Greif, Inc. (GEF)

Updated June 6th, 2025, by Aristofanis Papadatos

Key Metrics

Current Price:	$64	**5 Year CAGR Estimate:**	6.2%	**Market Cap:**	$3.1 B
Fair Value Price:	$62	**5 Year Growth Estimate:**	4.0%	**Ex-Dividend Date:**	6/17/25
% Fair Value:	104%	**5 Year Valuation Multiple Estimate:**	-0.7%	**Dividend Payment Date:**	7/1/25
Dividend Yield:	3.4%	**5 Year Price Target**	$75	**Years Of Dividend Growth:**	4
Dividend Risk Score:	F	**Sector:** Consumer Discretionary		**Rating:**	Hold

Overview & Current Events

Greif began in 1877 as "Vanderwyst and Greif," a cooperage shop founded by one of four Greif brothers. One year later, the other three brothers joined the business, renaming it "Greif Bros. Company," making wooden barrels, casks and kegs to transport post-Civil Wars goods. The company later purchased nearly 300,000 acres of timberland to provide raw materials for its cooperage plants and still owns significant timber properties. Today the Delaware, Ohio-based company, simply known as Greif, is a global leader in industrial packaging products and services. Shares of Greif trade under two classes – non-voting A shares and B shares trading under the GEF.B symbol. This report focuses on the A shares and diluted A share equivalent. The $3.1 billion market cap company serves customers in 40 countries.

In early June, Greif reported (6/4/25) results for the second quarter of fiscal 2025. Sales grew 1.5% over the prior year's quarter and adjusted earnings-per-share surged 43%, from $0.83 to $1.19, beating the analysts' estimates by $0.06. The strong performance resulted from recent acquisitions and cost savings. Net Debt to EBITDA improved from 3.4x to 3.3x, thanks to strong business performance. It was the first strong quarter after a few weak quarters in a row. As a result, the stock jumped 16% after the earnings release.

Greif reiterated its guidance for free cash flow in 2025, from at least $225 million to at least $245 million. We still expect earnings-per-share of about $4.90 this year.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$2.18	$2.44	$2.95	$3.53	$3.96	$3.22	$5.60	$7.87	$6.14	$4.31	***$4.90***	***$5.96***
DPS	$1.68	$1.68	$1.68	$1.70	$1.76	$1.76	$1.78	$1.88	$2.02	$2.12	***$2.16***	***$2.40***
Shares[1]	48	48	48	48	48	48	49	48	47	48	***48***	***45***

Greif put together an average growth record in the past. In the 2005 through 2019 period, the company was able to grow earnings-per-share by 5.5% annually. 2020 proved to be a down year due to the pandemic but results for fiscal 2021 and 2022 bounced back dramatically. The company has a history of profitable, but cyclical results over the years.

In general, Greif has growth opportunities in the way of continued global expansion – especially as more items move about the global marketplace. We believe this is a long-term growth thesis that will continue aiding the company's core business. With that said, we are concerned over the somewhat volatile performance record of Greif and the cyclical nature of its business. Overall, we expect a recovery from abnormally low earnings this year and 4.0% average annual growth of earnings-per-share beyond this year.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	17.7	14.6	18.9	15.8	9.8	11.7	11.1	8.0	11.0	14.7	***13.1***	***12.6***
Avg. Yld.	4.3%	4.7%	3.0%	3.1%	4.6%	4.7%	3.1%	3.0%	3.0%	3.3%	***3.4%***	***3.2%***

[1] In millions.

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The stock of Greif has traded at an average price-to-earnings ratio of 13.3 over the last decade and 12.6 over the last eight years. We view the latter as a fair valuation level, given the cyclical nature of this business. The stock is currently trading at a price-to-earnings ratio of 13.1. If the stock trades at its fair valuation level in five years, it will incur a -0.7% annualized drag in its returns.

The dividend is also noteworthy. After being held at $0.42 per quarter for seven years, it was finally raised to $0.44 at the end of 2018. After being held at $0.44 for three years, the payout is now $0.54 and yields 3.4%.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	77%	69%	57%	48%	44%	55%	32%	24%	33%	49%	***44%***	***40%***

Greif provides comprehensive packaging solutions, with an emphasis on the industrial economy. The company operates in 40 countries, making the business difficult to replicate and offering a competitive advantage. With that said, Greif is subject to the whims of the global market and the industrial market in particular, which tends to be cyclical. Moreover, while long-term demand will continue to grow, we do not believe the firm has material pricing power in the long run.

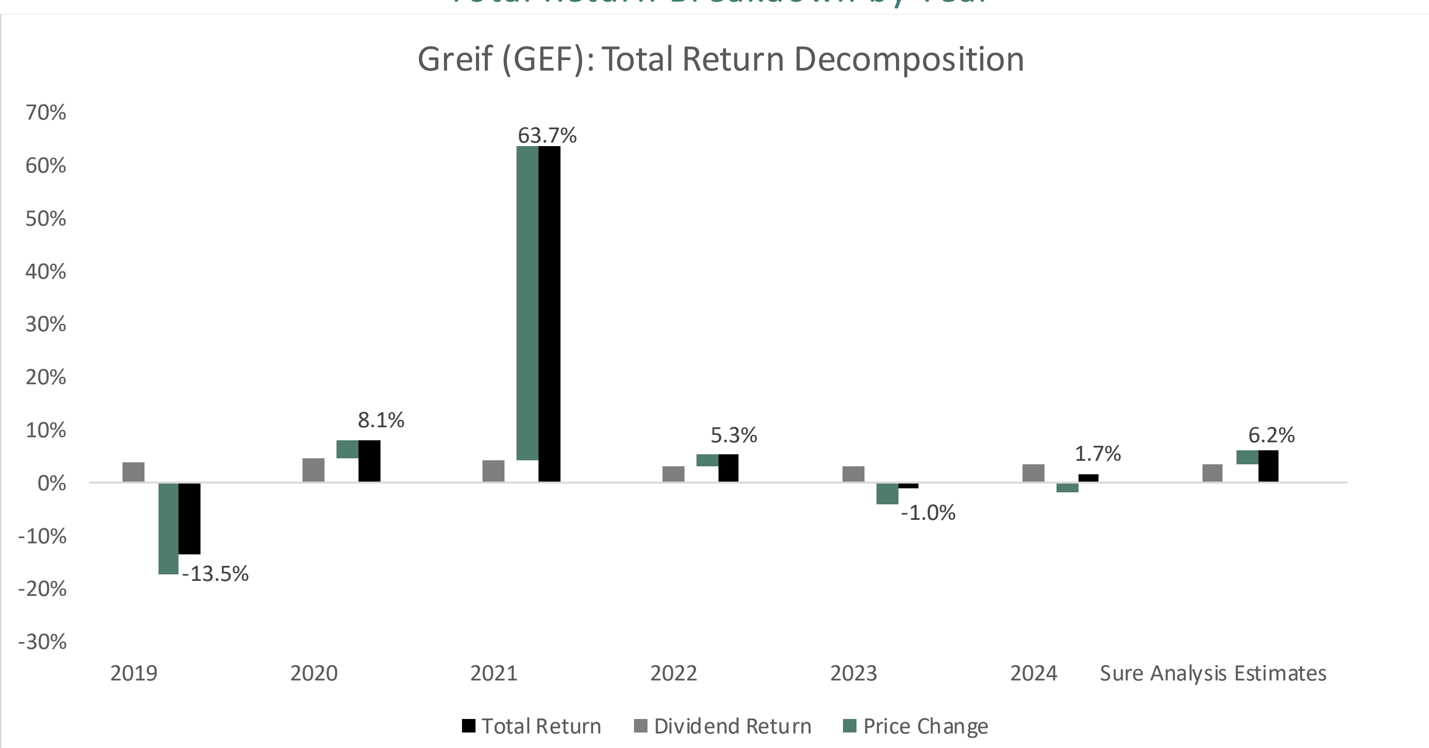
During the Great Recession, Greif posted earnings-per-share of $4.18, $3.32 and $4.35 during the 2008 through 2010 stretch. Furthermore, the dividend remained on the rise during this time as well.

Given the healthy forward payout ratio of 44% and the manageable amount of debt, which has resulted from the ample free cash flows of Greif, we view the 3.4% dividend of the stock as safe in the absence of a downturn.

Final Thoughts & Recommendation

Greif has exhibited decent but cyclical business performance over the last decade. It has been facing business headwinds in recent quarters due to the impact of inflation on its sales and its margins but it is likely to recover in the upcoming years. Greif could offer a 5-year average annual return of 6.2% thanks to 4.0% growth of earnings-per-share and a 3.4% dividend yield, partly offset by a -0.7% valuation headwind. The stock maintains its hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	3617	3324	3638	3874	4595	4515	5,556	6,350	5,219	5,448
Gross Profit	670	685	715	789	960	915	1,093	1,285	1,146	1,071
Gross Margin	18.5%	20.6%	19.6%	20.4%	20.9%	20.3%	19.7%	20.2%	22.0%	19.7%
SG&A Exp.	413	377	408	399	507	516	566	581	549	635
Operating Profit	257	308	307	390	453	398	527	704	597	436
Operating Margin	7.1%	9.3%	8.4%	10.1%	9.9%	8.8%	9.5%	11.1%	11.4%	8.0%
Net Profit	72	75	119	209	171	109	391	377	359	262
Net Margin	2.0%	2.3%	3.3%	5.4%	3.7%	2.4%	7.0%	5.9%	6.9%	4.8%
Free Cash Flow	32	189	199	104	227	318	249	475	430	170
Income Tax	48	67	67	73	71	63	70	137	118	34

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	3316	3153	3232	3195	5427	5511	5,816	5,470	5,961	6,646
Cash & Equivalents	106	104	142	94	77	106	125	147	181	198
Accounts Receivable	404	399	447	457	664	637	890	749	659	757
Inventories	297	277	280	290	358	294	499	403	339	397
Goodwill & Int. Ass.	940	897	883	857	2294	2234	2,164	2,041	2,485	2,891
Total Liabilities	2256	2195	2185	2041	4236	4310	4,216	3,660	3,849	4,406
Accounts Payable	355	372	399	404	435	451	705	561	498	530
Long-Term Debt	1188	1026	967	910	2752	2487	2,226	1,916	2,215	2,741
Shareholder's Equity	1016	947	1011	1108	1133	1155	1,514	1,761	1,948	2,076
D/E Ratio	1.17	1.08	0.96	0.82	2.43	2.16	1.47	1.09	1.14	1.32

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	2.1%	2.3%	3.7%	6.5%	4.0%	2.0%	6.9%	6.7%	6.3%	4.2%
Return on Equity	6.7%	7.6%	12.1%	19.8%	15.3%	9.5%	29.3%	23.0%	19.4%	12.0%
ROIC	3.1%	3.5%	5.9%	10.3%	5.7%	2.9%	10.4%	10.0%	8.9%	5.6%
Shares Out.	48	48	48	48	48	48	49	60	58	47
Revenue/Share	61.45	56.48	61.84	65.68	77.62	93.29	93.11	106.54	89.65	115.18
FCF/Share	0.55	3.22	3.38	1.76	3.84	6.57	4.17	7.96	7.39	3.58

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.