



# WestRock Reports Fiscal 2021 Fourth Quarter Results: Record Net Sales of \$5.1 Billion Up 14%

11/9/2021

ATLANTA--(BUSINESS WIRE)-- WestRock Company (NYSE:WRK), a leading provider of differentiated, sustainable paper and packaging solutions, today announced results for its fiscal fourth quarter and year ended September 30, 2021.

Notable items in the fourth quarter include:

- Record net sales of \$5.1 billion increased 14% compared to \$4.5 billion in the prior year quarter
- Net income of \$324 million compared to a net loss of \$1,156 million in the prior year quarter, which included a \$1,314 million goodwill impairment net of tax
- Adjusted Segment EBITDA of \$878 million increased 22% compared to \$721 million in the prior year quarter
- Earned \$1.20 per diluted share and \$1.23 of Adjusted Earnings Per Diluted Share compared to a loss of \$4.45 and adjusted earnings of \$0.73, respectively, in the prior year quarter

Full Year 2021 Highlights:

- Record net sales of \$18.7 billion increased 7% compared to \$17.6 billion in the prior year
- Net income of \$838 million compared to a net loss of \$691 million in the prior year
- Adjusted Segment EBITDA of \$3.0 billion increased 7% compared to \$2.8 billion in the prior year
- Earned \$3.13 per diluted share and \$3.39 of Adjusted Earnings Per Diluted Share compared to a loss of \$2.67 and adjusted earnings of \$2.75, respectively, in the prior year
- Generated net cash provided by operating activities of \$2.28 billion and record Adjusted Free Cash Flow of \$1.49 billion; ended the year with a net leverage ratio of 2.38x

"The WestRock team delivered strong results in fiscal 2021, with record net sales and strong cash flows for the full fiscal year," said David B. Sewell, chief executive officer. "We executed on our capital allocation priorities, and I'm pleased to announce that we reached our target net leverage ratio in the quarter. In addition, we recently

announced another increase to our dividend, which will result in a 25% increase since February. Looking forward, we believe we remain well positioned to successfully partner with our customers to meet their growing needs for sustainable, fiber-based packaging solutions.”

## **Consolidated Financial Results**

WestRock's performance for the three months ended September 30, 2021 and 2020 (in millions):

	Three Months Ended		Change
	Sep. 30, 2021	Sep. 30, 2020	
Net sales	\$ 5,090.5	\$ 4,471.5	\$ 619.0
Segment income	\$ 526.4	\$ 373.3	\$ 153.1
Non-allocated expenses	(3.8)	(16.6)	12.8
Depreciation	269.4	258.9	10.5
Amortization	95.7	106.7	(11.0)
Segment EBITDA	887.7	722.3	165.4
Adjustments (1)	(9.8)	(1.6)	(8.2)
Adjusted Segment EBITDA	\$ 877.9	\$ 720.7	\$ 157.2

(1) See the Adjusted Net Income tables on page 11 for adjustments

### **Operating Highlights for the Three Months Ended September 30, 2021 compared to September 30, 2020:**

Net sales increased \$619 million compared to the prior year quarter. Corrugated Packaging segment net sales increased \$500 million and Consumer Packaging segment net sales increased \$156 million. Segment income increased \$153 million compared to the prior year quarter, with Corrugated Packaging segment income increasing \$93 million and Consumer Packaging segment income increasing \$60 million.

Additional information about the changes in segment net sales and income is included below.

### **Restructuring and Other Items**

Restructuring and other items during the fourth quarter of fiscal 2021 was \$12 million, primarily related to plant closure activities, including items such as impairment costs and certain lease terminations.

### **Net Cash Provided By Operating Activities and Other Financing and Investing Activities**

Net cash provided by operating activities was \$678 million in the fourth quarter of fiscal 2021 compared to \$732 million in the prior year quarter. Total debt was \$8.2 billion at September 30, 2021, or \$8.0 billion excluding \$192 million of unamortized fair market value step-up of debt acquired in mergers and acquisitions, and \$7.7 billion after further excluding cash and cash equivalents of \$291 million. During the fourth quarter of fiscal 2021, total debt declined by \$479 million and Adjusted Net Debt declined by \$215 million. The Company had approximately \$3.7 billion of available liquidity under long-term committed credit facilities and cash and cash equivalents at September 30, 2021. During the fourth quarter of fiscal 2021, WestRock invested \$310 million in capital expenditures, returned \$122 million to stockholders through stock repurchases and paid \$64 million in dividends

to stockholders.

## Segment Results

WestRock's segment performance for the three months ended September 30, 2021 and 2020 (in millions):

### Corrugated Packaging Segment

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	Three Months Ended		
	Sep. 30, 2021	Sep. 30, 2020	Change
Segment net sales	\$ 3,398.7	\$ 2,898.4	\$ 500.3
Segment income	\$ 374.8	\$ 281.9	\$ 92.9
Depreciation	185.8	177.2	8.6
Amortization	45.8	57.2	(11.4)
Segment EBITDA	606.4	516.3	90.1
Adjustments (1)	(0.1)	(2.9)	2.8
Adjusted Segment EBITDA	\$ 606.3	\$ 513.4	\$ 92.9

(1) See the Adjusted Net Income tables on page 11 for adjustments

### Operating Highlights for the Three Months Ended September 30, 2021 compared to September 30, 2020:

Segment net sales increased \$500 million, primarily due to higher selling price/mix, higher volumes and favorable impact of foreign currency. The Corrugated Packaging segment delivered a Segment EBITDA margin of 17.8% and a North American Adjusted Segment EBITDA margin of 19.0%.

Segment income increased \$93 million, primarily due to the margin impact of higher selling price/mix and higher volumes that were partially offset by net cost inflation and other items.

### Consumer Packaging Segment

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	Three Months Ended		
	Sep. 30, 2021	Sep. 30, 2020	Change
Segment net sales	\$ 1,783.0	\$ 1,627.2	\$ 155.8
Segment income	\$ 151.6	\$ 91.4	\$ 60.2
Depreciation	81.9	80.3	1.6
Amortization	49.9	49.5	0.4
Segment EBITDA	283.4	221.2	62.2
Adjustments (1)	0.5	1.3	(0.8)
Adjusted Segment EBITDA	\$ 283.9	\$ 222.5	\$ 61.4

(1) See Adjusted Net Income tables on page 11 for adjustments

### Operating Highlights for the Three Months Ended September 30, 2021 compared to September 30, 2020:

Segment net sales increased \$156 million, primarily due to higher selling price/mix, higher volumes and

favorable impact of foreign currency. The Consumer Packaging segment delivered Segment EBITDA and Adjusted Segment EBITDA margins of 15.9%.

Segment income increased \$60 million, primarily due to the margin impact from higher selling price/mix, productivity improvements, lower economic downtime compared to the prior year period and higher volumes that were partially offset by net cost inflation and other items.

## **Conference Call**

WestRock will host a conference call to discuss its results of operations for the fiscal fourth quarter ended September 30, 2021 and other topics that may be raised during the discussion at 8:30 a.m., Eastern Time, on Tuesday, November 9, 2021. The conference call, which will be webcast live, an accompanying slide presentation, and this release can be accessed at [ir.westrock.com](http://ir.westrock.com).

Investors who wish to participate in the webcast via teleconference should dial 888-330-2022 (inside the U.S.) or +1 646-960-0690 (outside the U.S.) at least 15 minutes prior to the start of the call and enter the passcode 8741412. Replays of the call can be accessed at [ir.westrock.com](http://ir.westrock.com).

## **About WestRock**

WestRock (NYSE:WRK) partners with our customers to provide differentiated, sustainable paper and packaging solutions that help them win in the marketplace. WestRock's team members support customers around the world from locations spanning North America, South America, Europe, Asia and Australia. Learn more at [www.westrock.com](http://www.westrock.com).

## **Cautionary Statements**

This release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on our current expectations, beliefs, plans or forecasts and are typically identified by words or phrases such as "may," "will," "could," "should," "would," "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target," "prospects," "potential" and "forecast," and other words, terms and phrases of similar meaning. Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks and uncertainties. The Company cautions readers that a forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statement. Such forward-looking statements include, but are not limited to, that we believe we remain well positioned to successfully partner with our customers to meet their growing needs for sustainable, fiber-based packaging solutions. With respect to these statements, the Company has made assumptions regarding, among other things, developments related to the COVID-19 pandemic, including the severity, magnitude and duration of the pandemic, negative global economic conditions arising from the pandemic, impacts of governments' responses to the pandemic on the Company's operations, impacts of the pandemic on commercial activity, the Company's customers and consumer preferences and demand, supply chain disruptions, and disruptions in the credit or financial markets; the results and impacts of acquisitions; economic, competitive and market conditions generally, including the impact of COVID-19; volumes and price levels of purchases by customers; competitive conditions in the

Company's businesses and possible adverse actions of our customers, competitors and suppliers; labor costs; the amount and timing of capital expenditures, including installation costs, project development and implementation costs, and costs related to resolving disputes with third parties with which we work to manage and implement our capital projects; severance and other shutdown costs; restructuring costs; utilization of real property that is subject to the restructurings due to realizable values from the sale of such property; credit availability; and raw material and energy costs. The Company's businesses are subject to a number of risks that would affect any such forward-looking statements, including, among others, the level of demand for our products; our ability to respond effectively to the impact of COVID-19; our ability to successfully identify and make performance and productivity improvements; increases in energy, raw materials, shipping and capital equipment costs; reduced supply of raw materials; adverse legal, reputational and financial effects on the Company resulting from cyber incidents and the effectiveness of the Company's business continuity plans during a ransomware incident; fluctuations in selling prices and volumes; intense competition; the potential loss of certain customers; the scope, costs, timing and impact of any restructuring of our operations and corporate and tax structure; the occurrence of severe weather or a natural disaster or other unanticipated problems, such as labor difficulties, equipment failure or unscheduled maintenance and repair, which could result in operational disruptions, including those related to COVID-19; our desire or ability to continue to repurchase company stock; the scope, timing and outcome of any litigation, claims or other proceedings or dispute resolutions and the impact of any such litigation; and adverse changes in general market and industry conditions. Such risks and other factors that may impact management's assumptions are more particularly described in our filings with the Securities and Exchange Commission, including in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2020. The information contained herein speaks as of the date hereof and the Company does not have or undertake any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

WestRock Company  
Condensed Consolidated Statements of Operations  
In millions, except per share amounts (unaudited)

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2021	2020	2021	2020
Net sales	\$ 5,090.5	\$ 4,471.5	\$ 18,746.1	\$ 17,578.8
Cost of goods sold	4,092.6	3,658.1	15,315.8	14,381.6
Gross profit	997.9	813.4	3,430.3	3,197.2
Selling, general and administrative, excluding intangible amortization	432.2	390.0	1,759.3	1,624.4
Selling, general and administrative intangible amortization	87.8	99.0	357.1	400.5
Loss (gain) on disposal of assets	0.3	(10.4)	4.1	(16.3)
Multiemployer pension withdrawal income	(2.9)	-	(2.9)	(1.1)
Restructuring and other costs	11.7	56.5	31.5	112.7
Goodwill impairment	-	1,333.2	-	1,333.2
Operating profit (loss)	468.8	(1,054.9)	1,281.2	(256.2)
Interest expense, net	(92.5)	(110.3)	(372.3)	(393.5)
Loss on extinguishment of debt	(8.6)	(0.4)	(9.7)	(1.5)
Pension and other postretirement non-service income	33.5	24.9	134.9	103.3
Other (expense) income, net	(2.9)	19.1	10.9	9.5
Equity in income of unconsolidated entities	11.5	7.1	40.9	15.8
Income (loss) before income taxes	409.8	(1,114.5)	1,085.9	(522.6)
Income tax expense	(85.2)	(40.0)	(243.4)	(163.5)
Consolidated net income (loss)	324.6	(1,154.5)	842.5	(686.1)
Less: Net income attributable to noncontrolling interests	(0.9)	(1.5)	(4.2)	(4.8)
Net income (loss) attributable to common stockholders	\$ 323.7	\$ (1,156.0)	\$ 838.3	\$ (690.9)
Computation of diluted earnings per share under the two-class method (in millions, except per share data):				
Net income (loss) attributable to common stockholders	\$ 323.7	\$ (1,156.0)	\$ 838.3	\$ (690.9)
Less: Distributed and undistributed income available to participating securities	(0.1)	-	(0.2)	(0.1)
Distributed and undistributed income (loss) available to common stockholders	\$ 323.6	\$ (1,156.0)	\$ 838.1	\$ (691.0)
Diluted weighted average shares outstanding	268.9	260.0	267.5	259.2
Diluted earnings (loss) per share	\$ 1.20	\$ (4.45)	\$ 3.13	\$ (2.67)

WestRock Company  
Segment Information  
In millions (unaudited)

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2021	2020	2021	2020
Net sales:				
Corrugated Packaging	\$ 3,398.7	\$ 2,898.4	\$ 12,343.7	\$ 11,419.2
Consumer Packaging	1,783.0	1,627.2	6,702.7	6,333.0
Land and Development	-	-	-	18.9
Intersegment Eliminations	(91.2)	(54.1)	(300.3)	(192.3)
Total net sales	<u>\$ 5,090.5</u>	<u>\$ 4,471.5</u>	<u>\$ 18,746.1</u>	<u>\$ 17,578.8</u>
Income (loss) before income taxes:				
Corrugated Packaging	\$ 374.8	\$ 281.9	\$ 1,116.8	\$ 1,037.7
Consumer Packaging	151.6	91.4	457.3	323.7
Land and Development	-	-	-	1.4
Total segment income	<u>526.4</u>	<u>373.3</u>	<u>1,574.1</u>	<u>1,362.8</u>
Gain on sale of certain closed facilities	-	10.1	0.9	15.6
Multiemployer pension withdrawal income	2.9	-	2.9	1.1
Restructuring and other costs	(11.7)	(56.5)	(31.5)	(112.7)
Goodwill impairment	-	(1,333.2)	-	(1,333.2)
Non-allocated expenses	(3.8)	(16.6)	(89.4)	(70.7)
Interest expense, net	(92.5)	(110.3)	(372.3)	(393.5)
Loss on extinguishment of debt	(8.6)	(0.4)	(9.7)	(1.5)
Other (expense) income, net	(2.9)	19.1	10.9	9.5
Income (loss) before income taxes	<u>\$ 409.8</u>	<u>\$ (1,114.5)</u>	<u>\$ 1,085.9</u>	<u>\$ (522.6)</u>

WestRock Company  
Condensed Consolidated Statements of Cash Flows  
In millions (unaudited)

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2021	2020	2021	2020
<b>Cash flows from operating activities:</b>				
Consolidated net income (loss)	\$ 324.6	\$ (1,154.5)	\$ 842.5	\$ (686.1)
Adjustments to reconcile consolidated net income to net cash provided by operating activities:				
Depreciation, depletion and amortization	365.1	365.6	1,460.0	1,487.0
Cost of real estate sold	-	-	-	16.1
Deferred income tax expense (benefit)	15.3	26.9	(38.3)	43.0
Share-based compensation expense	14.2	31.9	88.6	130.3
401(k) match and company contribution in common stock	23.3	20.8	136.1	20.8
Pension and other postretirement funding more than expense (income)	(28.9)	(19.4)	(111.5)	(80.1)
Cash surrender value increase in excess of premiums paid	(0.6)	(11.0)	(49.4)	(25.2)
Gain on sale of sawmill	-	-	(16.5)	-
Gain on sale of investment	-	-	(16.0)	-
Goodwill impairment	-	1,333.2	-	1,333.2
Other impairment adjustments	12.0	23.6	34.6	25.8
(Gain) loss on disposal of plant and equipment and other, net	(0.1)	(7.7)	3.7	(13.2)
Other, net	(4.1)	5.1	(29.2)	(15.2)
Changes in operating assets and liabilities, net of acquisitions / divestitures:				
Accounts receivable	(95.5)	(51.9)	(428.9)	30.5
Inventories	(69.2)	92.5	(200.0)	21.8
Other assets	(229.9)	(104.1)	(379.6)	(202.4)
Accounts payable	233.1	153.7	430.3	(86.4)
Income taxes	(69.3)	(43.3)	0.7	(27.6)
Accrued liabilities and other	187.5	70.3	552.8	98.4
Net cash provided by operating activities	<u>677.5</u>	<u>731.7</u>	<u>2,279.9</u>	<u>2,070.7</u>
<b>Investing activities:</b>				
Capital expenditures	(310.1)	(117.9)	(815.5)	(978.1)
Proceeds from corporate owned life insurance	18.3	7.2	44.9	16.9
Proceeds from sale of sawmill	-	-	58.5	-
Proceeds from sale of investments	-	-	29.5	-
Proceeds from sale of property, plant and equipment	2.0	12.5	6.3	35.0
Proceeds from property, plant and equipment insurance settlement	1.5	4.1	3.2	6.5
Other, net	(2.2)	(2.0)	(2.9)	(1.8)
Net cash used for investing activities	<u>(290.5)</u>	<u>(96.1)</u>	<u>(676.0)</u>	<u>(921.5)</u>
<b>Financing activities:</b>				
Proceeds from issuance of notes	-	-	-	598.6
Additions to revolving credit facilities	-	15.0	435.0	428.0
Repayments of revolving credit facilities	(60.0)	(50.0)	(415.0)	(528.2)
Additions to debt	1.8	13.3	259.9	696.4
Repayments of debt	(412.8)	(253.4)	(1,544.3)	(1,449.2)
Repayments of commercial paper, net	-	(329.9)	-	(339.2)
Other debt additions (repayments), net	6.8	(11.1)	23.1	(80.3)
Issuances of common stock, net of related tax withholdings	3.5	5.5	18.2	22.2
Purchases of common stock	(122.4)	-	(122.4)	-
Cash dividends paid to stockholders	(64.0)	(51.9)	(233.8)	(344.5)
Other, net	8.0	(6.5)	(1.1)	(24.9)
Net cash used for financing activities	<u>(639.1)</u>	<u>(669.0)</u>	<u>(1,580.4)</u>	<u>(1,021.1)</u>
Effect of exchange rate changes on cash and cash equivalents	(6.8)	(7.0)	16.3	(28.6)
(Decrease) increase in cash and cash equivalents and restricted cash	(258.9)	(40.4)	39.8	99.5
Cash and cash equivalents, and restricted cash at beginning of period	549.8	291.5	251.1	151.6
Cash and cash equivalents, and restricted cash at end of period	<u>\$ 290.9</u>	<u>\$ 251.1</u>	<u>\$ 290.9</u>	<u>\$ 251.1</u>
<b>Supplemental disclosure of cash flow information:</b>				
Cash paid during the period for:				
Income taxes, net of refunds	\$ 131.3	\$ 56.3	\$ 271.9	\$ 147.2
Interest, net of amounts capitalized	\$ 137.8	\$ 142.4	\$ 384.7	\$ 423.4

WestRock Company  
Condensed Consolidated Balance Sheets  
In millions (unaudited)

	September 30, 2021	September 30, 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 290.9	\$ 251.1
Accounts receivable (net of allowances of \$68.1 and \$66.3)	2,586.9	2,142.7
Inventories	2,173.3	2,023.4
Other current assets	597.6	520.5
Assets held for sale	10.9	7.0
Total current assets	<u>5,659.6</u>	<u>4,944.7</u>
Property, plant and equipment, net	10,570.1	10,778.9
Goodwill	5,959.2	5,962.2
Intangibles, net	3,318.8	3,667.2
Restricted assets held by special purpose entities	1,260.5	1,267.5
Prepaid pension asset	674.3	368.7
Other assets	1,811.8	1,790.5
Total Assets	<u>\$ 29,254.3</u>	<u>\$ 28,779.7</u>
<b>Liabilities and Equity</b>		
Current liabilities:		
Current portion of debt	\$ 168.8	\$ 222.9
Accounts payable	2,123.7	1,674.2
Accrued compensation and benefits	656.8	386.7
Other current liabilities	694.8	645.1
Total current liabilities	<u>3,644.1</u>	<u>2,928.9</u>
Long-term debt due after one year	8,025.3	9,207.7
Pension liabilities, net of current portion	254.7	305.2
Postretirement medical liabilities, net of current portion	133.7	145.4
Non-recourse liabilities held by special purpose entities	1,127.3	1,136.5
Deferred income taxes	2,944.4	2,916.9
Other long-term liabilities	1,433.1	1,490.3
Redeemable noncontrolling interests	1.7	1.3
Total stockholders' equity	11,670.3	10,630.6
Noncontrolling interests	19.7	16.9
Total Equity	<u>11,690.0</u>	<u>10,647.5</u>
Total Liabilities and Equity	<u>\$ 29,254.3</u>	<u>\$ 28,779.7</u>

## **Non-GAAP Financial Measures and Reconciliations**

WestRock reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP"). However, management believes certain non-GAAP financial measures provide WestRock's board of directors, investors, potential investors, securities analysts and others with additional meaningful financial information that should be considered when assessing our ongoing performance. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions, and in evaluating WestRock's performance. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, WestRock's GAAP results. The non-GAAP financial measures we present may differ from similarly captioned measures presented by other companies. We discuss below details of the non-GAAP financial measures presented by us and provide reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated in accordance with GAAP.

### **Adjusted Segment EBITDA and Adjustments to Segment EBITDA**

WestRock uses the non-GAAP financial measure "Adjusted Segment EBITDA", along with other factors, to evaluate our segment performance. Management believes adjusting "Segment EBITDA" for certain items provides WestRock's board of directors, investors, potential investors, securities analysts and others with useful information to evaluate WestRock's performance across periods or relative to our peers, and that adjusting "Segment EBITDA" to "Adjusted Segment EBITDA" more closely aligns those results to the adjustments in Adjusted Net Income that relate to "Segment EBITDA". The consolidated financial results and segment tables include a reconciliation of "Adjusted Segment EBITDA" to "Segment EBITDA" by adding certain "Adjustments" to "Segment EBITDA". These "Adjustments" are reflected in the "Adjusted Net Income" reconciliation tables below.

### **Adjusted Segment Sales and Adjusted Segment EBITDA Margins**

With respect to Adjusted Segment Sales, management believes that adjusting Segment Sales for trade sales is consistent with how peers present their sales for purposes of computing margins and helps WestRock's board of directors, investors, potential investors, securities analysts and others compare companies in the same peer group. WestRock uses the non-GAAP financial measure "Adjusted Segment EBITDA Margins", along with other factors, to evaluate our segment performance against our peers. Management believes this measure is also useful to investors to evaluate WestRock's performance relative to its peers. "Segment EBITDA Margin" is calculated for each segment by dividing that segment's Segment EBITDA by Segment sales. "Adjusted Segment EBITDA Margin" is calculated for each segment by dividing that segment's Adjusted Segment EBITDA by Adjusted Segment Sales.

### **Adjusted Net Income, Adjusted Earnings Per Diluted Share**

WestRock uses the non-GAAP financial measures “Adjusted Net Income” and “Adjusted Earnings Per Diluted Share”. Management believes these measures provide WestRock’s board of directors, investors, potential investors, securities analysts and others with useful information to evaluate WestRock’s performance because they exclude restructuring and other costs and other specific items that management believes are not indicative of the ongoing operating results of the business. WestRock and its board of directors use this information to evaluate WestRock’s performance relative to other periods. WestRock believes that the most directly comparable GAAP measures to Adjusted Net Income and Adjusted Earnings Per Diluted Share are Net income (loss) attributable to common stockholders, represented in the table below as the as reported results for Consolidated net income (loss) (i.e. Net of Tax) less net income attributable to Noncontrolling interests, and Earnings (loss) per diluted share, respectively. This release includes a reconciliation of Earnings (loss) per diluted share to Adjusted Earnings Per Diluted Share and reconciliations of Adjusted net income to Net income (loss) attributable to common stockholders for the periods indicated (in millions).

## Reconciliations of Net Income (Loss) to Adjusted Segment EBITDA

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2021	2020	2021	2020
Net Income (loss) attributable to common stockholders	\$ 323.7	\$ (1,156.0)	\$ 838.3	\$ (690.9)
<u>Adjustments: (1)</u>				
Less: Net Income attributable to noncontrolling interests	0.9	1.5	4.2	4.8
Income tax expense	85.2	40.0	243.4	163.5
Other expense (income), net	2.9	(19.1)	(10.9)	(9.5)
Loss on extinguishment of debt	8.6	0.4	9.7	1.5
Interest expense, net	92.5	110.3	372.3	393.5
Restructuring and other costs	11.7	56.5	31.5	112.7
Goodwill impairment	-	1,333.2	-	1,333.2
Multiemployer pension withdrawal income	(2.9)	-	(2.9)	(1.1)
Gain on sale of certain closed facilities	-	(10.1)	(0.9)	(15.6)
Non-allocated expenses	3.8	16.6	89.4	70.7
Segment Income	526.4	373.3	1,574.1	1,362.8
Non-allocated expenses	(3.8)	(16.6)	(89.4)	(70.7)
Depreciation and amortization	365.1	365.6	1,460.0	1,487.0
Segment EBITDA	887.7	722.3	2,944.7	2,779.1
Adjustments (2)	(9.8)	(1.6)	54.5	33.1
Adjusted Segment EBITDA	\$ 877.9	\$ 720.7	\$ 2,999.2	\$ 2,812.2

(1) Schedule adds back expense or subtracts income for certain financial statement and segment footnote items to compute segment income, Segment EBITDA and Adjusted Segment EBITDA.

(2) See the Adjusted Net Income tables on page 11 and 12 for adjustments.

## Reconciliations to Adjusted Net Income

Three Months Ended September 30, 2021

	Adjustments to Segment EBITDA			Consolidated Results		
	Corrugated Packaging	Consumer Packaging	Other	Pre-Tax	Tax	Net of Tax
As reported (1)				\$ 409.8	\$ (85.2)	\$ 324.6
Restructuring and other items	n/a	n/a	n/a	11.7	(2.9)	8.8
Loss on extinguishment of debt	n/a	n/a	n/a	8.6	(2.1)	6.5
Losses at closed plants, transition and start-up costs (2)	(0.1)	0.5	-	0.4	-	0.4
Ransomware insurance proceeds	-	-	(10.2)	(10.2)	2.4	(7.8)
Adjustments / Adjusted Results	\$ (0.1)	\$ 0.5	\$ (10.2)	\$ 420.3	\$ (87.8)	\$ 332.5
Noncontrolling interests						(0.9)
Adjusted Net Income						\$ 331.6

- (1) The as reported results for Pre-Tax, Tax and Net of Tax are equivalent to the line items "Income (loss) before income taxes", "Income tax expense" and "Consolidated net income (loss)", respectively, as reported on the statements of operations.
- (2) The variance between the Pre-Tax column and the sum of the Adjustments to Segment EBITDA, if any, is depreciation and amortization.

Three Months Ended September 30, 2020

	Adjustments to Segment EBITDA			Consolidated Results		
	Corrugated Packaging	Consumer Packaging	Other	Pre-Tax	Tax	Net of Tax
GAAP Results (1)				\$ (1,114.5)	\$ (40.0)	\$ (1,154.5)
Goodwill impairment	n/a	n/a	n/a	1,333.2	(18.9)	1,314.3
Restructuring and other items	n/a	n/a	n/a	56.5	(14.2)	42.3
MEPP liability adjustment due to interest rates	n/a	n/a	n/a	14.1	(3.5)	10.6
Losses at closed plants, transition and start-up costs (2)	1.1	1.3	-	2.8	(0.6)	2.2
Loss on extinguishment of debt	n/a	n/a	n/a	0.4	(0.1)	0.3
Accelerated depreciation on major capital projects and certain plant closures (2)	n/a	n/a	n/a	0.2	-	0.2
Litigation recovery	n/a	n/a	n/a	(12.4)	3.1	(9.3)
Gain on sale of certain closed facilities	n/a	n/a	n/a	(10.1)	2.5	(7.6)
Brazil indirect tax (3)	(4.0)	-	-	(6.9)	1.8	(5.1)
Other	-	-	-	(0.1)	0.1	-
Adjustments/ Adjusted Results	\$ (2.9)	\$ 1.3	\$ -	\$ 263.2	\$ (69.8)	\$ 193.4
Noncontrolling interests						(1.5)
Adjusted Net Income						\$ 191.9

- (1) The GAAP results for Pre-Tax, Tax and Net of Tax are equivalent to the line items "Income (loss) before income taxes", "Income tax expense" and "Consolidated net income (loss)", respectively, as reported on the statements of operations.
- (2) The variance between the Pre-Tax column and the sum of the Adjustments to Segment EBITDA is depreciation and amortization.
- (3) The variance between the Pre-Tax column and the sum of the Adjustments to Segment EBITDA is primarily interest income.

Twelve Months Ended September 30, 2021

	Adjustments to Segment EBITDA			Consolidated Results		
	Corrugated Packaging	Consumer Packaging	Other	Pre-Tax	Tax	Net of Tax
GAAP Results (1)				\$ 1,085.9	\$ (243.4)	\$ 842.5
Restructuring and other items	n/a	n/a	n/a	31.5	(7.7)	23.8
COVID-19 employee payments	11.3	9.9	0.8	22.0	(5.4)	16.6
Grupo Gondi option	n/a	n/a	n/a	22.5	(6.7)	15.8
Ransomware recovery costs, net of insurance proceeds	4.1	1.7	13.1	18.9	(4.7)	14.2
Accelerated compensation - former CEO	n/a	n/a	11.7	11.7	-	11.7
Loss on extinguishment of debt	n/a	n/a	n/a	9.7	(2.4)	7.3
Losses at closed plants, transition and start-up costs (2)	0.7	1.8	-	3.0	(0.6)	2.4
Accelerated depreciation on major capital projects and certain plant closures (2)	n/a	n/a	n/a	0.7	(0.2)	0.5
Gain on sale of investment	n/a	n/a	n/a	(16.0)	2.4	(13.6)
Gain on sale of sawmill	n/a	n/a	n/a	(16.5)	8.3	(8.2)
Gain on sale of certain closed facilities	n/a	n/a	n/a	(0.9)	0.2	(0.7)
Brazil indirect tax claim (3)	(0.6)	-	-	(0.9)	0.3	(0.6)
MEPP liability adjustment due to interest rates	n/a	n/a	n/a	(0.4)	0.1	(0.3)
Adjustments/ Adjusted Results	\$ 15.5	\$ 13.4	\$ 25.6	\$ 1,171.2	\$ (259.8)	\$ 911.4
Noncontrolling interests						(4.2)
Adjusted Net Income						\$ 907.2

- (1) The GAAP results for Pre-Tax, Tax and Net of Tax are equivalent to the line items "Income (loss) before income taxes", "Income tax expense" and "Consolidated net income (loss)", respectively, as reported on the statements of operations.  
(2) The variance between the Pre-Tax column and the sum of the Adjustments to Segment EBITDA, if any, is depreciation and amortization.  
(3) The variance between the Pre-Tax column and the sum of the Adjustments to Segment EBITDA is primarily interest income.

Twelve Months Ended September 30, 2020

	Adjustments to Segment EBITDA			Consolidated Results		
	Corrugated Packaging	Consumer Packaging	L&D and Other	Pre-Tax	Tax	Net of Tax
GAAP Results (1)				\$ (522.6)	\$ (163.5)	\$ (686.1)
Goodwill impairment	n/a	n/a	n/a	1,333.2	(18.9)	1,314.3
Restructuring and other items	n/a	n/a	n/a	112.7	(28.2)	84.5
North Charleston and Florence transition and reconfiguration costs (2)	38.6	-	-	43.4	(10.6)	32.8
COVID-19 employee payments	16.5	15.1	-	31.6	(7.7)	23.9
Losses at closed plants, transition and start-up costs (2)	14.1	5.6	-	21.9	(5.4)	16.5
Accelerated depreciation on major capital projects and certain plant closures (2)	n/a	n/a	n/a	17.3	(4.2)	13.1
MEPP liability adjustment due to interest rates	n/a	n/a	n/a	15.0	(3.7)	11.3
Loss on extinguishment of debt	n/a	n/a	n/a	1.5	(0.4)	1.1
Multiemployer pension withdrawal expense	n/a	n/a	n/a	0.9	(0.2)	0.7
Brazil indirect tax claim (3)	(29.7)	(2.0)	-	(51.9)	16.0	(35.9)
Litigation recovery	(7.2)	(4.3)	n/a	(23.9)	5.9	(18.0)
Adjustment related to Tax Cuts and Jobs Act	n/a	n/a	n/a	-	(16.4)	(16.4)
Direct recoveries from Hurricane Michael, net of related costs	(16.1)	n/a	n/a	(16.1)	4.0	(12.1)
Gain on sale of certain closed facilities	n/a	n/a	n/a	(15.6)	3.8	(11.8)
Land and Development operating results	n/a	n/a	(1.4)	(1.3)	0.3	(1.0)
Other	-	3.9	-	6.0	(1.5)	4.5
Adjustments/ Adjusted Results	\$ 16.2	\$ 18.3	\$ (1.4)	\$ 952.1	\$ (230.7)	\$ 721.4
Noncontrolling interests						(4.8)
Adjusted Net Income						\$ 716.6

- (1) The GAAP results for Pre-Tax, Tax and Net of Tax are equivalent to the line items "Income (loss) before income taxes", "Income tax expense" and "Consolidated net income (loss)", respectively, as reported on the statements of operations.  
(2) The variance between the Pre-Tax column and the sum of the Adjustments to Segment EBITDA, if any, is depreciation and amortization.  
(3) The variance between the Pre-Tax column and the sum of the Adjustments to Segment EBITDA is primarily interest income.

## Reconciliation to Adjusted Earnings Per Diluted Share

Set forth below is a reconciliation of Adjusted Earnings Per Diluted Share to Earnings (loss) per diluted share.

	Three Months Ended		Twelve Months Ended	
	Sep. 30, 2021	Sep. 30, 2020	Sep. 30, 2021	Sep. 30, 2020
Earnings (loss) per diluted share	\$ 1.20	\$ (4.45)	\$ 3.13	\$ (2.67)
Goodwill impairment	-	5.06	-	5.07
Restructuring and other items	0.03	0.17	0.09	0.33
Grupo Gondí option	-	-	0.06	-
COVID-19 employee payments	-	-	0.06	0.09
Ransomware recovery costs, net of insurance proceeds	(0.03)	-	0.05	-
Accelerated compensation - former CEO	-	-	0.04	-
Loss on extinguishment of debt	0.03	-	0.03	-
Losses at closed plants, transition and start-up costs	-	0.01	0.01	0.07
North Charleston and Florence transition and reconfiguration costs	-	-	-	0.13
MEPP liability adjustment due to interest rates	-	0.04	-	0.05
Accelerated depreciation on major capital projects and certain plant closures	-	-	-	0.05
Gain on sale of investment	-	-	(0.05)	-
Gain on sale of sawmill	-	-	(0.03)	-
Brazil indirect tax claim	-	(0.02)	-	(0.14)
Litigation recovery	-	(0.04)	-	(0.07)
Adjustments related to Tax Cuts and Jobs Act	-	-	-	(0.06)
Direct recoveries from Hurricane Michael, net of related costs	-	-	-	(0.05)
Gain on sale of certain closed facilities	-	(0.03)	-	(0.05)
Other	-	-	-	0.02
Adjustment to reflect adjusted earnings on a fully diluted basis	-	(0.01)	-	(0.02)
<b>Adjusted Earnings Per Diluted Share</b>	<b>\$ 1.23</b>	<b>\$ 0.73</b>	<b>\$ 3.39</b>	<b>\$ 2.75</b>

Set forth below are reconciliations of Adjusted Segment Sales, Adjusted Segment EBITDA and Adjusted Segment EBITDA Margins to the most directly comparable GAAP measures, Segment Sales and Segment Income, for the periods indicated (in millions, except percentages):

#### Reconciliation for the Quarter Ended September 30, 2021

	Corrugated Packaging	Consumer Packaging	Corporate / Elim.	Consolidated
Segment sales / Net sales	\$ 3,398.7	\$ 1,783.0	\$ (91.2)	\$ 5,090.5
Less: Trade sales	(98.3)	-	-	(98.3)
Adjusted Segment Sales	\$ 3,300.4	\$ 1,783.0	\$ (91.2)	\$ 4,992.2
Segment income (1)	\$ 374.8	\$ 151.6	\$ -	\$ 526.4
Non-allocated expenses	-	-	(3.8)	(3.8)
Depreciation & amortization	231.6	131.8	1.7	365.1
Segment EBITDA	606.4	283.4	(2.1)	887.7
Adjustments (2)	(0.1)	0.5	(10.2)	(9.8)
Adjusted Segment EBITDA	\$ 606.3	\$ 283.9	\$ (12.3)	\$ 877.9
Segment EBITDA Margins	17.8%	15.9%		
Adj. Segment EBITDA Margins	18.4%	15.9%		

(1) Segment income includes pension and other postretirement income (expense)

(2) See the Adjusted Net Income tables on page 11 for adjustments

#### Corrugated Reconciliation for the Quarter Ended September 30, 2021

	North American Corrugated	Brazil Corrugated	Other (1)	Total Corrugated Packaging
Segment sales	\$ 2,922.2	\$ 152.9	\$ 323.6	\$ 3,398.7
Less: Trade sales	(98.3)	-	-	(98.3)
Adjusted Segment Sales	\$ 2,823.9	\$ 152.9	\$ 323.6	\$ 3,300.4
Segment income (2)	\$ 324.3	\$ 40.7	\$ 9.8	\$ 374.8
Depreciation & amortization	212.3	12.7	6.6	231.6
Segment EBITDA	536.6	53.4	16.4	606.4
Adjustments (3)	(0.1)	-	-	(0.1)
Adjusted Segment EBITDA	\$ 536.5	\$ 53.4	\$ 16.4	\$ 606.3
Segment EBITDA Margins	18.4%	34.9%		17.8%
Adj. Segment EBITDA Margins	19.0%	34.9%		18.4%

(1) The "Other" column includes our Victory Packaging and India corrugated operations.

(2) Segment income includes pension and other postretirement income (expense)

(3) See the Adjusted Net Income tables on page 11 for adjustments

## Reconciliation for the Quarter Ended September 30, 2020

	Corrugated Packaging	Consumer Packaging	Corporate / Elim.	Consolidated
Segment sales / Net sales	\$ 2,898.4	\$ 1,627.2	\$ (54.1)	\$ 4,471.5
Less: Trade sales	(83.4)	-	-	(83.4)
Adjusted Segment Sales	\$ 2,815.0	\$ 1,627.2	\$ (54.1)	\$ 4,388.1
Segment income (1)	\$ 281.9	\$ 91.4	\$ -	\$ 373.3
Non-allocated expenses	-	-	(16.6)	(16.6)
Depreciation & amortization	234.4	129.8	1.4	365.6
Segment EBITDA	516.3	221.2	(15.2)	722.3
Adjustments (2)	(2.9)	1.3	-	(1.6)
Adjusted Segment EBITDA	\$ 513.4	\$ 222.5	\$ (15.2)	\$ 720.7
Segment EBITDA Margins	17.8%	13.6%		
Adj. Segment EBITDA Margins	18.2%	13.7%		

(1) Segment income includes pension and other postretirement income (expense)

(2) See the Adjusted Net Income tables on page 11 for adjustments

## Corrugated Reconciliation for the Quarter Ended September 30, 2020

	North American Corrugated	Brazil Corrugated	Other (1)	Total Corrugated Packaging
Segment sales	\$ 2,504.5	\$ 97.0	\$ 296.9	\$ 2,898.4
Less: Trade sales	(83.4)	-	-	(83.4)
Adjusted Segment Sales	\$ 2,421.1	\$ 97.0	\$ 296.9	\$ 2,815.0
Segment income (2)	\$ 255.7	\$ 15.2	\$ 11.0	\$ 281.9
Depreciation & amortization	218.4	9.7	6.3	234.4
Segment EBITDA	474.1	24.9	17.3	516.3
Adjustments (3)	1.4	(4.3)	-	(2.9)
Adjusted Segment EBITDA	\$ 475.5	\$ 20.6	\$ 17.3	\$ 513.4
Segment EBITDA Margins	18.9%	25.7%		17.8%
Adj. Segment EBITDA Margins	19.6%	21.2%		18.2%

(1) The "Other" column includes our Victory Packaging and India corrugated operations.

(2) Segment income includes pension and other postretirement income (expense)

(3) See the Adjusted Net Income tables on page 11 for adjustments

## Reconciliation for the Twelve Months Ended September 30, 2021

	Corrugated Packaging	Consumer Packaging	Corporate / Elim.	Consolidated
Segment sales / Net sales	\$ 12,343.7	\$ 6,702.7	\$ (300.3)	\$ 18,746.1
Less: Trade sales	(351.2)	-	-	(351.2)
Adjusted Segment Sales	\$ 11,992.5	\$ 6,702.7	\$ (300.3)	\$ 18,394.9
Segment income (1)	\$ 1,116.8	\$ 457.3	\$ -	\$ 1,574.1
Non-allocated expenses	-	-	(89.4)	(89.4)
Depreciation & amortization	926.6	527.8	5.6	1,460.0
Segment EBITDA	2,043.4	985.1	(83.8)	2,944.7
Adjustments (2)	15.5	13.4	25.6	54.5
Adjusted Segment EBITDA	\$ 2,058.9	\$ 998.5	\$ (58.2)	\$ 2,999.2
Segment EBITDA Margins	16.6%	14.7%		
Adj. Segment EBITDA Margins	17.2%	14.9%		

(1) Segment income includes pension and other postretirement income (expense)

(2) See the Adjusted Net Income tables on page 12 for adjustments

## Corrugated Reconciliation for the Twelve Months Ended September 30, 2021

	North American Corrugated	Brazil Corrugated	Other (1)	Total Corrugated Packaging
Segment sales	\$ 10,690.5	\$ 457.6	\$ 1,195.6	\$ 12,343.7
Less: Trade sales	(351.2)	-	-	(351.2)
Adjusted Segment Sales	\$ 10,339.3	\$ 457.6	\$ 1,195.6	\$ 11,992.5
Segment income (2)	\$ 1,020.0	\$ 61.6	\$ 35.2	\$ 1,116.8
Depreciation & amortization	856.2	45.6	24.8	926.6
Segment EBITDA	1,876.2	107.2	60.0	2,043.4
Adjustments (3)	15.2	(0.4)	0.7	15.5
Adjusted Segment EBITDA	\$ 1,891.4	\$ 106.8	\$ 60.7	\$ 2,058.9
Segment EBITDA Margins	17.6%	23.4%		16.6%
Adj. Segment EBITDA Margins	18.3%	23.3%		17.2%

(1) The "Other" column includes our Victory Packaging and India corrugated operations.

(2) Segment income includes pension and other postretirement income (expense)

(3) See the Adjusted Net Income tables on page 12 for adjustments

## Reconciliation for the Twelve Months Ended September 30, 2020

	Corrugated Packaging	Consumer Packaging	Land and Development	Corporate / Elim.	Consolidated
Segment sales / Net sales	\$ 11,419.2	\$ 6,333.0	\$ 18.9	\$ (192.3)	\$ 17,578.8
Less: Trade sales	(373.5)	-	-	-	(373.5)
Adjusted Segment Sales	\$ 11,045.7	\$ 6,333.0	\$ 18.9	\$ (192.3)	\$ 17,205.3
Segment income (1)	\$ 1,037.7	\$ 323.7	\$ 1.4	\$ -	\$ 1,362.8
Non-allocated expenses	-	-	-	(70.7)	(70.7)
Depreciation & amortization	951.4	529.5	-	6.1	1,487.0
Segment EBITDA	1,989.1	853.2	1.4	(64.6)	2,779.1
Adjustments (2)	16.2	18.3	(1.4)	-	33.1
Adjusted Segment EBITDA	\$ 2,005.3	\$ 871.5	\$ -	\$ (64.6)	\$ 2,812.2
Segment EBITDA Margins	17.4%	13.5%			
Adj. Segment EBITDA Margins	18.2%	13.8%			

- (1) Segment income includes pension and other postretirement income (expense)  
(2) See the Adjusted Net Income tables on page 12 for adjustments

## Corrugated Reconciliation for the Twelve Months Ended September 30, 2020

	North American Corrugated	Brazil Corrugated	Other (1)	Total Corrugated Packaging
Segment sales	\$ 9,993.0	\$ 393.1	\$ 1,033.1	\$ 11,419.2
Less: Trade sales	(373.5)	-	-	(373.5)
Adjusted Segment Sales	\$ 9,619.5	\$ 393.1	\$ 1,033.1	\$ 11,045.7
Segment income (2)	\$ 947.0	\$ 71.3	\$ 19.4	\$ 1,037.7
Depreciation & amortization	880.9	45.7	24.8	951.4
Segment EBITDA	1,827.9	117.0	44.2	1,989.1
Adjustments (3)	41.6	(25.8)	0.4	16.2
Adjusted Segment EBITDA	\$ 1,869.5	\$ 91.2	\$ 44.6	\$ 2,005.3
Segment EBITDA Margins	18.3%	29.8%		17.4%
Adj. Segment EBITDA Margins	19.4%	23.2%		18.2%

- (1) The "Other" column includes our Victory Packaging and India corrugated operations.  
(2) Segment income includes pension and other postretirement income (expense)  
(3) See the Adjusted Net Income tables on page 12 for adjustments

## Adjusted Operating Cash Flow and Adjusted Free Cash Flow

WestRock uses the non-GAAP financial measures "Adjusted Operating Cash Flow" and "Adjusted Free Cash Flow". Management believes these measures provide WestRock's board of directors, investors, potential investors, securities analysts and others with useful information to evaluate WestRock's performance relative to other periods because it excludes certain cash restructuring and other costs, net of tax that management believes are not indicative of the ongoing operating results of the business. We believe "Adjusted Free Cash Flow" provides greater comparability across periods by excluding capital expenditures. WestRock believes that the most directly comparable GAAP measure is "Net cash provided by operating activities". Set forth below is a reconciliation of "Adjusted Operating Cash Flow" and "Adjusted Free Cash Flow" to Net cash provided by

operating activities for the periods indicated (in millions):

	Three Months Ended		Twelve Months Ended	
	Sep. 30, 2021	Sep 30, 2020	Sep. 30, 2021	Sep 30, 2020
Net cash provided by operating activities	\$ 677.5	\$ 731.7	\$ 2,279.9	\$ 2,070.7
Plus: Cash Restructuring and other costs, net of income tax benefit of \$1.3, \$5.4, \$9.1 and \$19.4	4.1	16.7	28.2	59.8
Adjusted Operating Cash Flow	681.6	748.4	2,308.1	2,130.5
Less: Capital expenditures	(310.1)	(117.9)	(815.5)	(978.1)
Adjusted Free Cash Flow	\$ 371.5	\$ 630.5	\$ 1,492.6	\$ 1,152.4

## **Adjusted Net Debt**

WestRock uses the non-GAAP financial measure “Adjusted Net Debt”. Management believes this measure provides WestRock’s board of directors, investors, potential investors, securities analysts and others with useful information to evaluate WestRock’s repayment of debt relative to other periods because it includes or excludes certain items management believes are not comparable from period to period. We believe “Adjusted Net Debt” provides greater comparability across periods by adjusting for cash and cash equivalents, as well as fair value of debt step-up included in Total Debt that is not subject to debt repayment. WestRock believes that the most directly comparable GAAP measure is “Total Debt” which is derived from the current portion of debt and long-term debt due after one year. Set forth below is a reconciliation of “Adjusted Net Debt” to “Total Debt” for the periods indicated (in millions):

	Sep. 30, 2021	June 30, 2021	Sep. 30, 2020
Current portion of debt	\$ 168.8	\$ 565.7	\$ 222.9
Long-term debt due after one year	8,025.3	8,106.9	9,207.7
Total debt	\$ 8,194.1	\$ 8,672.6	\$ 9,430.6
Less: Cash and cash equivalents	(290.9)	(549.8)	(251.1)
Less: Fair value of debt step-up	(192.4)	(196.6)	(208.9)
Adjusted Net Debt	\$ 7,710.8	\$ 7,926.2	\$ 8,970.6
Total debt reduction - quarter	\$ 478.5		
Total debt reduction - year	\$ 1,236.5		
Adjusted Net Debt reduction - quarter	\$ 215.4		
Adjusted Net Debt reduction - year	\$ 1,259.8		

## **Leverage Ratio, Net Leverage Ratio, Total Funded Debt and Adjusted Total Funded Debt**

WestRock uses the non-GAAP financial measures “leverage ratio” and “net leverage ratio” as measurements of our operating performance and to compare to our publicly disclosed target leverage ratio. WestRock believes WestRock’s board of directors, investors, potential investors, securities analysts and others use each measure to evaluate our available borrowing capacity – in the case of “net leverage ratio”, adjusted for cash and cash equivalents. WestRock defines leverage ratio as our Total Funded Debt divided by our Credit Agreement

EBITDA, each of which term is defined in our credit agreement, dated July 1, 2015. Borrowing capacity under our credit agreement depends on, in addition to other measures, the Credit Agreement Debt/EBITDA ratio or the “leverage ratio”. While the leverage ratio under our credit agreement determines the credit spread on our debt, we are not subject to a leverage ratio cap. Our credit agreement is subject to a Debt to Capitalization and Consolidated Interest Coverage Ratio, as defined therein. WestRock defines “Adjusted Total Funded Debt” as our Total Funded Debt less cash and cash equivalents. Net Leverage Ratio is the product of Adjusted Total Funded Debt divided by our Credit Agreement EBITDA. Set forth below is a reconciliation of net income attributable to common stockholders to Credit Agreement EBITDA and Total debt to Total Funded Debt to derive our Leverage Ratio and Net Leverage Ratio for the periods indicated (in millions, except ratios):

	Twelve Months Ended September 30, 2021	
Net income attributable to common stockholders	\$	838.3
Interest expense, net		349.0
Income tax expense		243.4
Depreciation and amortization		1,460.0
Additional permitted charges (1)		276.8
Credit Agreement EBITDA	\$	3,167.5
Current portion of debt	\$	168.8
Long-term debt due after one year		8,025.3
Total debt	\$	8,194.1
Less: FV step-up and deferred financing fees		(159.8)
Less: short-term and long-term chip mill obligation		(93.1)
Less: other adjustments to funded debt		(123.7)
Total Funded Debt	\$	7,817.5
LTM Credit Agreement EBITDA	\$	3,167.5
Leverage Ratio		2.47x
Total Funded Debt	\$	7,817.5
Less: cash and cash equivalents		(290.9)
Adjusted Total Funded Debt	\$	7,526.6
Net Leverage Ratio		2.38x

(1) Additional permitted charges primarily include restructuring and other costs, and certain non-cash items as allowed under the Credit Agreement.

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