BERRY GLOBAL GROUP INC
Form 10-K
November 16, 2018

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended September 29, 2018
Commission File Number 001-35672

BERRY GLOBAL GROUP, INC.

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

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

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $0.01 par value per share	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, or non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer Accelerated filer Non-accelerated filer Small 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 7(a)(2)(B) of the Securities Act. Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

The aggregate market value of the common stock of the registrant held by non-affiliates was approximately $7.2 billion as of March 31, 2018, the last business day of the registrant's most recently completed second fiscal quarter. This amount excludes shares of the registrant's common stock held by current executive officers, directors, and affiliates whose ownership did not exceed 5% as of such date. The aggregate market value was computed using the $54.81 closing price per share for such stock on the New York Stock Exchange on such date.

Class	Outstanding at November 16, 2018
Common Stock, $.01 par value per share	131.2 million shares

Portions of Berry Global Group, Inc.'s Proxy Statement for its 2019 Annual Meeting of Stockholders are incorporated by reference into Part III of this report.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Form 10-K 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, or intentions. All statements we make relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results or to our expectations regarding future industry trends are forward-looking statements. In addition, we, through our senior management, 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-K.

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

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Item 1. BUSINESS
(In millions of dollars, except as otherwise noted)

General

Berry Global Group, Inc. ("Berry," "we," or the "Company") is a leading global supplier of a broad range of innovative non-woven, flexible, and rigid products used every day within consumer and industrial end markets. In fiscal 2018, no single customer represented more than 4% of net sales and our top ten customers represented 20% of net sales. We believe our manufacturing processes and our ability to leverage our scale to reduce expenses positions us as a low-cost manufacturer relative to our competitors.

Additional financial information about our business segments is provided in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the "Notes to Consolidated Financial Statements," which are included elsewhere in this Form 10-K.

Segment Overview

Engineered Materials

The Engineered Materials segment primarily includes the following product groups:

Stretch and Shrink Films. We manufacture both hand and machine-wrap stretch films and custom shrink films, which are used to prepare products and packages for storage and shipping. We sell stretch film products primarily through distribution and shrink film directly to a diverse mix of end users.

Converter Films. We manufacture sealant and barrier films for various flexible packaging converters companies. In addition, certain of our products are used for industrial applications, where converters use our films in finished products for various end market applications.

Institutional Can Liners. We manufacture trash-can liners and food bags for offices, restaurants, schools, hospitals, hotels, municipalities, and manufacturing facilities.

Tape Products. We manufacture cloth and foil tape products. Other tape products include high-quality, high-performance liners of splicing and laminating tapes, flame-retardant tapes, flashing and seaming tapes, double-faced cloth, masking, mounting, OEM, and medical and specialty tapes. Tape products are sold primarily through distributors and directly to end users for industrial, HVAC, building and construction, and retail market applications.

Food and Consumer Films. We manufacture printed film products for the fresh bakery, tortilla, deli, and frozen vegetable markets. We also manufacture barrier films used for cereal, cookie, cracker and dry mix packages that are sold directly to food manufacturers.

Retail Bags. We manufacture a diversified portfolio of polyethylene based film products to end users in the retail markets. Our products include drop cloths and retail trash bags. These products are sold primarily through grocery, hardware stores and home centers, paint stores, and mass merchandisers outlets.

PVC Films. We manufacture polyvinyl chloride ("PVC") films offering a broad array of PVC meat film. Our products are used primarily to wrap fresh meats, poultry, and produce for supermarket applications. In addition, we offer a line of boxed products for food service and retail sales. We service many of the leading supermarket chains, club stores, and wholesalers.

Health, Hygiene & Specialties

The Health, Hygiene & Specialties segment primarily includes the following product groups:

Health Products. We manufacture medical garment materials, surgical drapes, household cleaning wipes, and face masks. The key end markets and application for these products is infection prevention.

Hygiene Products. We manufacture a broad collection of components for baby diapers and other absorbent hygiene products, elastic films and laminates, and substrates for dryer sheets. The primary end market for these products is personal care.

Specialties Products. We manufacture a broad array of products and components of products for corrosion protection, cable wrap, geosynthetics, and specialty filtration products servicing the specialty industrial markets.

Consumer Packaging

The Consumer Packaging segment primarily consists of the following product groups:

Containers. We manufacture a collection of containers for nationally branded and private label customers. These products range in size from four ounces to five gallons and are offered in various styles with accompanying lids, bails and handles. Containers and lids are available decorated with in-mold-labeling, indirect flexographic print, digital printing, direct print, and other decoration technologies.

Foodservice. We manufacture lightweight polypropylene cups and lids for hot and cold beverages. Utilizing thermoforming and injection-molding, we offer mono-material cup and lid packaging solutions for simplification in collections and compatibility with recycling systems. Our markets include quick service restaurants, fast casual dining, food service delivery, convenience stores, stadiums, and retail stores.

Closures and Overcaps. We manufacture child-resistant, continuous-thread, and tamper evident closures, as well as aerosol overcaps. We sell our closures and overcaps into numerous end markets, including household chemical, healthcare, food and beverage, and personal care.

Bottles and Prescription Vials. We manufacture bottles and prescription vials utilizing widely recyclable materials which service various spirits, food and beverage, vitamin and nutritional, and personal care markets.

Tubes. We manufacture a complete line of extruded and laminate tubes in a wide variety of sizes and material blends including blends up to 70% post-consumer resin. The majority of our tubes are sold in the personal care market, but we also sell our tubes in the pharmaceutical and household chemical markets.

Marketing, Sales, and Competition

We reach our large and diversified customer base through a direct sales force of dedicated professionals and the strategic use of distributors. Our sales, production and support staff meet with customers to understand their needs and improve our product offerings and services. Our scale enables us to dedicate certain sales and marketing efforts to particular products or customers, when applicable, which enables us to develop expertise that we believe is valued by our customers. In addition, because we serve common customers across segments, we have the ability to efficiently utilize our sales and marketing resources to minimize costs.

The major markets in which the Company sells its products are highly competitive. Areas of competition include service, innovation, quality, and price. This competition is significant as to both the size and the number of competing firms. Competitors include but are not limited to Silgan, Aptar, Reynolds, Intertape, 3M, Tredegar, Bemis, Avgol, and Fitesa.

Raw Materials

Our primary raw material is plastic resin. In addition, we use other materials such as butyl rubber, adhesives, paper and packaging materials, linerboard, rayon, polyester fiber, and foil, in various manufacturing processes. These raw materials are available from multiple sources and in general we purchase from a variety of global suppliers. However, in certain regions we may source specific raw materials from a limited number of suppliers or on a sole-source basis. While temporary shortages of raw materials can occur, we expect to continue to successfully manage raw material supplies without significant supply interruptions.

Employees

As of the end of fiscal year 2018, we employed approximately 24,000 employees with 18% of those employees being covered by collective bargaining agreements. The collective bargaining agreements covering a majority of these employees expire annually and as a result, are due for renegotiation in fiscal 2019. Our relations with employees under collective bargaining agreements remain satisfactory and there have been no significant work stoppages or other labor disputes during the past three years.

Patents, Trademarks and Other Intellectual Property

We customarily seek patent and trademark protection for our products and brands while seeking to protect our proprietary know-how. While important to our business in the aggregate, sales of any one individually patented product are not considered material to any specific segment or the consolidated results.

Environmental Matters and Government Regulation

Our past and present operations and ownership of real property are subject to extensive and changing federal, state, local, and foreign environmental laws and regulations pertaining to the discharge of materials into the environment, handling and disposition of waste, and cleanup of contaminated soil and ground water, or otherwise relating to the protection of the environment. We believe that we are in substantial compliance with applicable environmental laws and regulations. However, we cannot predict with any certainty that we will not incur liability with respect to noncompliance with environmental laws and regulations, contamination of sites formerly or currently owned or operated by us (including contamination caused by prior owners and operators of such sites) or the off-site disposal of regulated materials, which could be material.

We may from time to time be required to conduct remediation of releases of regulated materials at our owned or operated facilities. None of our pending remediation projects are expected to result in material costs. Like any manufacturer, we are also subject to the possibility that we may receive notices of potential liability in connection with materials that were sent to third-party recycling, treatment, and/or disposal facilities under the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), and comparable state statutes, which impose liability for investigation and remediation of contamination without regard to fault or the legality of the conduct that contributed to the contamination, and for damages to natural resources. Liability under CERCLA is retroactive, and, under certain circumstances, liability for the entire cost of a cleanup can be imposed on any responsible party. We are not aware that any such notices are currently pending which are expected to result in material costs.

The Food and Drug Administration ("FDA") regulates the material content of direct-contact food and drug packages, including certain packages we manufacture pursuant to the Federal Food, Drug and Cosmetics Act. Certain of our products are also regulated by the Consumer Product Safety Commission ("CPSC") pursuant to various federal laws, including the Consumer Product Safety Act and the Poison Prevention Packaging Act. We believe that we use FDA approved resins and pigments in our products that directly contact food and drug products, and we believe our products are in material compliance with all applicable requirements.

The plastics industry, including us, is subject to existing and potential federal, state, local and foreign legislation designed to reduce solid waste by requiring, among other things, plastics to be degradable in landfills, minimum levels of recycled content, various recycling requirements, disposal fees, and limits on the use of plastic products. Certain jurisdictions require products packaged in plastic containers to comply with standards intended to encourage recycling and increased use of recycled materials. In addition, various consumer and special interest groups have lobbied from time to time for the implementation of these and other similar measures. We believe that the legislation promulgated to date and such initiatives to date have not had a material adverse effect on us. There can be no assurance that any such future legislative or regulatory efforts or future initiatives would not have a material adverse effect on us.

Available Information

We make available, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments, if any, to those reports through our internet website as soon as reasonably practicable after they have been electronically filed with the SEC. Our internet address is www.berryglobal.com. The information contained on our website is not being incorporated herein.

Item 1A. RISK FACTORS

Our substantial indebtedness could affect our ability to meet our obligations and may otherwise restrict our activities.

We have a significant amount of indebtedness, which requires significant interest payments. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms, would have a material adverse effect on our business, financial condition and results of operations.

Our substantial indebtedness could have important consequences. For example, it could:

- limit our ability to borrow money for our working capital, capital expenditures, debt service requirements or other corporate purposes;
- increase our vulnerability to general adverse economic and industry conditions; and
- limit our ability to respond to business opportunities, including growing our business through acquisitions.

In addition, the credit agreements and indentures governing our current indebtedness contain financial and other restrictive covenants. As a result of these covenants, we could be limited in the manner in which we conduct our business, prepay other indebtedness, incur additional indebtedness or liens, repurchase shares, pay dividends, or be unable to engage in favorable business activities or finance future operations. Furthermore, a failure to comply with these covenants could result in an event of default, which, if not cured or waived, could result in significant losses.

Increases in resin prices or a shortage of available resin could harm our financial condition and results of operations.

To produce our products, we use large quantities of plastic resins. 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. Raw material inflation could materially affect our revenue and profitability in the short term as we attempt to pass through price increases to our customers and in the long term as our customers could seek alternative solutions. We may not be able to arrange for other sources of resin in the event of an industry-wide general shortage of resins used by us, or a shortage or discontinuation of certain types of grades of resin purchased from one or more of our suppliers. Any such shortage may have a material adverse effect on our competitive position versus companies that are able to better or more cheaply source resin.

We may not be able to compete successfully and our customers may not continue to purchase our products.

We compete with multiple companies in each of our product lines on the basis of a number of considerations, including price, service, quality, product characteristics and the ability to supply products to customers in a timely manner. Our products also compete with metal, glass, paper, cloth, and other materials. Some of these competitive products are not subject to the impact of changes in resin prices, which may have a significant and negative impact on our competitive position versus substitute products. Our competitors may have financial and other resources that are substantially greater than ours and may be better able than us to withstand higher costs. Competition could result in our products losing market share or our having to reduce our prices, either of which could have a material adverse effect on our business, financial condition and results of operations. In addition, since we do not have long-term arrangements with many of our customers, these competitive factors could cause our customers to shift suppliers and/or packaging material quickly. Our success depends, in part, on our ability to respond timely to customer and market changes.

We may pursue and execute acquisitions, which could adversely affect our business.

As part of our growth strategy, we consider acquisitions that either complement or expand our existing business and create economic value. Acquisitions involve special risks, including the potential assumption of unanticipated liabilities and contingencies as well as difficulties in integrating acquired businesses creating substantial costs, delays or other problems that could adversely affect our business, financial condition and results of operations. Furthermore, we may not realize all of the synergies we expect to achieve from our current strategic initiatives due to a variety of risks. If we are unable to achieve the benefits that we expect to achieve from our strategic initiatives, it could adversely affect our business, financial condition and results of operations. Additionally, while we execute these acquisitions and related integration activities, it is possible that our attention may be diverted from our ongoing operations which may have a negative impact on our business.

Current and future environmental and other governmental requirements could adversely affect our financial condition and our ability to conduct our business.

While we have not been required historically to make significant capital expenditures in order to comply with applicable environmental laws and regulations, we cannot predict our future capital expenditure requirements because of continually changing compliance standards and environmental technology. Furthermore, violations or contaminated sites that we do not know about (including contamination caused by prior owners and operators of such sites or newly discovered information) could result in additional compliance or remediation costs or other liabilities, which could be material. In addition, federal, state, local, and foreign governments could enact laws or regulations concerning environmental matters that increase the cost of producing, or otherwise adversely affect the demand for, plastic products. Legislation that would prohibit, tax or restrict the sale or use of certain types of plastic and other containers, and would require diversion of solid waste such as packaging materials from disposal in landfills, has been or may be introduced. Although we believe that any such laws promulgated to date have not had a material adverse effect on us, there can be no assurance that future legislation or regulation would not have a material adverse effect on us. Furthermore, a decline in consumer preference for plastic products due to environmental considerations could result in significant losses.

Both the FDA and the CPSC can require the manufacturer of defective products to repurchase or recall such products and may also impose fines or penalties on the manufacturer. Similar laws exist in some states, cities and other countries in which we sell products. In addition, certain jurisdictions restrict the sale of packaging with certain levels of heavy metals, imposing fines and penalties for noncompliance. Although we believe our products are in material compliance with all applicable requirements, any fines and penalties imposed in connection with noncompliance or recall of any of our products could have a materially adverse effect on us. See "Business—Environmental Matters and Government Regulation."

In the event of a catastrophic loss of one of our key manufacturing facilities, our business would be adversely affected.

While we manufacture our products in a large number of diversified facilities and maintain insurance covering our facilities, including business interruption insurance, a catastrophic loss of the use of all or a portion of one of our key manufacturing facilities due to accident, labor issues, weather conditions, natural disaster or otherwise, whether short or long-term, could result in significant losses.

Employee slowdowns or strikes or the failure to renew collective bargaining agreements could disrupt our business.

We may not be able to maintain constructive relationships with labor unions or trade councils. We may not be able to successfully negotiate new collective bargaining agreements on satisfactory terms in the future. The loss of a substantial number of these employees or a prolonged labor dispute could disrupt our business and result in significant losses.

We depend on information technology systems and infrastructure to operate our business, and cyber threats, system inadequacies, and failures could harm our business.

We rely on the efficient and uninterrupted operation of information technology systems and networks. These systems and networks are potentially vulnerable to damage or interruption from a variety of sources, including cybersecurity, energy, or telecommunications failures, breakdowns, natural disasters, terrorism, war, computer malware or other malicious intrusions, and random attacks. To date, system interruptions have been infrequent and have not had a material impact on the business. However, there can be no assurance that these efforts will prevent future interruptions could result in significant losses.

Goodwill and other intangibles represent a significant amount of our net worth, and a future write-off could result in lower reported net income and a reduction of our net worth.

Future changes in market multiples, cost of capital, expected cash flows, or other factors may cause our goodwill to be impaired, resulting in a non-cash charge against results of operations to write off goodwill or indefinite lived intangible assets for the amount of impairment. If a future write-off is required, the charge could result in significant losses.

Our international operations pose risks to our business that may not be present with our domestic operations.

Foreign operations are subject to certain risks that are unique to doing business in foreign countries. These risks include fluctuations in foreign currency exchange rates, inflation, economic or political instability, shipping delays in our products and receiving delays of raw materials, changes in applicable laws, including assessments of income and non-income related taxes, reduced protection of intellectual property, inability to readily repatriate cash to the U.S., and regulatory policies and various trade restrictions including potential changes to export taxes or countervailing and anti-dumping duties for exported products from these countries. Any of these risks could disrupt our business and result in significant losses. We are also subject to the Foreign Corrupt Practices Act and other anti-bribery laws that generally bar bribes or unreasonable gifts to foreign governments or officials. We have implemented safeguards and policies to discourage these practices by our employees and agents. However, our existing safeguards and policies to assure compliance and any future improvements may prove to be less than effective and our employees or agents may engage in conduct for which we might be held responsible. If employees violate our policies, we may be subject to regulatory sanctions. Violations of these laws or regulations could result in sanctions including fines, debarment from export privileges and penalties and could adversely affect our business, financial condition and results of operations.

We may not be successful in protecting our intellectual property rights, including our unpatented proprietary know-how and trade secrets, or in avoiding claims that we infringed on the intellectual property rights of others.

In addition to relying on patent and trademark rights, we rely on unpatented proprietary know-how and trade secrets, and employ various methods, including confidentiality agreements with employees and consultants, customers and suppliers to protect our know-how and trade secrets. However, these methods and our patents and trademarks may not afford complete protection and there can be no assurance that others will not independently develop the know-how and trade secrets or develop better production methods than us. Further, we may not be able to deter current and former employees, contractors and other parties from breaching agreements and misappropriating proprietary information and it is possible that third parties may copy or otherwise obtain and use our information and proprietary technology without authorization or otherwise infringe on our intellectual property rights. Furthermore, no assurance can be given that we will not be subject to claims asserting the infringement of the intellectual property rights of third parties seeking damages, the payment of royalties or licensing fees and/or injunctions against the sale of our products. Any such litigation could be protracted and costly and could result in significant losses.

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

The Tax Cuts and Jobs Act (the "Tax 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. 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.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

Our primary manufacturing facilities by geographic area were as follows at September 29, 2018:

Geographic Region	Total Facilities	Leased Facilities
North America	103	27
Europe, Middle East	18	5
South America	5	1
Asia	9	2

Item 3. LEGAL PROCEEDINGS

Berry is party to various legal proceedings involving routine claims which are incidental to our business. Although our legal and financial liability with respect to such proceedings cannot be estimated with certainty, we believe that any ultimate liability would not be material to the business, financial condition, results of operations or cash flows.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER

Our common stock "BERY" is listed on the New York Stock Exchange. As of the date of this filing there were fewer than 500 active record holders of the common stock, but we estimate the number of beneficial stockholders to be much higher as a number of our shares are held by brokers or dealers for their customers in street name. During fiscal 2017 and 2018 we did not declare or pay any cash dividends on our common stock.

Share Repurchases

In August 2018, the Company announced a $500 million share repurchase program that has no expiration date and may be suspended at any time. The following table summarizes the Company's repurchases of its common stock during the Quarterly Period ended September 29, 2018.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Dollar Value of Shares that May Yet be Purchased Under the Program (in millions)
Fiscal August	400,455	$ 46.75	400,455	$ 481
Fiscal September	330,565	48.80	330,565	465
Total	731,020	$ 47.75	731,020	$ 465

Item 6. SELECTED FINANCIAL DATA

	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014
Statement of Operations Data:					
Net sales	$7,869	$7,095	$6,489	$4,881	$4,958
Operating income	761	732	581	408	316
Net income	496	340	236	86	62
Net Income Per Share Data:					
Basic, net income per share	$3.77	$2.66	$1.95	$0.72	$0.53
Diluted, net income per share	3.67	2.56	1.89	0.70	0.51
Balance Sheet Data:					
Total assets	$9,127	$8,476	$7,653	$5,028	$5,252
Long-term debt obligations	5,844	5,641	5,755	3,685	3,902
Statement of Cash Flow Data:					
Net cash from operating activities	$1,004	$975	$857	$637	$530
Net cash from investing activities	(1,035)	(774)	(2,579)	(165)	(422)
Net cash from financing activities	113	(226)	1,817	(365)	(119)

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the consolidated financial statements of Berry Global Group, Inc. and its subsidiaries and the accompanying notes thereto, which information is included elsewhere herein. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section. Our actual results may differ materially from those contained in any forward-looking statements. Segment level discussion of the results is disclosed in a manner consistent with the organization structure at the end of the presented period.

The Company's fiscal year is based on fifty-two or fifty-three week periods. Fiscal 2018 and fiscal 2017 were fifty-two week periods and fiscal 2016 was a fifty-three week period.

Overview

Berry Global Group, Inc. ("Berry," "we," or the "Company") is a leading global supplier of a broad range of innovative non-woven, flexible, and rigid products used every day within consumer and industrial end markets. In fiscal 2018, no single customer represented more than 4% of net sales and our top ten customers represented 20% of net sales. We believe our manufacturing processes and our ability to leverage our scale to reduce expenses positions us as a low-cost manufacturer relative to our competitors.

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 improved 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, 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.

Raw Material Trends. Our primary raw material is plastic resin. Polypropylene and polyethylene account for approximately 90% of our plastic resin pounds purchased. The three month simple average price per pound, as published by the American market indexes, were as follows:

	Polyethylene Butene Film			Polypropylene		
	2018	2017	2016	2018	2017	2016
1st quarter	$ .68	$ .56	$ .50	$ .71	$ .56	$ .57
2nd quarter	.69	.58	.47	.75	.67	.62
3rd quarter	.68	.60	.54	.76	.61	.58
4th quarter	.66	.62	.56	.85	.62	.58

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 in the short term 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 affected 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 and other 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 outside of North America, especially in Asia, 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, we could have short-term headwinds in early fiscal 2019 as we continue to focus on pricing initiatives to fully recover the inflation we experienced in fiscal 2018. For fiscal 2019, we project cash flow from operations and adjusted free cash flow of $1,036 million and $670 million, respectively. The $670 million of adjusted free cash flow includes $350 million of capital spending and $16 million of payments under our tax receivable agreement. Within our adjusted free cash flow guidance, we are also assuming cash taxes of $149 million, cash interest costs of $270 million, and other cash uses of $45 million related to changes in working capital and 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."

Recent 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. The Company has included the expected benefits of acquisition integrations and restructuring plans within our unrealized synergies, which are in turn recognized in earnings after an acquisition has been fully integrated or the restructuring plan is completed. 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 measure the synergy realization based on the overall segment profitability post integration.

Laddawn, Inc.

In August 2018, the Company acquired Laddawn, Inc. ("Laddawn") for a purchase price of $242 million, which is preliminary and subject to adjustment. Laddawn is a custom bag and film manufacturer with a unique-to-industry e-commerce sales platform. Laddawn reported $145 million in net sales for the twelve months ended July 31, 2018, and will be operated in our Engineered Materials segment. The Company expects to realize annual cost synergies of $5 million with realization in fiscal 2019. 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 $475 million. 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 in our Health, Hygiene & Specialties segment. The Company expects to realize annual cost synergies of $40 million with full realization expected in fiscal 2019. To finance the purchase, the Company issued $500 million aggregate principle amount of 4.5% second priority notes through a private placement offering.

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.

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 with 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 estimates annual realized cost synergies of $80 million from the transaction.

Discussion of Results of Operations for Fiscal 2018 Compared to Fiscal 2017

Acquisition 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	Fiscal Year			
	2018	2017	$ Change	% Change
Net sales	$7,869	$7,095	$ 774	11 %
Operating income	$761	$732	$ 29	4 %
Operating income percentage of net sales	10 %	10 %		

The net sales growth of $774 million is primarily attributed to acquisition net sales of $624 million, organic sales growth of $92 million, and a $58 million favorable impact from foreign currency changes. The organic sales growth is primarily attributed to increased selling prices of $191 million due to the pass through of higher cost of goods sold, partially offset by a modest 1% volume decline.

The operating income increase of $29 million is primarily attributed to acquisition operating income of $62 million, a $46 million decrease in selling, general and administrative expense related to synergies and lower incentive compensation, a $26 million decrease in depreciation and amortization, and an $11 million favorable impact from foreign currency changes. These improvements were partially offset by a $96 million negative impact from under recovery of higher cost of goods sold, and a $12 million impact from the lower volumes.

Engineered Materials	Fiscal Year			
	2018	2017	$ Change	% Change
Net sales	$2,672	$2,375	$ 297	13 %
Operating income	$368	$316	$ 52	16 %
Operating income percentage of net sales	14 %	13 %		

Net sales in the Engineered Materials segment grew by $297 million primarily attributed to acquisition net sales of $319 million, partially offset by an organic sales decline of $29 million. The organic sales decline is primarily related to increased selling prices of $54 million, being more than offset by a 3% volume decline as a result of business rationalizations within legacy AEP locations.

The operating income increase of $52 million is primarily attributed to acquisition operating income of $40 million, an $18 million decrease in depreciation and amortization expense, and an $8 million decrease in selling, general and administrative expenses. These improvements were partially offset by an $11 million negative impact from the lower volumes.

Health, Hygiene & Specialties	Fiscal Year			
	2018	2017	$ Change	% Change
Net sales	$2,734	$2,369	$ 365	15 %
Operating income	$202	$216	$ (14)	(6)%
Operating income percentage of net sales	7 %	9 %		

Net sales in the Health, Hygiene & Specialties segment grew by $365 million primarily attributed to acquisition net sales of $305 million, a $52 million favorable impact from foreign currency changes, and organic sales growth of $9 million. The organic sales growth is primarily attributed to increased selling prices of $56 million due to the pass through of higher cost of goods sold, partially offset by a 2% volume decline.

The operating income decrease of $14 million is primarily attributed to a $53 million negative impact from under recovery of higher cost of goods sold, a $7 million impact from lower volumes, and a $12 million increase in business integration. These decreases were partially offset by a $22 million decrease in selling, general and administrative expenses, acquisition operating income of $22 million from the Clopay acquisition, and a $10 million favorable impact from foreign currency changes.

Consumer Packaging	Fiscal Year			
	2018	2017	$ Change	% Change
Net sales	$2,463	$2,351	$ 112	5 %
Operating income	$191	$200	$ (9)	(5)%
Operating income percentage of net sales	8 %	9 %		

Net sales in the Consumer Packaging segment grew by $112 million primarily attributed to organic sales growth. The organic sales growth is primarily attributed to increased selling prices of $81 million due to the pass through of higher cost of goods sold and a 1% volume improvement.

The operating income decrease of $9 million is primarily attributed to a $40 million negative impact from under recovery of higher cost of goods sold, partially offset by a $16 million decrease in selling, general and administrative expenses, a $6 million favorable impact from the volume improvement, and a $6 million decrease in business integration expense.

Other expense, net	Fiscal Year			
	2018	2017	$ Change	% Change
Other expense, net	$25	$14	$ 11	79 %

The other expense increase of $11 million is primarily attributed to a year over year increase of $19 million in unfavorable foreign currency changes related to the remeasurement of non-operating intercompany balances, partially offset by an $8 million decrease in debt extinguishment expense related to fewer term loan modifications in 2018 compared to 2017.

Interest expense	Fiscal Year			
	2018	2017	$ Change	% Change
Interest expense, net	$259	$269	$ (10)	(4)%

The interest expense decrease of $10 million is primarily attributed to reduced interest rates resulting from the term loan modifications, partially offset by additional expenses attributed to the $500 million 4.5% second priority senior secured notes (see Note 3).

Income tax (benefit) expense	Fiscal Year			
	2018	2017	$ Change	% Change
Income tax (benefit) expense	$(19)	$109	$(128)	(117)%

The income tax decrease of $128 million is primarily attributed to the $124 million provisional transition benefit recorded in fiscal 2018 as a result of the recent U.S. tax legislation (see Note 8). After the exclusion of the tax reform benefit, our effective tax rate was 22% and was positively impacted by 2% from the share-based compensation excess tax benefit, 2% from the release of foreign valuation allowances, 1% from research and development credits, and a 1% benefit from the domestic manufacturing deduction. These favorable items were partially offset by increases of 3% from U.S. state taxes and other discrete items.

Comprehensive Income	Fiscal Year			
	2018	2017	$ Change	% Change

Comprehensive Income	$408	$420	$ (12)	(3 %)

The $12 million decrease in comprehensive income is primarily attributed to a $161 million decrease in currency translation and a $35 million decrease in unrealized gains on the Company's pension plans, partially offset by a $156 million increase in net income and a $21 million favorable change in the fair value of interest rate hedges. Currency translation gains are primarily related to non-U.S. subsidiaries with a functional currency other than the U.S. Dollar 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 was primarily attributed to locations utilizing the Euro, Brazilian Real, and Canadian Dollar as their functional currency. The change in unrealized gains on pension plans in the current period were primarily attributable to actuarial losses from an increase in the underlying discount rate. 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. The change in fair value of these instruments in fiscal 2018 versus fiscal 2017 is primarily attributed to a change in the forward interest curve between measurement dates.

Discussion of Results of Operations for Fiscal 2017 Compared to Fiscal 2016

Acquisition sales and operating income disclosed within this section represents the historical results from acquisitions for the comparable prior year period. The remaining change disclosed represents the changes from the prior period on a combined basis. Business integration expenses consist of restructuring and impairment charges, acquisition related costs, and other business optimization costs. Tables present dollars in millions.

Consolidated Overview	Fiscal Year			
	2017	2016	$ Change	% Change
Net sales	$7,095	$6,489	$ 606	9 %
Operating income	$732	$581	$ 151	26 %
Operating income percentage of net sales	10 %	9 %		

The net sales increase of $606 million is primarily attributed to acquisition net sales of $788 million and selling price increases of $60 million due to the pass through of higher resin prices, partially offset by a negative $136 million impact from a 2% base volume decline, $98 million from extra days in fiscal 2016, and a slight negative impact from foreign currency changes.

The operating income increase of $151 million is primarily attributed to acquisition operating income of $62 million, a $36 million decrease in integration and restructuring costs, a $35 million decrease in selling, general and administrative expense related to synergies and cost reductions, a $24 million improvement in our product mix and price/cost spread, a $16 million decrease in depreciation and amortization, and slight benefits from improved productivity in manufacturing and changes in foreign currency. These improvements were partially offset by a $20 million impact from the base volume decline and $10 million from extra days in fiscal 2016.

Engineered Materials	Fiscal Year			
	2017	2016	$ Change	% Change
Net sales	$2,375	$1,627	$ 748	46 %
Operating income	$316	$182	$ 134	74 %
Operating income percentage of net sales	13 %	11 %		

Net sales in the Engineered Materials segment increased by $748 million primarily attributed to acquisition net sales of $788 million, and selling price increases of $67 million due to the pass through of higher resin prices, partially offset by a $79 million negative impact from base volume declines, and $30 million from extra days in fiscal 2016. The base volume decline is primarily attributed to our decisions to rationalize certain lower margin products that we acquired from AEP in order to maximize earnings.

The operating income increase of $134 million is primarily attributed to acquisition operating income of $62 million, a $71 million improvement in our product mix and price/cost spread, a $13 million decrease in selling, general and administrative expenses, and slight benefits from improved productivity in manufacturing and changes in foreign currency, partially offset by a negative $8 million impact from lower base volumes, a $6 million increase in depreciation and amortization expense, and $4 million from extra days in fiscal 2016.

Health, Hygiene & Specialties	Fiscal Year			
	2017	2016	$ Change	% Change
Net sales	$2,369	$2,400	$ (31)	(1)%
Operating income	$216	$196	$ 20	10 %
Operating income percentage of net sales	9 %	8 %		

Net sales in the Health, Hygiene & Specialties segment decreased by $31 million primarily attributed to extra days in fiscal 2016 of $25 million, selling price decreases of $23 million, and a slightly negative impact from foreign currency changes, partially offset by a $26 million positive impact from base volume improvements.

The operating income increase of $20 million is primarily attributed to a $27 million decrease in business integration and restructuring costs associated with the Avintiv acquisition, a $13 million improvement in productivity in manufacturing, a $12 million decrease in depreciation and amortization expense, a $5 million impact from base volumes, a $5 million decrease in selling, general and administrative expenses, and a slight benefit from changes in foreign currency. These improvements were partially offset by a $45 million decrease in our product mix and price/cost spread primarily related to inflation and market pressures within our South American business.

Consumer Packaging	Fiscal Year			
	2017	2016	$ Change	% Change
Net sales	$2,351	$2,462	$(111)	(5)%
Operating income	$200	$203	$(3)	(1)%
Operating income percentage of net sales	9%	8%		

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Net sales in the Consumer Packaging segment decreased by $111 million primarily attributed to an $83 million negative impact from base volumes and $43 million from extra days in fiscal 2016, partially offset by selling price increases of $15 million due to the pass through of higher resin prices. The volume decline was primarily attributed to general market softness and our continued focus on volume, price, and mix in order to optimize earnings.

The operating income decrease of $3 million is primarily attributed to a base volume decline of $17 million, an $11 million negative impact from productivity in manufacturing, $5 million from extra days in fiscal 2016, and a slight decrease in our product mix and price/cost spread, partially offset by a $17 million decrease in selling, general and administrative expenses related to synergies from cost reductions, a $10 million decrease in depreciation and amortization expense, and a $5 million decrease in business integration and restructuring expense.

Other expense (income), net	Fiscal Year			
	2017	2016	$ Change	% Change
Other expense (income), net	$14	$(18)	$ 32	(178)%

The other expense (income) increase of $32 million is primarily attributed to a $10 million non-cash defined benefit pension plan settlement, a $6 million charge related to a valuation adjustment to the tax receivable agreement in fiscal 2017, a year over year decline of $17 million in transactional foreign currency gains related to the remeasurement of non-operating intercompany balances, and a $6 million increase in debt extinguishment as a result of the 2017 term loan modifications.

Interest expense	Fiscal Year			
	2017	2016	$ Change	% Change
Interest expense, net	$269	$291	$ (22)	(8)%

The interest expense decrease of $22 million is primarily attributed to reduced interest rates resulting from the term loan modifications.

Income tax expense	Fiscal Year			
	2017	2016	$ Change	% Change
Income tax expense	$109	$72	$ 37	51 %

The income tax expense increase of $37 million is primarily attributed to improved income before income taxes. Our effective tax rate was 24% in fiscal 2017. Our fiscal 2017 effective tax rate was lower than the U.S. federal statutory rate of 35% primarily due to a 2% benefit from lower tax rates in foreign jurisdictions, a 2% benefit from the U.S. research and development credit, a 7% benefit from share based compensation related to excess tax benefit deductions, and a 1% benefit from the Section 199 deduction. These favorable items were partially offset by an increase of 1% from the foreign valuation allowance.

Comprehensive Income	Fiscal Year			
	2017	2016	$ Change	% Change
Comprehensive Income	$420	$207	$ 213	103 %

The $213 million increase in comprehensive income is primarily attributed to a $104 million increase in net income, a $47 million increase due to unrealized gains on the Company's pension plans, net of tax, a $35 million increase in currency translation gains, and a $27 million favorable change in the fair value of interest rate hedges, net of tax. Currency translation gains are primarily related to non-U.S. subsidiaries with a functional currency other than the U.S. Dollar 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 gains were primarily attributed to locations utilizing the Euro, Pound Sterling, and Brazilian Real as their functional currency. Unrealized gains on pension plans in the current period were primarily attributable to actuarial gains from an increase in the underlying discount rate. 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. The change in fair value of these instruments in fiscal 2017 versus fiscal 2016 is primarily attributed to a change in the forward interest curve between measurement dates.

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 fiscal 2018, the Company had no outstanding balance on the revolving credit facility. The Company was in compliance with all covenants at the end of fiscal 2018 (see Note 3).

Contractual Obligations and Off Balance Sheet Transactions

Our contractual cash obligations at the end of fiscal 2018 are summarized in the following table which does not give any effect to taxes as we cannot reasonably estimate the timing of future cash outflows.

	Payments due by period as of the end of fiscal 2018				
	Total	< 1 year	1-3 years	4-5 years	> 5 years
Long-term debt, excluding capital leases	$5,752	$5	$1,624	$2,455	$1,668
Capital leases [(a)]	149	37	59	34	19
Fixed interest rate payments	599	110	220	187	82
Variable interest rate payments [(b)]	530	156	246	119	9
Operating leases	420	67	107	81	165
Total contractual cash obligations	$7,450	$375	$2,256	$2,876	$1,943

(a) Includes anticipated interest of $14 million over the life of the capital leases.
(b) Based on applicable interest rates in effect end of fiscal 2018.

Cash Flows from Operating Activities

Net cash provided by operating activities increased $29 million from fiscal 2017 primarily attributed to the settlement of interest rate hedges, improved net income before depreciation, amortization and the net impact of the Tax Act.

Net cash provided by operating activities increased $118 million from fiscal 2016 primarily attributed to improved net income before depreciation, amortization and other non-cash charges.

Cash Flows from Investing Activities

Net cash used in investing activities increased $261 million from fiscal 2017 primarily attributed to increased capital expenditures and higher acquisition spending compared to fiscal 2017.

Net cash used in investing activities decreased $1,805 million from fiscal 2016 primarily attributed to the Avintiv acquisition in fiscal 2016, partially offset by the AEP and Adchem acquisitions in fiscal 2017.

Cash Flows from Financing Activities

Net cash from financing activities increased $339 million from fiscal 2017 primarily attributed to lower repayments of long-term borrowings and a lower tax receivable agreement payment in fiscal 2018, partially offset by fiscal 2018 payments to repurchase common stock.

Net cash from financing activities decreased $2,043 million from fiscal 2016 primarily attributed to 2016 net borrowings related to the Avintiv acquisition and $78 million purchase of noncontrolling interest, partially offset by a higher tax receivable agreement payment in fiscal 2017.

Share Repurchases

The Company's share repurchases totaled $35 million in fiscal 2018. The repurchases were completed using existing liquidity (see Note 12).

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 consolidated adjusted free cash flow is summarized as follows:

	Years Ended September 29, 2018	September 30, 2017	October 1, 2016
Cash flow from operating activities	$1,004	$ 975	$ 857
Net additions to property, Additions to property, plant and equipment, net	(333)	(263)	(283)
Payments of tax receivable agreement	(37)	(111)	(57)
Adjusted free cash flow	$634	$ 601	$ 517

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 f