.

A Delaware corporation 101 Oakley Street, Evansville, Indiana, 47710 IRS employer identification number  
(812) 424-2904 20-5234618

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 (the "Exchange Act"):

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  
Yes No

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company 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 12b-2 of the Exchange Act. Yes No

Indicate by check mark whether the registrant is a shell company as defined in Rule 12b-2 of the Exchange Act.  
Yes No

Class Outstanding at May 3, 2018  
Common Stock, \$.01 par value per share 131.7 million shares

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended, with respect to our financial condition, results of operations and business and our expectations or beliefs concerning future events. The forward-looking statements include, in particular, statements about our plans, strategies and prospects under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations." These statements contain words such as "believes," "expects," "may," "will," "should," "would," "could," "seeks," "approximately," "intends," "plans," "estimates," "outlook," "anticipates" or "looking forward" or similar expressions that relate to our strategy, plans, intentions, or expectations. 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, 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. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. All forward-looking statements are based upon information available to us on the date of this Form 10-Q.

Readers should carefully review the factors discussed in our most recent Form 10-K in the section titled "Risk Factors" and other risk factors identified from time to time in our periodic filings with the Securities and Exchange Commission.

Berry Global Group, Inc.  
Form 10-Q Index  
For Quarterly Period Ended March 31, 2018

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Part I. Financial Information

## Item 1. Financial Statements

Berry Global Group, Inc.

Consolidated Statements of Income

(Unaudited)

(in millions of dollars, except per share amounts)

	Quarterly		Two Quarterly	
	Period Ended		Periods Ended	
	March	April	March	April
	31,	1,	31,	1,
	2018	2017	2018	2017
Net sales	\$1,967	\$1,806	\$3,743	\$3,308
Costs and expenses:				
Cost of goods sold	1,596	1,453	3,043	2,659
Selling, general and administrative	130	132	247	245
Amortization of intangibles	38	40	76	73
Restructuring and impairment charges	15	6	26	10
Operating income	188	175	351	321
Other expense, net	5	20	14	19
Interest expense, net	66	67	128	135
Income before income taxes	117	88	209	167
Income tax expense (benefit)	27	16	(44 )	44
Net income	\$90	\$72	\$253	\$123
Net income per share:				
Basic	\$0.69	\$0.56	\$1.93	\$0.98
Diluted	0.66	0.54	1.86	0.94
Outstanding weighted-average shares:				
Basic	131.3	127.7	131.0	124.9
Diluted	135.8	133.2	135.9	130.7

Consolidated Statements of Comprehensive Income

(Unaudited)

(in millions of dollars)

	Quarterly		Two	
	Period		Quarterly	
	Ended		Periods	
	March	April	March	April
	31,	1,	31,	1,
	2018	2017	2018	2017
Net income	\$90	\$72	\$253	\$123
Currency translation	7	21	(17 )	(24 )
Pension and other postretirement benefits	—	13	(1 )	13
Interest rate hedges	23	15	41	33
Provision for income taxes	(6 )	(6 )	(11 )	(13 )

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Other comprehensive income, net of tax	24	43	12	9
Comprehensive income	\$114	\$115	\$265	\$132

See notes to consolidated financial statements.

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Berry Global Group, Inc.  
 Consolidated Balance Sheets  
 (in millions of dollars)

	March 31, 2018	September 30, 2017
Assets	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 291	\$ 306
Accounts receivable (less allowance of \$13)	918	847
Inventories:		
Finished goods	562	428
Raw materials and supplies	389	334
	951	762
Prepaid expenses and other current assets	101	89
Total current assets	2,261	2,004
Property, plant, and equipment, net	2,618	2,366
Goodwill and intangible assets, net	4,160	4,061
Other assets	68	45
Total assets	\$ 9,107	\$ 8,476
Liabilities		
Current liabilities:		
Accounts payable	\$ 718	\$ 638
Accrued expenses and other current liabilities	410	463
Current portion of long-term debt	34	33
Total current liabilities	1,162	1,134
Long-term debt, less current portion	5,992	5,608
Deferred income taxes	325	419
Other long-term liabilities	322	300
Total liabilities	7,801	7,461
Stockholders' equity		
Common stock (131.6 and 130.9 million shares issued, respectively)	1	1
Additional paid-in capital	849	823
Non-controlling interest	3	3
Retained earnings	509	256
Accumulated other comprehensive loss	(56 )	(68 )
Total stockholders' equity	1,306	1,015
Total liabilities and stockholders' equity	\$ 9,107	\$ 8,476

See notes to consolidated financial statements.

Berry Global Group, Inc.  
 Consolidated Statements of Cash Flows  
 (Unaudited)  
 (in millions of dollars)

	Two Quarterly Periods Ended	
	March 31, 2018	April 1, 2017
Cash Flows from Operating Activities:		
Net income	\$253	\$123
Adjustments to reconcile net cash provided by operating activities:		
Depreciation	185	178
Amortization of intangibles	76	73
Non-cash interest expense	4	4
Deferred income tax	(102)	12
Stock compensation expense	14	11
Other non-cash operating activities, net	12	24
Changes in working capital	(191)	(90 )
Changes in other assets and liabilities	34	(2 )
Net cash from operating activities	285	333
Cash Flows from Investing Activities:		
Additions to property, plant and equipment	(184)	(135)
Proceeds from sale of assets	3	4
Acquisition of business, net of cash acquired	(474)	(458)
Other investing activities, net	—	(1 )
Net cash from investing activities	(655)	(590)
Cash Flows from Financing Activities:		
Proceeds from long-term borrowings	497	595
Repayments on long-term borrowings	(117)	(317)
Proceeds from issuance of common stock	12	15
Payment of tax receivable agreement	(37 )	(60 )
Debt financing costs	(1 )	(4 )
Net cash from financing activities	354	229
Effect of exchange rate changes on cash	1	(2 )
Net change in cash	(15 )	(30 )
Cash and cash equivalents at beginning of period	306	323
Cash and cash equivalents at end of period	\$291	\$293

See notes to consolidated financial statements.

Berry Global Group, Inc.  
Notes to Consolidated Financial Statements  
(Unaudited)  
(tables in millions of dollars, except per share data)

## 1. Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements of Berry Global Group, Inc. ("the Company," "we," or "Berry") have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") pursuant to the rules and regulations of the Securities and Exchange Commission for interim reporting. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In preparing financial statements in conformity with GAAP, we must make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates. Certain reclassifications have been made to prior periods to conform with current reporting. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included, and all subsequent events up to the time of the filing have been evaluated. For further information, refer to the Company's most recent Form 10-K filed with the Securities and Exchange Commission.

## 2. Recently Issued Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board ("FASB") in the form of accounting standards updates to the FASB's Accounting Standards Codification. During fiscal 2018, with the exception of the below, there have been no developments to the recently adopted accounting pronouncements from those disclosed in the Company's 2017 Annual Report on Form 10-K that are considered to have a material impact on our unaudited consolidated financial statements.

### Revenue Recognition

In May 2014, the FASB issued a final standard on revenue recognition. Under the new standard, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. For public entities, the provisions of the new standard are effective for annual reporting periods beginning after December 15, 2017 and interim periods therein. An entity can apply the new revenue standard on a full retrospective approach to each prior reporting period presented or on a modified retrospective approach with the cumulative effect of initially applying the standard recognized at the date of initial application in retained earnings.

The Company has evaluated a substantial portion of its contracts with key customers and is evaluating the provisions under the five-step model specified by the new standard. While the Company continues to evaluate the potential impacts of the new standard, based on procedures to date we do not expect a material impact to the consolidated financial statements. Adoption of the new standard will result in expanded revenue disclosures. The Company plans to adopt the new standard which will be effective for the Company beginning in fiscal 2019 using the modified retrospective approach.

### Hedges

In August 2017, the FASB issued ASU 2017-12, Targeted Improvements to Accounting for Hedging Activities in order to more closely align the results of hedge accounting with risk management activities through changes to the designation and measurement guidance. The new standard is effective for interim and annual periods beginning after December 15, 2018. The effect of adoption should be reflected on all active hedges as of the beginning of the fiscal year of adoption. The Company has chosen to early adopt this standard for fiscal 2018, and the adoption of this



standard did not have a material impact on any of its active hedges.

### Comprehensive Income

In February 2018, the FASB issued ASU 2018-02, Income Statement - Reporting Comprehensive Income. The new standard allows for a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. The new standard is effective for interim and annual periods beginning after December 15, 2018. The Company is currently evaluating the impact of this standard.

### 3. Acquisitions

AEP Industries Inc.

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In January 2017, the Company acquired AEP Industries Inc. ("AEP") for a purchase price of \$791 million, net of cash acquired. A portion of the purchase price consisted of issuing 6.4 million of Berry common shares which were valued at \$324 million at the time of closing. AEP manufactures and markets an extensive and diverse line of polyethylene and polyvinyl chloride flexible plastic packaging products for consumer, industrial, and agricultural applications. The acquired business is operated in our Engineered Materials segment. To finance the purchase, the Company entered into an incremental assumption agreement to increase the commitments under the Company's existing term loan credit agreement by \$500 million due 2024.

Unaudited pro forma net sales were \$1.9 billion and \$3.6 billion for the quarterly and two quarterly periods ended April 1, 2017, respectively. The unaudited pro forma net income was \$74 million and \$125 million for the quarterly and two quarterly periods ended April 1, 2017, respectively. The unaudited pro forma net sales and net income assume that the AEP acquisition had occurred at the beginning of the period.

#### Adchem Corp.

In June 2017, the Company acquired Adchem Corp.'s ("Adchem") tapes business for a purchase price of \$49 million, which the Company financed using existing liquidity. Adchem is a leader in the development of high performance adhesive tape systems for the automotive, construction, electronics, graphic arts, medical and general tape markets. The acquired business is operated in our Engineered Materials segment. The acquisition has been accounted for under the purchase method of accounting and accordingly, the purchase price has been allocated to the identifiable assets and liabilities based on preliminary estimates of fair value at the acquisition date. The results of Adchem have been included in the consolidated results of the Company since the date of the acquisition. The Company has not finalized the allocations of the purchase price to the fair value of deferred taxes (including assessment of uncertain tax positions). The assets acquired and liabilities assumed consisted of working capital of \$10 million, property and equipment of \$2 million, intangible assets of \$22 million, and goodwill of \$15 million. The Company has recognized Goodwill on this transaction primarily as a result of expected cost synergies, and expects Goodwill to be deductible for tax purposes.

#### Clopay Plastic Products Company, Inc.

In February 2018, the Company acquired Clopay Plastic Products Company, Inc. ("Clopay") for a purchase price of \$474 million, which is preliminary and subject to adjustment. Clopay is an innovator in the development of printed breathable films, elastic films, and laminates with product offerings uniquely designed for applications used in a number of markets including: hygiene, healthcare, construction and industrial protective apparel. The acquired business is operated within our Health, Hygiene & Specialties segment. To finance the purchase, the Company issued \$500 million aggregate principal amount of 4.5% second priority notes through a private placement offering.

The acquisition has been accounted for under the purchase method of accounting, and accordingly, the purchase price has been allocated to the identifiable assets and liabilities based on preliminary fair values at the acquisition date. The results of Clopay have been included in the consolidated results of the Company since the date of the acquisition. The Company has not finalized the allocation of the purchase price to the fair value of the assets acquired and liabilities assumed. The Company has recognized Goodwill on this transaction primarily as a result of expected cost synergies, and expects Goodwill to be deductible for tax purposes. The following table summarizes the preliminary purchase price allocation and estimated fair values of the assets acquired and liabilities assumed at the date of the acquisition:

Working capital (a)	\$70
Property and equipment	239
Intangible assets	91
Goodwill	76
Other assets and long-term liabilities	(2 )

(a) Includes a \$3 million step up of inventory to fair value

#### 4. Accounts Receivable Factoring Agreements

The Company has entered into various factoring agreements, both in the U.S. and at a number of foreign subsidiaries, to sell certain receivables to unrelated third-party financial institutions. The Company accounts for these transactions in accordance with ASC 860, "Transfers and Servicing" ("ASC 860"). ASC 860 allows for the ownership transfer of accounts receivable to qualify for sale treatment when the appropriate criteria is met, which permits the Company to present the balances sold under the program to be excluded from Accounts receivable, net on the Consolidated Balance Sheets. Receivables are considered sold when (i) they are transferred beyond the reach of the Company and its creditors, (ii) the purchaser has the right to pledge or exchange the receivables, and (iii) the Company has surrendered control over the transferred receivables. In addition, the Company provides no other forms of continued financial support to the purchaser of the receivables once the receivables are sold.

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There were no amounts outstanding from financial institutions related to U.S. based programs at March 31, 2018 or September 30, 2017. Gross amounts factored under these U.S. based programs at March 31, 2018 and September 30, 2017 were \$116 million and \$129 million, respectively. The fees associated with transfer of receivables for all programs were not material for any of the periods presented.

5. Restructuring and Impairment Charges

The Company incurred restructuring costs related to severance charges associated with acquisition integrations and facility exit costs. The tables below set forth the significant components of the restructuring charges recognized, by segment:

	Quarterly Period Ended		Two Quarterly Periods Ended	
	March 31, 2018	April 1, 2017	March 31, 2018	April 1, 2017
Engineered Materials	\$2	\$ 2	\$2	\$ 2
Health, Hygiene & Specialties	12	2	22	4
Consumer Packaging	1	2	2	4
Consolidated	\$15	\$ 6	\$26	\$ 10

The table below sets forth the activity with respect to the restructuring accrual at March 31, 2018:

	Employee Severance and Benefits	Facility Exit Costs	Total
Balance at September 30, 2017	\$ 14	\$ 5	\$ 19
Charges	25	1	26
Cash payments	(17 )	(2 )	(19 )
Balance at March 31, 2018	\$ 22	\$ 4	\$ 26

6. Accrued Expenses, Other Current Liabilities and Other Long-Term Liabilities

The following table sets forth the totals included in Accrued expenses and other current liabilities on the Consolidated Balance Sheets:

	March 31, 2018	September 30, 2017
Employee compensation	\$ 121	\$ 147
Accrued taxes	72	90
Rebates	43	58
Interest	39	36
Restructuring	26	19
Tax receivable agreement obligation	24	35
Accrued operating expenses	85	78
	\$ 410	\$ 463

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The following table sets forth the totals included in Other long-term liabilities on the Consolidated Balance Sheets:

	March	September
	31,	30, 2017
	2018	
Pension liability	\$ 53	\$ 56
Deferred purchase price	46	46
Lease retirement obligation	42	37
Transition tax	36	—
Derivative instruments	33	27
Sale-lease back deferred gain	23	24
Tax receivable agreement obligation	13	34
Other	76	76
	\$ 322	\$ 300

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## 7. Long-Term Debt

Long-term debt consists of the following:

		March 31, 2018	September 30, 2017
Term loan	Maturity Date	\$900	\$ 1,000
Term loan	February 2020	814	814
Term loan	January 2021	1,645	1,645
Term loan	October 2022	495	498
Term loan	January 2024	—	—
Revolving line of credit	May 2020	500	500
5 1/2% Second Priority Senior Secured Notes	May 2022	400	400
6% Second Priority Senior Secured Notes	October 2022	700	700
5 1/8% Second Priority Senior Secured Notes	July 2023	500	—
4 1/2% Second Priority Senior Secured Notes	February 2026	(48 )	(48 )
Debt discounts and deferred fees		120	132
Capital leases and other	Various	6,026	5,641
Total long-term debt		(34 )	(33 )
Current portion of long-term debt		\$5,992	\$ 5,608
Long-term debt, less current portion			

The Company was in compliance with all covenants for all periods presented.

Debt discounts and deferred financing fees are presented net of Long-term debt, less the current portion on the Consolidated Balance Sheets and are amortized to Interest expense through maturity.

## 4 1/2% Second Priority Senior Secured Notes

In January 2018, the Company issued \$500 million aggregate principal amount of 4.50% second priority senior secured notes due 2026. Interest on these notes is due semiannually in February and August. The Company recognized \$4 million of debt discount related to this offering. The net proceeds were used to fund the Clopay acquisition.

## Term Loans

In November 2017 and February 2018, the Company executed amendments to lower interest rates under certain term loans. Each of the term loans now bear interest at LIBOR plus 2.00% with no LIBOR floor.

During fiscal 2018, the Company has made \$117 million of repayments on long-term borrowings using existing liquidity. As a result of the current year prepayments and modifications, the Company recorded a \$1 million loss on debt extinguishment in Other expense, reflecting the write-off of deferred financing fees and debt discounts, net of amortization associated with the portion of debt that was considered extinguished.

## 8. Financial Instruments and Fair Value Measurements

In the normal course of business, the Company is exposed to certain risks arising from business operations and economic factors. The Company may use derivative financial instruments to help manage market risk and reduce the exposure to fluctuations in interest rates and foreign currencies. These financial instruments are not used for trading or other speculative purposes. For those derivative instruments that are designated and qualify as hedging instruments, the Company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of a net investment in a foreign operation.

To the extent hedging relationships are found to be effective, as determined by FASB guidance, changes in the fair value of the derivatives are offset by changes in the fair value of the related hedged item and recorded to Accumulated other comprehensive loss. Any identified ineffectiveness, or changes in the fair value of a derivative not designated as a hedge, is recorded to the Consolidated Statements of Income.

#### Cross-Currency Swaps

In November 2017, the Company entered into certain cross-currency swap agreements with a notional amount of 250 million euro to effectively convert a portion of our fixed-rate U.S. dollar denominated term loans, including the monthly interest payments, to fixed-rate euro-denominated debt. The swap agreements mature in May 2022. The risk management objective is to manage foreign currency risk relating to net investments in certain European subsidiaries denominated in foreign currencies and reduce the variability in the functional currency cash flows of a portion of the Company's term loans. Changes in fair value of the derivative instruments are recognized in a component of Accumulated other comprehensive loss, to offset the changes in the values of the net investments being hedged.

## Interest Rate Swaps

The primary purpose of the Company's interest rate swap activities is to manage cash flow variability associated with our outstanding variable rate term loan debt.

In February 2013, the Company entered into a \$1 billion interest rate swap transaction with an effective date of May 2016 and expiration in May 2019. In June 2013, the Company elected to settle this derivative instrument and received \$16 million as a result of this settlement. The offset is included in Accumulated other comprehensive loss and is being amortized to Interest expense from May 2016 through May 2019, the original term of the swap agreement.

During fiscal 2017 the Company modified various term loan rates and maturities. In conjunction with these modifications the Company realigned existing swap agreements which resulted in the de-designation of the original hedge and re-designation of the modified swaps as effective cash flow hedges. The amounts included in Accumulated other comprehensive loss at the date of de-designation are being amortized to Interest expense through the terms of the original swaps.

At March 31, 2018, the Company effectively had (i) a \$450 million interest rate swap transaction that swaps a one-month variable LIBOR contract for a fixed annual rate of 2.00%, with an effective date in May 2017 and expiration in May 2022, (ii) a \$1 billion interest rate swap transaction that swaps a one-month variable LIBOR contract for a fixed annual rate of 1.5190% with an effective date in March 2017 and expiration in June 2019, (iii) a \$1 billion interest rate swap transaction that swaps a one-month variable LIBOR contract for a fixed annual rate of 2.0987% with an effective date in February 2017 and expiration in September 2021.

The Company records the fair value positions of all derivative financial instruments on a net basis by counterparty for which a master netting arrangement is utilized. When valuing swaps the Company utilizes Level 2 inputs (substantially observable). Balances on a gross basis as of the current period are as follows:

Derivative Instruments	Hedge Designation	Balance Sheet Location	March	
			31, 2018	September 30, 2017
Cross-currency swaps	Designated	Other long-term liabilities	\$ 28	\$ —
Interest rate swaps	Designated	Other assets	30	1
Interest rate swaps	Not designated	Other assets	3	13
Interest rate swaps	Designated	Other long-term liabilities	—	15
Interest rate swaps	Not designated	Other long-term liabilities	5	13

The effect of the Company's derivative instruments on the Consolidated Statements of Income is as follows:

Derivative Instruments	Statements of Income Location	Two			
		Quarterly Period Ended		Quarterly Periods Ended	
		March 31, 2018	April 1, 2017	March 31, 2018	April 1, 2017
Cross-currency swaps	Interest expense, net	\$(1)	\$ —	\$(2)	\$ —
Foreign currency swaps	Other expense, net	—	1	—	2
Interest rate swaps	Interest expense, net	1	3	3	8

The amortization related to unrealized losses in Accumulated other comprehensive loss is expected to be \$2 million in the next 12 months.



### Non-recurring Fair Value Measurements

The Company has certain assets that are measured at fair value on a non-recurring basis when impairment indicators are present. The assets are adjusted to fair value only when the carrying values exceed the fair values. The categorization of the framework used to price the assets is considered Level 3, due to the subjective nature of the unobservable inputs used to determine the fair value. These assets include primarily our definite lived and indefinite lived intangible assets, including Goodwill and our property, plant, and equipment. The Company reviews Goodwill and other indefinite lived assets for impairment as of the first day of the fourth fiscal quarter each year, and more frequently if impairment indicators exist. The Company determined Goodwill and other indefinite lived assets were not impaired in our annual fiscal 2017 assessment. An incremental sustained earnings decline of 10-15% in the Health, Hygiene & Specialties - South America reporting unit or future declines in our peer companies, market capitalizations, or total enterprise value, as well as lower valuation market multiples could impact future impairment tests.

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Included in the following table are the major categories of assets measured at fair value on a non-recurring basis as of March 31, 2018 and September 30, 2017, along with the impairment loss recognized on the fair value measurement during the period:

	As of March 31, 2018				
	Level 1		Level 2	Total	Impairment
	1	2	3		
Indefinite-lived trademarks	\$—	\$—	\$248	\$248	\$ —
Goodwill	—	—	2,857	2,857	—
Definite lived intangible assets	—	—	1,055	1,055	—
Property, plant, and equipment	—	—	2,618	2,618	—
Total	\$—	\$—	\$6,778	\$6,778	\$ —

	As of September 30, 2017				
	Level 1		Level 2	Total	Impairment
	1	2	3		
Indefinite-lived trademarks	\$—	\$—	\$248	\$248	\$ —
Goodwill	—	—	2,775	2,775	—
Definite lived intangible assets	—	—	1,038	1,038	—
Property, plant, and equipment	—	—	2,366	2,366	2
Total	\$—	\$—	\$6,427	\$6,427	\$ 2

The Company's financial instruments consist primarily of cash and cash equivalents and long-term debt. The fair value of our marketable long-term indebtedness exceeded book value by \$14 million as of March 31, 2018. The Company's long-term debt fair values were determined using Level 2 inputs as other significant observable inputs were not available.

## 9. Income Taxes

In December 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act significantly revises the future ongoing U.S. corporate income tax by, among other things, lowering U.S. corporate income tax rates. As the Company has a September fiscal year-end, the lower corporate income tax rate will be phased in during fiscal 2018 and will be 21% in subsequent years. Partially offsetting the lower corporate income tax, the Tax Act also eliminates certain domestic deductions that were previously included in our estimated annual tax rate. As part of the transition to the new tax system, the Tax Act (i) imposes a one-time repatriation tax on deemed repatriation of historical earnings of foreign subsidiaries and (ii) requires the Company revalue our U.S. net deferred tax liability position to the lower federal base rate of 21%. These transitional impacts resulted in a provisional transition benefit of \$95 million for the first fiscal quarter, comprised of an estimated repatriation tax charge of \$44 million (comprised of the U.S. repatriation taxes and foreign withholding taxes) and an estimated net deferred tax revaluation benefit of \$139 million. The estimated impact of the corporate income tax net reduction along with the transitional taxes were recorded to the Consolidated Statements of Income in the Company's first fiscal quarter.

The changes included in the Tax Act are broad and complex. The final transition impacts of the Tax Act may differ from the above estimate, possibly materially, due to, among other things, changes in interpretations of the Tax Act, any legislative action to address questions that arise because of the Tax Act, any changes in accounting standards for income taxes or related interpretations in response to the Tax Act, or any updates or changes to estimates the Company has utilized to calculate the transition impacts. The Securities and Exchange Commission has issued guidance that would allow for a measurement period of up to one year after the enactment date of the Tax Act to finalize the recording of the related tax impacts. We currently anticipate finalizing and recording any resulting adjustments by the end of fiscal 2018.

The effective tax rate was 23% for the Quarter and was positively impacted by 3% from the share-based compensation excess tax benefit deduction, 1% from research and development credits, and a 2% benefit from the domestic manufacturing deduction. These favorable items were partially offset by increases of 3% from U.S. state income taxes, 2% from foreign valuation allowance, and other discrete items.

#### 10. Operating Segments

The Company's operations are organized into three operating segments: Engineered Materials, Health, Hygiene & Specialties, and Consumer Packaging. The structure is designed to align us with our customers, provide optimal service, and drive future growth in a cost efficient manner. Selected information by reportable segment is presented in the following tables:

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	Quarterly		Two Quarterly	
	Period Ended		Periods Ended	
	March	April	March	April
	31,	1,	31,	1,
	2018	2017	2018	2017
Net sales:				
Engineered Materials	\$655	\$620	\$1,303	\$1,003
Health, Hygiene & Specialties	706	597	1,283	1,167
Consumer Packaging	606	589	1,157	1,138
Total net sales	\$1,967	\$1,806	\$3,743	\$3,308
Operating income:				
Engineered Materials	\$94	\$67	\$182	\$120
Health, Hygiene & Specialties	41	52	78	111
Consumer Packaging	53	56	91	90
Total operating income	\$188	\$175	\$351	\$321
Depreciation and amortization:				
Engineered Materials	\$27	\$26	\$56	\$43
Health, Hygiene & Specialties	49	46	95	90
Consumer Packaging	56	59	110	118
Total depreciation and amortization	\$132	\$131	\$261	\$251

	March	
	31,	September
	2018	30, 2017
Total assets:		
Engineered Materials	\$1,773	\$ 1,803
Health, Hygiene & Specialties	4,068	3,496
Consumer Packaging	3,266	3,177
Total assets	\$9,107	\$ 8,476
Total goodwill:		
Engineered Materials	\$550	\$ 545
Health, Hygiene & Specialties	897	819
Consumer Packaging	1,410	1,411
Total goodwill	\$2,857	\$ 2,775

Selected information by geography is presented in the following tables:

	Quarterly Period		Two Quarterly	
	Ended		Periods Ended	
	March	April 1,	March	April 1,
	31,	2017	31,	2017
	2018	2017	2018	2017
Net sales:				
North America	\$1,601	\$1,500	\$3,067	\$2,704
South America	80	81	154	161
Europe	226	162	396	311
Asia	60	63	126	132
Total net sales	\$1,967	\$1,806	\$3,743	\$3,308

	March 31, 2018	September 30, 2017
Long-lived assets:		
North America	\$5,647	\$ 5,350
South America	389	371
Europe	516	467
Asia	294	284
Total Long-lived assets	\$6,846	\$ 6,472

Selected information by product line is presented in the following tables:

(in percentages)	Quarterly Period Ended		Two Quarterly Periods Ended	
	March 31, 2018	April 1, 2017	March 31, 2018	April 1, 2017
Net sales:				
Performance Materials	45 %	47 %	46 %	46 %
Engineered Products	55	53	54	54
Engineered Materials	100 %	100 %	100 %	100 %
Health	18 %	22 %	19 %	21 %
Hygiene	43	43	43	44
Specialties	39	35	38	35
Health, Hygiene & Specialties	100 %	100 %	100 %	100 %
Rigid Open Top	41 %	40 %	42 %	41 %
Rigid Closed Top	59	60	58	59
Consumer Packaging	100 %	100 %	100 %	100 %

## 11. Contingencies and Commitments

The Company is party to various legal proceedings involving routine claims which are incidental to its business. Although the Company's legal and financial liability with respect to such proceedings cannot be estimated with certainty, management believes that any ultimate liability would not be material to its financial statements.

The Company has various purchase commitments for raw materials, supplies, and property and equipment incidental to the ordinary conduct of business.

## 12. Basic and Diluted Net Income Per Share

Basic net income per share is calculated by dividing the net income attributable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration for common stock equivalents. Diluted net income per share is calculated by dividing the net income attributable to common stockholders by the weighted-average number of common share equivalents outstanding for the period determined using the treasury-stock method and the if-converted method. For purposes of this calculation, stock options are considered to be common stock equivalents and are only included in the calculation of diluted net income per share when their effect is dilutive. There were no shares excluded from the calculations as the effect of their conversion into shares of our common stock would be antidilutive.

The following tables provide a reconciliation of the numerator and denominator of the basic and diluted net income per share calculations.

	Quarterly Period Ended		Two Quarterly Periods Ended	
	March 31, 2018	April 1, 2017	March 31, 2018	April 1, 2017
(in millions, except per share amounts)				
Numerator				
Net income	\$90	\$72	\$253	\$123
Denominator				
Weighted average common shares outstanding - basic	131.3	127.7	131.0	124.9
Dilutive shares	4.5	5.5	4.9	5.8
Weighted average common and common equivalent shares outstanding - diluted	135.8	133.2	135.9	130.7
Per common share income				
Basic	\$0.69	\$0.56	\$1.93	\$0.98
Diluted	\$0.66	\$0.54	\$1.86	\$0.94

## 13. Accumulated Other Comprehensive Loss

The components and activity of Accumulated other comprehensive loss are as follows:

	Defined Benefit Pension and Retiree Health Benefit Plans	Currency Translation	Interest Rate Swaps	Accumulated Other Comprehensive Loss

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Balance at September 30, 2017	\$ (48 )	\$ (16 )	\$ (4 )	\$ (68 )
Other comprehensive income (loss) before reclassifications	(17 )	(1 )	35	17
Net amount reclassified from accumulated other comprehensive income (loss)	—	—	6	6
Provision for income taxes	—	—	(11 )	(11 )
Balance at March 31, 2018	\$ (65 )	\$ (17 )	\$ 26	\$ (56 )

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	Currency Translation	Defined Benefit Pension and Retiree Health Benefit Plans	Interest Rate Swaps	Accumulated Other Comprehensive Loss
Balance at October 1, 2016	\$ (82 )	\$ (44 )	\$ (22 )	\$ (148 )
Other comprehensive income (loss) before reclassifications	(24 )	13	25	14
Net amount reclassified from accumulated other comprehensive income (loss)	—	—	8	8
Provision for income taxes	—	—	(13 )	(13 )
Balance at April 1, 2017	\$ (106 )	\$ (31 )	\$ (2 )	\$ (139 )

14. Guarantor and Non-Guarantor Financial Information

Berry Global, Inc. ("Issuer") has notes outstanding which are fully, jointly, severally, and unconditionally guaranteed by its parent, Berry Global Group, Inc. (for purposes of this Note, "Parent") and substantially all of Issuer's domestic subsidiaries. Separate narrative information or financial statements of the guarantor subsidiaries have not been included because they are 100% owned by Parent and the guarantor subsidiaries unconditionally guarantee such debt on a joint and several basis. A guarantee of a guarantor subsidiary of the securities will terminate upon the following customary circumstances: the sale of the capital stock of such guarantor if such sale complies with the indentures, the designation of such guarantor as an unrestricted subsidiary, the defeasance or discharge of the indenture or in the case of a restricted subsidiary that is required to guarantee after the relevant issuance date, if such guarantor no longer guarantees certain other indebtedness of the issuer. The guarantees of the guarantor subsidiaries are also limited as necessary to prevent them from constituting a fraudulent conveyance under applicable law and any guarantees guaranteeing subordinated debt are subordinated to certain other of the Company's debts. Parent also guarantees the Issuer's term loans and revolving credit facilities. The guarantor subsidiaries guarantee our term loans and are co-borrowers under our revolving credit facility. Presented below is condensed consolidating financial information for the Parent, Issuer, guarantor subsidiaries and non-guarantor subsidiaries. The Issuer and guarantor financial information includes all of our domestic operating subsidiaries; our non-guarantor subsidiaries include our foreign subsidiaries, certain immaterial domestic subsidiaries and the unrestricted subsidiaries under the Issuer's indentures. The Parent uses the equity method to account for its ownership in the Issuer in the Condensed Consolidating Supplemental Financial Statements. The Issuer uses the equity method to account for its ownership in the guarantor and non-guarantor subsidiaries. All consolidating entries are included in the eliminations column along with the elimination of intercompany balances.

Condensed Supplemental Consolidated Balance Sheet

	March 31, 2018				Eliminations	Total
	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries		
Current assets	\$—	\$198	\$ 1,260	\$ 803	\$ —	\$2,261
Intercompany receivable	422	2,177	—	—	(2,599 )	—
Property, plant, and equipment, net	—	74	1,733	811	—	2,618
Other assets	1,246	5,997	4,699	521	(8,235 )	4,228
Total assets	\$1,668	\$8,446	\$ 7,692	\$ 2,135	\$ (10,834 )	\$9,107
Current liabilities	\$24	\$252	\$ 544	\$ 342	\$ —	\$1,162



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Intercompany payable	—	—	2,549	50	(2,599	)	—
Other long-term liabilities	338	6,142	93	66	—		6,639
Stockholders' equity	1,306	2,052	4,506	1,677	(8,235	)	1,306
Total liabilities and stockholders' equity	\$1,668	\$8,446	\$ 7,692	\$ 2,135	\$ (10,834	)	\$9,107

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September 30, 2017

	Parent	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Total
Current assets	\$—	\$116	\$ 1,113	\$ 775	\$ —	\$2,004
Intercompany receivable	512	2,217	—	—	(2,729 )	—
Property, plant and equipment, net	—	80	1,564	722	—	2,366
Other assets	992	5,335	4,583	533	(7,337 )	4,106
Total assets	\$1,504	\$7,748	\$ 7,260	\$ 2,030	\$ (10,066 )	\$8,476
Current liabilities	\$36	\$243	\$ 537	\$ 318	\$ —	\$1,134
Intercompany payable	—	—	2,667	62	(2,729 )	—
Other long-term liabilities	453	5,707	99	68	—	6,327
Stockholders' equity	1,015	1,798	3,957	1,582	(7,337 )	1,015
Total liabilities and stockholders' equity	\$1,504	\$7,748	\$ 7,260	\$ 2,030	\$ (10,066 )	\$8,476

Condensed Supplemental Consolidated Statements of Income

Quarterly Period Ended March 31, 2018

	Parent	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Total
Net sales	\$—	\$139	\$ 1,349	\$ 479	\$ —	\$1,967
Cost of goods sold	—	95	1,103	398	—	1,596
Selling, general and administrative	—	18	83	29	—	130
Amortization of intangibles	—	—	31	7	—	38
Restructuring and impairment charges	—	—	9	6	—	15
Operating income	—	26	123	39	—	188
Other expense (income), net	—	—	—	5	—	5
Interest expense, net	—	4	45	17	—	66
Equity in net income of subsidiaries	(117)	(87 )	—	—	204	—
Income before income taxes	117	109	78	17	(204 )	117
Income tax expense	27	19	1	7	(27 )	27
Net income	\$90	\$90	\$ 77	\$ 10	\$ (177 )	\$90
Comprehensive net income	\$90	\$94	\$ 77	\$ 30	\$ (177 )	\$114

Quarterly Period Ended April 1, 2017

	Parent	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Total
Net sales	\$—	\$146	\$ 1,252	\$ 408	\$ —	\$1,806
Cost of goods sold	—	117	1,012	324	—	1,453
Selling, general and administrative	—	(11 )	87	56	—	132
Amortization of intangibles	—	1	31	8	—	40
Restructuring and impairment charges	—	—	6	—	—	6
Operating income	—	39	116	20	—	175
Other expense (income), net	—	10	2	8	—	20
Interest expense, net	—	6	46	15	—	67
Equity in net income of subsidiaries	(88)	(51 )	—	—	139	—
Income before income taxes	88	74	68	(3 )	(139 )	88
Income tax expense	16	2	—	14	(16 )	16

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Net income	\$72	\$72	\$ 68	\$ (17	) \$ (123	) \$72
Comprehensive net income	\$72	\$81	\$ 68	\$ 17	\$ (123	) \$115

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## Two Quarterly Periods Ended March 31, 2018

			Non-		Eliminations	Total
	Parent	Issuer	Guarantor Subsidiaries	Guarantor Subsidiaries		
Net sales	\$—	\$277	\$ 2,574	\$ 892	\$ —	\$3,743
Cost of goods sold	—	201	2,092	750	—	3,043
Selling, general and administrative	—	30	163	54	—	247
Amortization of intangibles	—	—	62	14	—	76
Restructuring and impairment charges	—	—	16	10	—	26
Operating income	—	46	241	64	—	351
Other expense (income), net	—	5	7	2	—	14
Interest expense, net	—	9	88	31	—	128
Equity in net income of subsidiaries	(209)	(159)	—	—	368	—
Income before income taxes	209	191	146	31	(368 )	209
Income tax expense	(44 )	(62 )	1	17	44	(44 )
Net income	\$253	\$253	\$ 145	\$ 14	\$ (412 )	\$253
Comprehensive net income	\$253	\$254	\$ 145	\$ 25	\$ (412 )	\$265
<b>Consolidating Statement of Cash Flows</b>						
Cash Flow from Operating Activities	\$—	\$14	\$ 258	\$ 13	\$ —	\$285
<b>Cash Flow from Investing Activities</b>						
Additions to property, plant, and equipment	—	(5 )	(137 )	(42 )	—	(184 )
Proceeds from sale of assets	—	—	—	3	—	3
Contributions (to)/from subsidiaries	(12 )	(462)	—	—	474	—
Intercompany	—	137	—	—	(137 )	—
Acquisition of business, net of cash acquired	—	—	(404 )	(70 )	—	(474 )
Other investing activities, net	—	—	—	—	—	—
Net cash from investing activities	(12 )	(330)	(541 )	(109 )	337	(655 )
<b>Cash Flow from Financing Activities</b>						
Proceeds from long-term debt	—	497	—	—	—	497
Repayments on long-term borrowings	—	(113)	(4 )	—	—	(117 )
Proceeds from issuance of common stock	12	—	—	—	—	12
Payment of tax receivable agreement	(37 )	—	—	—	—	(37 )
Contribution from Parent	—	—	404	70	(474 )	—
Debt financing costs	—	(1 )	—	—	—	(1 )
Changes in intercompany balances	37	—	(116 )	(58 )	137	—
Net cash from financing activities	12	383	284	12	(337 )	354
Effect of exchange rate changes on cash	—	—	—	1	—	1
Net change in cash	—	67	1	(83 )	—	(15 )
Cash and cash equivalents at beginning of period	—	18	12	276	—	306
Cash and cash equivalents at end of period	\$—	\$85	\$ 13	\$ 193	\$ —	\$291

## Two Quarterly Periods Ended April 1, 2017

			Non-			
	Parent	Issuer	Guarantor Subsidiaries	Guarantor Subsidiaries	Eliminations	Total
Net sales	\$—	\$289	\$ 2,231	\$ 788	\$ —	\$3,308
Cost of goods sold	—	233	1,801	625	—	2,659
Selling, general and administrative	—	31	162	52	—	245
Amortization of intangibles	—	3	56	14	—	73
Restructuring and impairment charges	—	—	10	—	—	10
Operating income	—	22	202	97	—	321
Other expense (income), net	—	14	2	3	—	19
Interest expense, net	—	12	91	32	—	135
Equity in net income of subsidiaries	(167)	(143)	—	—	310	—
Income before income taxes	167	139	109	62	(310 )	167
Income tax expense	44	16	—	28	(44 )	44
Net income	\$123	\$123	\$ 109	\$ 34	\$ (266 )	\$123
Comprehensive net income	\$123	\$143	\$ 109	\$ 23	\$ (266 )	\$132
 Consolidating Statement of Cash Flows						
Cash Flow from Operating Activities	\$—	\$24	\$ 212	\$ 97	\$ —	\$333
Cash Flow from Investing Activities						
Additions to property, plant, and equipment	—	(8 )	(97 )	(30 )	—	(135 )
Proceeds from sale of assets	—	1	3	—	—	4
Contributions (to)/from subsidiaries	(15 )	(443)	—	—	458	—
Intercompany	—	94	—	—	(94 )	—
Acquisition of business, net of cash acquired	—	—	(458 )	—	—	(458 )
Other investing activities, net	—	(1 )	—	—	—	(1 )
Net cash from investing activities	(15 )	(357)	(552 )	(30 )	364	(590 )
 Cash Flow from Financing Activities						
Proceeds from long-term debt	—	595	—	—	—	595
Repayments on long-term borrowings	—	(314)	(2 )	(1 )	—	(317 )
Proceeds from issuance of common stock	15	—	—	—	—	15
Payment of tax receivable agreement	(60 )	—	—	—	—	(60 )
Debt financing costs	—	(4 )	—	—	—	(4 )
Contribution from parent	—	—	458	—	(458 )	—
Changes in intercompany balances	60	—	(114 )	(40 )	94	—
Net cash from financing activities	15	277	342	(41 )	(364 )	229
Effect of exchange rate changes on cash	—	—	—	(2 )	—	(2 )
Net change in cash	—	(56 )	2	24	—	(30 )
Cash and cash equivalents at beginning of period	—	102	5	216	—	323
Cash and cash equivalents at end of period	\$—	\$46	\$ 7	\$ 240	\$ —	\$293

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in our most recent Form 10-K in the section titled "Risk Factors" and other risk factors identified from time to time in our periodic filings with the Securities and Exchange Commission. As a result, our actual results may differ materially from those contained in any forward-looking statements. The forward-looking statements referenced within this report should be read with the explanation of the qualifications and limitations included herein. Fiscal 2017 and fiscal 2018 are fifty-two week periods.

Executive Summary

**Business.** The Company's operations are organized into three operating segments: Engineered Materials, Health, Hygiene & Specialties, and Consumer Packaging. The structure is designed to align us with our customers, provide optimal service, and drive future growth in a cost efficient manner. The Engineered Materials segment primarily consists of tapes and adhesives, polyethylene based film products, can liners, printed films, and specialty coated, and laminated products. The Health, Hygiene & Specialties segment primarily consists of nonwoven specialty materials and films used in hygiene, healthcare, infection prevention, personal care, industrial, construction and filtration applications. The Consumer Packaging segment primarily consists of containers, foodservice items, closures, overcaps, bottles, prescription containers, and tubes.

**Acquisitions.** Our acquisition strategy is focused on improving our long-term financial performance, enhancing our market positions, and expanding our existing and complementary product lines. We seek to obtain businesses for attractive post-synergy multiples, creating value for our stockholders from synergy realization, leveraging the acquired products across our customer base, creating new platforms for future growth, and assuming best practices from the businesses we acquire. While the expected benefits on earnings is estimated at the commencement of each transaction, once the execution of the plan and integration occur, we are generally unable to accurately estimate or track what the ultimate effects have been due to system integrations and movements of activities to multiple facilities. As historical business combinations and restructuring plans have not allowed us to accurately separate realized synergies compared to what was initially identified, we attempt to measure the synergy realization based on the overall segment profitability post integration.

**AEP Industries Inc.**

In January 2017, the Company acquired AEP Industries Inc. ("AEP") for a purchase price of \$791 million, net of cash acquired. A portion of the purchase price consisted of issuing 6.4 million of Berry common shares which were valued at \$324 million at the time of closing. AEP manufactures and markets an extensive and diverse line of polyethylene and polyvinyl chloride flexible plastic packaging products for consumer, industrial, and agricultural applications. The acquired business is operated in our Engineered Materials segment. To finance the purchase, the Company entered into an incremental assumption agreement to increase the commitments under the Company's existing term loan credit agreement by \$500 million due 2024. The Company expects annual cost synergies of approximately \$80 million from the AEP transaction with full realization expected in fiscal 2018.

**Adchem Corp.**

In June 2017, the Company acquired Adchem Corp.'s ("Adchem") tapes business for a purchase price of \$49 million. Adchem is a leader in the development of high performance adhesive tape systems for the automotive, construction, electronics, graphic arts, medical and general tape markets. The acquired business is operated in our Engineered Materials segment. To finance the purchase, the Company used existing liquidity.

**Clopay Plastic Products Company, Inc.**

In February 2018, the Company acquired Clopay Plastic Products Company, Inc. ("Clopay") for a purchase price of \$474 million, which is preliminary and subject to adjustment. Clopay is an innovator in the development of printed breathable films, elastic films, and laminates with product offerings uniquely designed for applications used in a number of markets including: hygiene, healthcare, construction and industrial protective apparel. Clopay is operated in our Health, Hygiene & Specialties segment. The Company expects to realize annual cost synergies of approximately \$40 million. To finance the purchase, the Company used the proceeds from the \$500 million second priority senior secured notes (see Note 7).

Raw Material Trends. Our primary raw material is plastic resin consisting primarily of polyethylene and polypropylene. Plastic resins are subject to price fluctuations, including those arising from supply shortages and changes in the prices of natural gas, crude oil and other petrochemical intermediates from which resins are produced. The three month simple average price per pound, as published by U.S. market indexes, were as follows:

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Fiscal quarter	Polyethylene		Polypropylene	
	Butene Film	2017	2018	2017
1st quarter	\$ .68	\$ .56	\$ .71	\$ .56
2nd quarter	.69	.58	.75	.67
3rd quarter	—	.60	—	.61
4th quarter	—	.62	—	.62

Due to differences in the timing of passing through resin cost changes to our customers on escalator/de-escalator programs, segments are negatively impacted in the short term when plastic resin costs increase and are positively impacted when plastic resin costs decrease. This timing lag in passing through raw material cost changes could affect our results as plastic resin costs fluctuate.

Outlook. The Company is impacted by general economic and industrial growth, plastic resin availability and affordability, and general industrial production. Our business has both geographic and end-market diversity, which reduces the effect of any one of these factors on our overall performance. Our results are affected by our ability to pass through raw material cost changes to our customers, improve manufacturing productivity and adapt to volume changes of our customers. We believe there are long term growth opportunities within the health, pharmaceuticals, personal care and food packaging markets existing in developing countries, where expected per capita consumption increases should result in organic market growth. In addition, while we continue to believe that long term dynamics of the resin markets will be an advantage to Berry, the short term challenges to regional transportation systems and higher raw material prices in part as a result of resin supply disruptions, as well as macroeconomic pressures in South America has created short-term headwinds in the first half of fiscal 2018. The Company is anticipating a benefit in the second half of the year as a result of partial relief from these inflationary pressures and improvement in price/cost spread. For fiscal 2018, including the impact from the recent Clopay transaction, we project cash flow from operations and Adjusted free cash flow of \$1,007 million and \$630 million, respectively. Our fiscal 2018 projections assume negative \$40 million in working capital due to the recent raw material inflation, \$340 million of capital spending and cash interest costs of \$250 million. Within our Adjusted free cash flow guidance, we are also assuming cash taxes to be \$130 million, including the \$37 million payment made in the first quarter under the Company's tax receivable agreement and an estimated \$50 million of cash tax savings related to the Tax Cuts and Jobs Act, along with other cash uses of \$50 million related to items such as acquisition integration expenses and costs to achieve synergies. For the definition of Adjusted free cash flow and further information related to Adjusted free cash flow as a non-GAAP financial measure, see "Liquidity and Capital Resources."

#### Results of Operations

Comparison of the Quarterly Period Ended March 31, 2018 (the "Quarter") and the Quarterly Period Ended April 1, 2017 (the "Prior Quarter")

Acquisition (AEP, Adchem, Clopay) sales and operating income disclosed within this section represents the results from acquisitions for the current period. Business integration expenses consist of restructuring and impairment charges, acquisition related costs, and other business optimization costs. Tables present dollars in millions.

#### Consolidated Overview

	Quarter	Prior Quarter	\$ Change	% Change
Net sales	\$1,967	\$1,806	\$ 161	9 %
Operating income	\$188	\$175	\$ 13	7 %
Operating income percentage of net sales	10 %	10 %		



Net sales increased by \$161 million from the Prior Quarter primarily attributed to acquisition net sales of \$106 million, selling price increases of \$59 million due to the pass through of higher resin prices, and a \$34 million favorable impact from foreign currency changes, partially offset by a 2% base volume decline.

The operating income increase of \$13 million from the Prior Quarter was primarily attributed to acquisition operating income of \$20 million, a \$13 million decrease in selling, general and administrative expense due to synergies and cost reductions, a \$7 million decrease in depreciation and amortization, and a \$5 million favorable impact from foreign currency changes, partially offset by a \$22 million negative impact from under recovery of higher cost of goods sold, and a \$7 million negative impact from lower base volumes, and a \$3 million increase in business integration expenses.

Engineered Materials

	Quarter	Prior Quarter	\$ Change	% Change
Net sales	\$ 655	\$ 620	\$ 35	6 %
Operating income	\$ 94	\$ 67	\$ 27	40 %
Percentage of net sales	14 %	11 %		

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Net sales in the Engineered Materials segment increased by \$35 million from the Prior Quarter primarily attributed to acquisition net sales of \$34 million, selling price increases of \$19 million due to the pass through of higher resin prices, and a \$3 million favorable impact from foreign currency changes, partially offset by a 3% base volume decline.

The operating income increase of \$27 million from the Prior Quarter was primarily attributed to acquisition operating income of \$15 million, a \$4 million decrease in selling, general and administrative expense, an \$8 million decrease in business integration expenses, and a \$3 million decrease in depreciation and amortization, partially offset by a \$4 negative million impact from lower base volumes.

Health, Hygiene & Specialties

	Quarter	Prior Quarter	\$ Change	% Change
Net sales	\$ 706	\$ 597	\$ 109	18 %
Operating income	\$ 41	\$ 52	\$ (11 )	(21 %)
Percentage of net sales	6 %	9 %		

Net sales in the Health, Hygiene & Specialties segment increased \$109 million from the Prior Quarter primarily attributed to acquisition net sales of \$72 million, selling price increases of \$15 million due to the pass through of higher resin prices, and a \$31 million favorable impact from foreign currency changes, partially offset by a 1% base volume decline.

The operating income decrease of \$11 million from the Prior Quarter was primarily attributed to a \$13 million negative impact from under recovery of higher cost of goods sold, and an \$11 million increase in business integration expenses related to the Clopay acquisition, partially offset by acquisition operating income of \$5 million, a \$5 million favorable impact from foreign currency changes, and a \$4 million decrease in selling, general, and administrative expense.

Consumer Packaging

	Quarter	Prior Quarter	\$ Change	% Change
Net sales	\$ 606	\$ 589	\$ 17	3 %
Operating income	\$ 53	\$ 56	\$ (3 )	(5 %)
Percentage of net sales	9 %	10 %		

Net sales in the Consumer Packaging segment increased by \$17 million from the Prior Quarter primarily attributed to selling price increases of \$25 million due to the pass through of higher resin prices, partially offset by a 1% base volume decline.

The operating income decrease of \$3 million from the Prior Quarter was primarily attributed to a \$10 million negative impact from under recovery of higher cost of goods sold, partially offset by a \$5 million decrease in selling, general and administrative expense and a \$3 million decrease in depreciation and amortization.

Other expense, net

	Quarter	Prior Quarter	\$ Change	% Change
Other expense, net	\$ 5	\$ 20	\$ (15 )	75 %

The other expense decrease of \$15 million from the Prior Quarter was primarily attributed to non-recurring prior year charges of \$19 million, partially offset by unfavorable foreign currency changes related to the remeasurement of non-operating intercompany balances.

Interest expense, net

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	Prior	\$	%
	Quarter	Quarter	Change
			Change
Interest expense, net	\$ 66	\$ 67	\$ (1 ) (1 %)

The interest expense decrease of \$1 million from the Prior Quarter was primarily attributed to reduced interest rates resulting from the term loan modifications, partially offset by additional expense attributed to the \$500 million 4.5% second priority senior secured notes (see Note 7).

Income tax expense

	Prior	\$	%
	Quarter	Quarter	Change
			Change
Income tax expense	\$ 27	\$ 16	\$ 11 69 %

The income tax expense increase of \$11 million from the Prior Quarter was primarily attributed to increased net income before income taxes, partially offset by a lower statutory rate as a result of the recent U.S. tax legislation more fully described in Note 9. The effective tax rate was 23% for the Quarter and was positively impacted by 3% from the share-based compensation excess tax benefit deduction, 1% from research and development credits, and a 2% benefit from the domestic manufacturing deduction. These favorable items were partially offset by increases of 3% from U.S. state income taxes, 2% from foreign valuation allowance, and other discrete items.

## Changes in Comprehensive Income

The \$1 million decline in comprehensive income from the Prior Quarter was primarily attributed to a \$14 million decrease in currency translation, which is primarily related to lower exposure related to our euro denominated locations as a result of the cross-currency swap, and a \$13 million change due to a non-cash defined benefit pension plan settlement in the Prior Quarter, partially offset by an \$18 million improvement in net income and an \$8 million change in interest rate hedges, net of tax. Currency translation gains and losses are primarily related to non-U.S. subsidiaries with a functional currency other than U.S. dollars whereby assets and liabilities are translated from the respective functional currency into U.S. dollars using period-end exchange rates. The change in currency translation in the Quarter was primarily attributed to locations utilizing the euro, Brazilian real, and renminbi as the functional currency. As part of the overall risk management, the Company uses derivative instruments to reduce exposure to changes in interest rates attributed to the Company's floating-rate borrowings and records changes to the fair value of these instruments in Accumulated other comprehensive income (loss). The favorable change in fair value of these instruments in the Quarter versus Prior Quarter is primarily attributed to an increase in the forward interest curve between measurement dates.

Comparison of the Two Quarterly Periods Ended March 31, 2018 (the "YTD") and the Two Quarterly Periods Ended April 1, 2017 (the "Prior YTD")

Acquisition (AEP, Adchem, Clopay) sales and operating income disclosed within this section represents the results from acquisitions for the current period. Business integration expenses consist of restructuring and impairment charges, acquisition related costs, and other business optimization costs. Tables present dollars in millions.

## Consolidated Overview

	YTD	Prior YTD	\$ Change	% Change	
Net sales	\$3,743	\$3,308	\$ 435	13	%
Operating income	\$351	\$321	\$ 30	9	%
Operating income percentage of net sales	9	% 10	%		

The net sales increase of \$435 million from the Prior YTD was primarily attributed to acquisition net sales of \$372 million, selling price increases of \$63 million due to the pass through of higher resin prices, and a \$52 million favorable impact from foreign currency changes, partially offset by a 2% base volume decline.

The operating income increase of \$30 million from the Prior YTD was primarily attributed to acquisition operating income of \$45 million, a \$24 million decrease in selling, general and administrative expense related to synergies and cost reductions, a \$14 million decrease in depreciation and amortization, and a \$7 million favorable impact from foreign currency changes. These improvements were partially offset by a \$43 million negative impact from under recovery of higher cost of goods sold, a \$9 million increase in business integration, and an \$8 million impact from lower base volumes.

## Engineered Materials

	YTD	Prior YTD	\$ Change	% Change	
Net sales	\$1,303	\$1,003	\$ 300	30	%
Operating income	\$182	\$120	\$ 62	52	%
Operating income percentage of net sales	14	% 12	%		

Net sales in the Engineered Materials segment increased by \$300 million from the Prior YTD primarily attributed to acquisition net sales of \$300 million, selling price increases of \$25 million due to the pass through of higher resin prices, and a \$5 million favorable impact from foreign currency changes, partially offset by a 3% base volume decline.

The operating income increase of \$62 million from the Prior YTD was primarily attributed to acquisition operating income of \$40 million, a \$9 million decrease in depreciation and amortization, an \$8 million decrease in business integration expenses, a \$5 million improvement in our product mix and price/cost spread, and a \$5 million decrease in selling, general and administrative expense, partially offset by a negative \$6 million impact from lower base volumes.

Health, Hygiene & Specialties

	YTD	Prior YTD	\$ Change	% Change
Net sales	\$1,283	\$1,167	\$ 116	10 %
Operating income	\$78	\$111	\$ (33 )	(30 %)
Operating income percentage of net sales	6 %	10 %		

Net sales in the Health, Hygiene & Specialties segment increased by \$116 million from the Prior YTD primarily attributed to acquisition net sales of \$72 million, selling price increases of \$12 million due to the pass through of higher resin prices, and a \$47 million favorable impact from foreign currency changes, partially offset by a 1% base volume decline.

The operating income decrease of \$33 million from the Prior YTD was primarily attributed to a \$30 million negative impact from under recovery of higher cost of goods sold and market pressure in South America, and a \$19 million increase in business integration expenses primarily attributed to the Clopay acquisition, partially offset by a \$9 million decrease in selling, general and administrative expense, a \$6 million favorable impact from foreign currency changes, and acquisition operating income of \$5 million.

#### Consumer Packaging

	YTD	Prior YTD	\$ Change	% Change
Net sales	\$1,157	\$1,138	\$ 19	2 %
Operating income	\$91	\$90	\$ 1	1 %
Operating income percentage of net sales	8 %	8 %		

Net sales in the Consumer Packaging segment increased by \$19 million from the Prior YTD primarily attributed to selling price increases of \$26 million due to the pass through of higher resin prices, partially offset by a 1% base volume decline.

The operating income increase of \$1 million from the Prior YTD was primarily attributed to a \$10 million decrease in selling, general and administrative expense related to synergies from cost reductions, and an \$8 million decrease in depreciation and amortization, partially offset by a negative \$18 million impact from under recovery of higher cost of goods sold.

#### Other expense, net

	YTD	Prior YTD	\$ Change	% Change
Other expense, net	\$14	\$19	\$ (5 )	26 %

The other expense decrease of \$5 million from the Prior YTD was primarily attributed to non-recurring prior year charges of \$19 million, partially offset by unfavorable foreign currency changes related to the remeasurement of non-operating intercompany balances and a \$4 million tax receivable agreement revaluation as a result of tax reform.

#### Interest expense, net

	YTD	Prior YTD	\$ Change	% Change
Interest expense, net	\$128	\$135	\$ (7 )	(5 %)

The interest expense decrease of \$7 million from the Prior YTD was primarily attributed to reduced interest rates resulting from term loan modifications, partially offset by additional expense attributed to the \$500 million 4.5% second priority senior secured notes (see Note 7).

#### Income tax expense

	YTD	Prior YTD	\$ Change	% Change
Income tax expense	\$(44)	\$44	\$ (88 )	(200 %)

The income tax expense decrease of \$88 million from the Prior YTD was primarily attributed to the \$95 million provisional transition benefit recorded in the Company's first fiscal Quarter as a result of the recent U.S. tax legislation more fully described in Note 9. After the exclusion of the tax reform benefit, our year-to-date effective tax rate was

24% and was positively impacted by 3% from the share-based compensation excess tax benefit, 1% from research and development credits, and a 2% benefit from the domestic manufacturing deduction. These favorable items were partially offset by increases of 3% from U.S. state taxes, 2% from foreign valuation allowance, and other discrete items.

#### Changes in Comprehensive Income

The \$133 million improvement in comprehensive income from the Prior YTD was primarily attributed to a \$130 million improvement in net income, a \$10 million favorable change in the fair value of interest rate hedges, net of tax, and a \$7 million favorable change in currency translation, partially offset by a \$14 million change due to a non-cash defined benefit pension plan settlement in the Prior YTD. Currency translation gains and losses are primarily related to non-U.S. subsidiaries with a functional currency other than U.S. dollars whereby assets and liabilities are translated from the respective functional currency into U.S. dollars using period-end exchange rates. The change in currency translation in the YTD was primarily attributed to locations utilizing the euro, Brazilian real, and renminbi as the functional currency. As part of the overall risk management, the Company uses derivative instruments to reduce exposure to changes in interest rates attributed to the Company's floating-rate borrowings and records changes to the fair value of these instruments in Accumulated other comprehensive income (loss). The favorable change in fair value of these instruments in the YTD versus Prior YTD is primarily attributed to an increase in the forward interest curve between measurement dates.

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## Liquidity and Capital Resources

### Senior Secured Credit Facility

We manage our global cash requirements considering (i) available funds among the many subsidiaries through which we conduct business, (ii) the geographic location of our liquidity needs, and (iii) the cost to access international cash balances. We have a \$750 million asset-based revolving line of credit that matures in May 2020. At the end of the Quarter, the Company had no outstanding balance on the revolving credit facility. The Company was in compliance with all covenants at the end of the Quarter (see Note 7).

### Cash Flows

Net cash from operating activities decreased \$48 million from the Prior YTD primarily attributed to an increase in working capital due to higher raw material costs, partially offset by improved net income before depreciation, amortization and the net impact of the recently announced U.S. tax legislation.

Net cash from investing activities decreased \$65 million from the Prior YTD primarily attributed to increased capital expenditures and acquisition spending compared to the Prior YTD.

Net cash from financing activities increased \$125 million from the Prior YTD primarily attributed to increased long-term borrowings, net of repayments, and lower tax receivable agreement payments.

### Adjusted Free Cash Flow

We define "Adjusted free cash flow" as cash flow from operating activities less net additions to property, plant and equipment and payments of the tax receivable agreement.

Based on our definition, our YTD consolidated Adjusted free cash flow is summarized as follows:

	March 31, 2018	April 1, 2017
Cash flow from operating activities	\$285	\$333
Additions to property, plant and equipment, net	(181)	(131)
Payments of tax receivable agreement	(37)	(60)
Adjusted free cash flow	\$67	\$142

Adjusted free cash flow, as presented in this document, is a supplemental financial measure that is not required by, or presented in accordance with, generally accepted accounting principles in the U.S. ("GAAP"). Adjusted free cash flow is not a GAAP financial measure and should not be considered as an alternative to cash flow from operating activities or any other measure determined in accordance with GAAP. We use Adjusted free cash flow as a measure of liquidity because it assists us in assessing our company's ability to fund its growth through its generation of cash, and believe it is useful to investors for such purpose. In addition, Adjusted 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. Adjusted free cash flow may be calculated differently by other companies, including other companies in our industry, limiting its usefulness as a comparative measure.

### Liquidity Outlook

At March 31, 2018, our cash balance was \$291 million, of which approximately 70% was located outside the U.S. We believe our existing U.S. based cash and cash flow from U.S. operations, together with available borrowings under our senior secured credit facilities, will be adequate to meet our liquidity needs over the next twelve



months. We do not expect our free cash flow to be sufficient to cover all long-term debt obligations and intend to refinance these obligations prior to maturity. However, we cannot predict our future results of operations and our ability to meet our obligations involves numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section of our most recent Form 10-K filed with the Securities and Exchange Commission and in this Form 10-Q, if any.

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### Item 3. Quantitative and Qualitative Disclosures about Market Risk

#### Interest Rate Sensitivity

We are exposed to market risk from changes in interest rates primarily through our senior secured credit facilities. At March 31, 2018, our senior secured credit facilities are comprised of (i) \$3.9 billion term loans and (ii) a \$750 million revolving credit facility with no borrowings outstanding. Borrowings under our senior secured credit facilities bear interest at a rate equal to an applicable margin plus LIBOR. The applicable margin for LIBOR rate borrowings under the revolving credit facility ranges from 1.25% to 1.75%, and the margin for each of the term loans is 2.00% per annum with a 0% LIBOR floor. At March 31, 2018, the LIBOR rate of approximately 1.88% was applicable to the term loans. A 0.25% change in LIBOR would increase our annual interest expense by \$4 million on variable rate term loans.

We seek to minimize interest rate volatility risk through regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. These financial instruments are not used for trading or other speculative purposes. As of March 31, 2018, the Company effectively had (i) a \$450 million interest rate swap transaction that swaps a one-month variable LIBOR contract for a fixed annual rate of 2.00%, with an effective date in May 2017 and expiration in May 2022, (ii) a \$1 billion interest rate swap transaction that swaps a one-month variable LIBOR contract for a fixed annual rate of 1.5190% with an effective date in March 2017 and expiration in June 2019, (iii) a \$1 billion interest rate swap transaction that swaps a one-month variable LIBOR contract for a fixed annual rate of 2.0987% with an effective date in February 2017 and expiration in September 2021.

#### Foreign Currency Exchange Rates

As a global company, we face foreign currency risk exposure from fluctuating currency exchange rates, primarily the U.S. dollar against the euro, Brazilian real, Argentine peso, Chinese renminbi, Canadian dollar and Mexican peso. Significant fluctuations in currency rates can have a substantial impact, either positive or negative, on our revenue, cost of sales, and operating expenses. Currency translation gains and losses are primarily related to non-U.S. subsidiaries with a functional currency other than U.S. dollars whereby assets and liabilities are translated from the respective functional currency into U.S. dollars using period-end exchange rates and impact our Comprehensive income. A 10% decline in foreign currency exchange rates would have a negative \$5 million impact on our annual Net income.

In November 2017, the Company entered into certain cross-currency swap agreements with a notional amount of 250 million euro to effectively convert a portion of our fixed-rate U.S. dollar denominated term loans, including the monthly interest payments, to fixed rate euro-denominated debt. The swap agreements mature May 2022. The risk management objective is to manage foreign currency risk relating to net investments in certain European subsidiaries denominated in foreign currencies and reduce the variability in the functional currency cash flows of a portion of the Company's term loans. In the future, we may attempt to manage our foreign currency risk on our anticipated cash movements by entering into foreign currency forward contracts to offset potential foreign exchange gains or losses.

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Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

Under applicable Securities and Exchange Commission regulations, management of a reporting company, with the participation of the principal executive officer and principal financial officer, must periodically evaluate the company's "disclosure controls and procedures," which are defined generally as controls and other procedures of a reporting company designed to ensure that information required to be disclosed by the reporting company in its periodic reports filed with the commission (such as this Form 10-Q) is recorded, processed, summarized, and reported on a timely basis.

The Company's management, with the participation of the Chief Executive Officer and the Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the disclosure controls and procedures as of March 31, 2018. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2018, the design and operation of our disclosure controls and procedures were effective at the reasonable assurance level.

(b) Changes in internal controls.

There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Part II. Other Information

### Item 1. Legal Proceedings

There have been no material changes in legal proceedings from the items disclosed in our Form 10-K filed with the Securities and Exchange Commission.

### Item 1A. Risk Factors

Before investing in our securities, we recommend that investors carefully consider the risks described in our most recent Form 10-K filed with the Securities and Exchange Commission, including those under the heading "Risk Factors" and other information contained in this Quarterly Report. Realization of any of these risks could have a material adverse effect on our business, financial condition, cash flows and results of operations. In addition to the Company's risk factors described in our most recent Form 10-K filed with the Securities and Exchange Commission, investors should consider the following risk factor.

The final impacts of the Tax Cuts and Jobs Act could be materially different from our current estimates.

The Tax Cuts and Jobs Act was signed into law in December 2017. The new law made numerous changes to federal corporate tax law that we expect will significantly reduce our effective tax rate in future periods. The changes included in the Tax Act are broad and complex (See Note 9). The final transition impacts of the Tax Act may differ from our current estimates, possibly materially, due to, among other things, changes in interpretations of the Tax Act, any legislative action to address questions that arise because of the Tax Act, any changes in accounting standards for income taxes or related interpretations in response to the Tax Act, or any updates or changes to estimates the Company has utilized to calculate the transition impacts.

### Forward-looking Statements and Other Factors Affecting Future Results.

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:

- risks associated with our substantial indebtedness and debt service;
- 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;
- performance of our business and future operating results;
- risks related to our acquisition strategy and integration of acquired businesses;
- reliance on unpatented know-how and trade secrets;
- increases in the cost of compliance with laws and regulations, including environmental, safety, and production and product laws and regulations;
- risks related to disruptions in the overall economy and the financial markets that may adversely impact our business;
- catastrophic loss of one of our key manufacturing facilities, natural disasters, and other unplanned business interruptions;
- risks of competition, including foreign competition, in our existing and future markets;
- risks related to the market acceptance of our developing technologies and products;
- general business and economic conditions, particularly an economic downturn;
- risks that our restructuring program may entail greater implementation costs or result in lower cost savings than anticipated;
- the ability of our insurance to cover fully our potential exposures;
- 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; and

the other factors discussed in our most recent Form 10-K and in this Form 10-Q in the section titled "Risk Factors."

We caution readers that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this Form 10-Q may not in fact occur. Accordingly, investors should not place undue reliance on those statements. 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.

Item Exhibits  
6.

- 4.1 Indenture, by and between Berry Global, Inc., Berry Global Group, Inc., the subsidiaries of Berry Global, Inc. party thereto, and U.S. Bank National Association, as Trustee, relating to the 4.500% second priority senior secured notes due 2026, dated January 26, 2018 (incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on January 29, 2018).
- 10.1 2015 Long-Term Incentive Plan, as amended effective March 1, 2018 (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on March 6, 2018).
- 10.2\* \$1,644,750,000 and \$496,250,000 Incremental Assumption Agreement and Amendment, dated as of February 12, 2018, by and among Berry Global Group, Inc., Berry Global, Inc. and certain of its subsidiaries referenced therein, Credit Suisse AG, Cayman Islands Branch, as administrative agent for the lenders under the term loan credit agreement referenced therein, Citibank, N.A., as initial Term Q lender, and Citibank, N.A., as initial Term R lender.
- 31.1\* Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer.
- 31.2\* Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer.
- 32.1\* Section 1350 Certification of the Chief Executive Officer.
- 32.2\* Section 1350 Certification of the Chief Financial Officer.
101. Interactive Data Files.

\* Filed herewith.

SIGNATURE

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 thereunto duly authorized.

Berry Global Group, Inc.

May 3, 2018 By: /s/ Mark W. Miles  
Mark W. Miles  
Chief Financial Officer