GREIF INC
Form 10-Q
March 03, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended January 31, 2017
Commission File Number 001-00566

Greif, Inc.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Delaware | 31-4388903 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| 425 Winter Road, Delaware, Ohio | 43015 |
| (Address of principal executive offices) | (Zip Code) |

Registrant's telephone number, including area code (740) 549-6000
Not Applicable
Former name, former address and former fiscal year, if changed since last report.

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 for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes x No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | |
|---|---|
| Large accelerated filer x | Accelerated ¨ |
| Non-accelerated filer ¨ (Do not check if a smaller reporting company) | Smaller reporting company ¨ |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x
The number of shares outstanding of each of the issuer's classes of common stock as of the close of business on February 27, 2017:

| | |
|---|---|
| Class A Common Stock | 25,816,051 shares |
| Class B Common Stock | 22,009,725 shares |

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

GREIF, INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(UNAUDITED)
(In millions, except per share amounts)

| | Three Months Ended January 31, | |
|---|---|---|
| | 2017 | 2016 |
| Net sales | $820.9 | $771.4 |
| Cost of products sold | 657.6 | 620.1 |
| Gross profit | 163.3 | 151.3 |
| Selling, general and administrative expenses | 96.6 | 93.2 |
| Restructuring charges | (0.3) | 2.3 |
| Non-cash asset impairment charges | 1.9 | 39.1 |
| Pension settlement charge | 23.5 | — |
| Gain on disposal of properties, plants and equipment, net | (1.0) | (0.9) |
| Loss on disposal of businesses, net | 0.5 | — |
| Operating profit | 42.1 | 17.6 |
| Interest expense, net | 18.7 | 18.5 |
| Other expense , net | 3.6 | 3.0 |
| Income (loss) before income tax expense and equity earnings of unconsolidated affiliates, net | 19.8 | (3.9) |
| Income tax expense | 11.8 | 6.0 |
| Net income (loss) | 8.0 | (9.9) |
| Net income attributable to noncontrolling interests | (2.6) | (1.2) |
| Net income (loss) attributable to Greif, Inc. | $5.4 | $(11.1) |
| Basic earnings (loss) per share attributable to Greif, Inc. common shareholders: | | |
| Class A Common Stock | $0.10 | $(0.19) |
| Class B Common Stock | $0.13 | $(0.29) |
| Diluted earnings (loss) per share attributable to Greif, Inc. common shareholders: | | |
| Class A Common Stock | $0.10 | $(0.19) |
| Class B Common Stock | $0.13 | $(0.29) |
| Weighted-average number of Class A common shares outstanding: | | |
| Basic | 25.8 | 25.7 |
| Diluted | 25.8 | 25.7 |
| Weighted-average number of Class B common shares outstanding: | | |
| Basic | 22.0 | 22.1 |
| Diluted | 22.0 | 22.1 |
| Cash dividends declared per common share: | | |
| Class A Common Stock | $0.42 | $0.42 |
| Class B Common Stock | $0.62 | $0.62 |

See accompanying Notes to Condensed Consolidated Financial Statements

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GREIF, INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)
(In millions)

| | Three Months Ended January 31, | |
|---|---|---|
| | 2017 | 2016 |
| Net income (loss) | $8.0 | $(9.9) |
| Other comprehensive income (loss), net of tax: | | |
| Foreign currency translation | (9.2) | (28.3) |
| Interest rate derivative | 4.6 | — |
| Minimum pension liabilities | 28.1 | 1.9 |
| Other comprehensive income (loss), net of tax | 23.5 | (26.4) |
| Comprehensive income (loss) | 31.5 | (36.3) |
| Comprehensive income (loss) attributable to noncontrolling interests | 0.9 | (2.4) |
| Comprehensive income (loss) attributable to Greif, Inc. | $30.6 | $(33.9) |

See accompanying Notes to Condensed Consolidated Financial Statements

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GREIF, INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(In millions)

| | January 31, 2017 | October 31, 2016 |
|---|---|---|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | $ 106.8 | $ 103.7 |
| Trade accounts receivable, less allowance of $7.8 in 2017 and $8.8 in 2016 | 391.3 | 399.2 |
| Inventories | 304.2 | 277.4 |
| Assets held for sale | 86.2 | 11.8 |
| Prepaid expenses and other current assets | 148.6 | 128.2 |
| | 1,037.1 | 920.3 |
| Long-term assets | | |
| Goodwill | 747.9 | 786.4 |
| Other intangible assets, net of amortization | 89.0 | 110.6 |
| Deferred tax assets | 8.6 | 9.0 |
| Assets held by special purpose entities | 50.9 | 50.9 |
| Pension asset | 23.9 | 22.2 |
| Other long-term assets | 106.3 | 89.7 |
| | 1,026.6 | 1,068.8 |
| Properties, plants and equipment | | |
| Timber properties, net of depletion | 277.8 | 277.8 |
| Land | 100.2 | 99.5 |
| Buildings | 386.7 | 390.1 |
| Machinery and equipment | 1,468.3 | 1,484.8 |
| Capital projects in progress | 93.6 | 91.3 |
| | 2,326.6 | 2,343.5 |
| Accumulated depreciation | (1,191.0 ) | (1,179.6 ) |
| | 1,135.6 | 1,163.9 |
| Total assets | $ 3,199.3 | $ 3,153.0 |

See accompanying Notes to Condensed Consolidated Financial Statements

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GREIF, INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(In millions)

| | January 31, 2017 | October 31, 2016 |
|---|---|---|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable | $ 332.9 | $ 372.0 |
| Accrued payroll and employee benefits | 75.6 | 93.7 |
| Restructuring reserves | 6.2 | 10.4 |
| Short-term borrowings | 38.9 | 51.6 |
| Liabilities held for sale | 15.6 | — |
| Other current liabilities | 151.1 | 131.5 |
| | 620.3 | 659.2 |
| Long-term liabilities | | |
| Long-term debt | 1,074.8 | 974.6 |
| Deferred tax liabilities | 203.7 | 193.0 |
| Pension liabilities | 156.2 | 179.8 |
| Postretirement benefit obligations | 13.5 | 13.7 |
| Liabilities held by special purpose entities | 43.3 | 43.3 |
| Contingent liabilities and environmental reserves | 7.0 | 6.8 |
| Other long-term liabilities | 82.8 | 92.9 |
| | 1,581.3 | 1,504.1 |
| Commitments and Contingencies (Note 13) | — | — |
| Redeemable Noncontrolling Interest (Note 18) | 32.5 | 31.8 |
| Equity | | |
| Common stock, without par value | 142.9 | 141.4 |
| Treasury stock, at cost | (135.6) | (135.6) |
| Retained earnings | 1,320.9 | 1,340.0 |
| Accumulated other comprehensive income (loss), net of tax: | | |
| -foreign currency translation | (277.7) | (270.2) |
| -interest rate derivative | 4.6 | — |
| -minimum pension liabilities | (100.1) | (128.2) |
| Total Greif, Inc. shareholders' equity | 955.0 | 947.4 |
| Noncontrolling interests | 10.2 | 10.5 |
| Total shareholders' equity | 965.2 | 957.9 |
| Total liabilities and shareholders' equity | $ 3,199.3 | $ 3,153.0 |

See accompanying Notes to Condensed Consolidated Financial Statements

GREIF, INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(In millions)

| For the Three months ended January 31, | 2017 | 2016 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income (loss) | $8.0 | $(9.9 ) |
| Adjustments to reconcile net income (loss) to net cash used in operating activities: | | |
| Depreciation, depletion and amortization | 30.7 | 32.3 |
| Non-cash asset impairment charges | 1.9 | 39.1 |
| Pension settlement charge | 23.5 | — |
| Gain on disposals of properties, plants and equipment, net | (1.0 ) | (0.9 ) |
| Loss on disposals of businesses, net | 0.5 | — |
| Unrealized foreign exchange loss | 2.1 | 2.0 |
| Deferred income tax benefit | (11.3 ) | (0.4 ) |
| Other, net | (0.6 ) | (0.6 ) |
| Increase (decrease) in cash from changes in certain assets and liabilities: | | |
| Trade accounts receivable | (2.3 ) | 18.2 |
| Inventories | (36.8 ) | (6.4 ) |
| Deferred purchase price on sold receivables | (23.1 ) | (15.9 ) |
| Accounts payable | (26.0 ) | (47.0 ) |
| Restructuring reserves | (4.1 ) | (6.9 ) |
| Pension and postretirement benefit liabilities | (2.1 ) | (0.2 ) |
| Other, net | (3.5 ) | (29.6 ) |
| Net cash used in operating activities | (44.1 ) | (26.2 ) |
| Cash flows from investing activities: | | |
| Collection of subordinated note receivable | — | 44.2 |
| Purchases of properties, plants, and equipment | (21.3 ) | (29.8 ) |
| Purchases of and investments in timber properties | (2.1 ) | — |
| Proceeds from the sale of properties, plants, equipment and other assets | 1.7 | 1.1 |
| Proceeds from the sale of businesses | 0.8 | 1.0 |
| Net cash provided by (used in) investing activities | (20.9 ) | 16.5 |
| Cash flows from financing activities: | | |
| Proceeds from issuance of long-term debt | 359.8 | 276.5 |
| Payments on long-term debt | (353.5 ) | (248.9) |
| Payments on short-term borrowings, net | (10.3 ) | (1.4 ) |
| Proceeds from trade accounts receivable credit facility | 155.3 | — |
| Payments on trade accounts receivable credit facility | (53.6 ) | (28.6 ) |
| Dividends paid to Greif, Inc. shareholders | (24.5 ) | (24.5 ) |
| Dividends paid to noncontrolling interests | (0.5 ) | — |
| Other | — | (0.2 ) |
| Net cash provided by (used in) financing activities | 72.7 | (27.1 ) |
| Effects of exchange rates on cash | (4.6 ) | (4.1 ) |
| Net increase (decrease) in cash and cash equivalents | 3.1 | (40.9 ) |
| Cash and cash equivalents at beginning of period | 103.7 | 106.2 |
| Cash and cash equivalents at end of period | $106.8 | $65.3 |

See accompanying Notes to Condensed Consolidated Financial Statements

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GREIF, INC. AND SUBSIDIARY COMPANIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2017
(Unaudited)

NOTE 1 — BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The condensed consolidated financial statements have been prepared in accordance with the U.S. Securities and Exchange Commission (“SEC”) instructions to Quarterly Reports on Form 10-Q and include all of the information and disclosures required by accounting principles generally accepted in the United States (“GAAP”) for interim financial reporting. The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual amounts could differ from those estimates.

The Company’s fiscal year begins on November 1 and ends on October 31 of the following year. Any references to the year 2017 or 2016, or to any quarter of those years, relates to the fiscal year or quarter, as the case may be, ended in that year.

The information filed herein reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of the condensed consolidated balance sheets as of January 31, 2017 and October 31, 2016, the condensed consolidated statements of income (loss) and comprehensive income (loss) for the three months ended January 31, 2017 and 2016 and the condensed consolidated statements of cash flows for the three months January 31, 2017 and 2016 of Greif, Inc. and its subsidiaries (the “Company”). The condensed consolidated financial statements include the accounts of Greif, Inc., all wholly-owned and consolidated subsidiaries and investments in limited liability companies, partnerships and joint ventures in which it has controlling influence or is the primary beneficiary. Non-majority owned entities include investments in limited liability companies, partnerships and joint ventures in which the Company does not have controlling influence and are accounted for using either the equity or cost method, as appropriate.

The unaudited condensed consolidated financial statements included in the Quarterly Report on Form 10-Q (this “Form 10-Q”) should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for its fiscal year ended October 31, 2016 (the “2016 Form 10-K”).

Newly Adopted Accounting Standards

In February 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-02, “Consolidation (Topic 810): Amendments to the Consolidation Analysis,” which makes changes to both the variable interest model and the voting interest model and eliminates the indefinite deferral of FASB Statement No. 167, included in ASU 2010-10, for certain investment funds. All reporting entities that hold a variable interest in other legal entities were required to re-evaluate their consolidation conclusions as well as disclosure requirements. The Company adopted the new guidance beginning on November 1, 2016, and the adoption did not have a material impact on the Company's financial position, results of operations, comprehensive income (loss), cash flows or disclosures.

Recently Issued Accounting Standards

The FASB has issued ASU through 2017-06. The Company has reviewed each recently issued ASU and the adoption of each ASU that is applicable to the Company, other than as explained below, will not have a material impact on the Company's financial position, results of operations, comprehensive income (loss) or cash flows, other than the related disclosures.

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers (Topic 606),” which supersedes the revenue recognition requirements in Accounting Standard Codification ("ASC") 605, Revenue Recognition. This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The update is effective in fiscal year 2019 using one of two retrospective application methods. The Company is in the process of determining the potential impact of adopting this guidance but does not anticipate that it will have a material impact on its financial position, results of operations, comprehensive income (loss), cash flow or disclosures.

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In February 2016, the FASB issued ASU 2016-2, "Leases (Topic 842)," which amends the lease accounting and disclosure requirements in ASC 842, "Leases". The objective of this update is to increase transparency and comparability among organizations recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about lease arrangements. This ASU will require the recognition of lease assets and lease liabilities for those leases classified as operating leases under previous GAAP. The update is effective in fiscal year 2020 using a modified retrospective approach. The Company is in the process of determining the potential impact of adopting this guidance on its financial position, results of operations, comprehensive income (loss), cash flows and disclosures.

NOTE 2 — ACQUISITIONS AND DIVESTITURES

For the three months ended January 31, 2017 the Company completed no divestitures and no acquisitions. The Company deconsolidated one nonstrategic business in the Flexible Products & Services segment during the first quarter of 2017, generating a loss on disposal of the business of $0.5 million. The Company completed no divestitures and no acquisitions for the three months ended January 31, 2016.

Proceeds from divestitures completed in fiscal year 2015 and collected during the three months ended January 31, 2017 were $0.8 million. The Company has $3.8 million of notes receivable recorded from the sale of businesses, ranging in remaining term from eight months to twenty three months.

NOTE 3 — SALE OF NON-UNITED STATES ACCOUNTS RECEIVABLE

On April 27, 2012, Cooperage Receivables Finance B.V. (the “Main SPV”) and Greif Coordination Center BVBA, an indirect wholly owned subsidiary of Greif, Inc. (“Seller”), entered into the Nieuw Amsterdam Receivables Purchase Agreement (the “European RPA”) with affiliates of a major international bank (the “Purchasing Bank Affiliates”). On April 20, 2015, the Main SPV and Seller amended and extended the term of the existing European RPA. Under the European RPA, as amended, the number of entities participating in the agreement have decreased. Additionally, the terms have been amended to decrease the maximum amount of receivables that may be sold and outstanding under the European RPA at any time to €100.0 million ($107.0 million as of January 31, 2017). Under the terms of the European RPA, the Company has the ability to loan excess cash to the Purchasing Bank Affiliates in the form of a subordinated loan receivable. During the first quarter of 2016, the Company collected $44.2 million that had been loaned to the Purchasing Bank Affiliates as excess ash at the end of fiscal 2015.

Under the terms of the European RPA, the Company has agreed to sell trade receivables meeting certain eligibility requirements that the Seller had purchased from other of our indirect wholly-owned subsidiaries under a factoring agreement. The structure of the transactions provide for a legal true sale, on a revolving basis, of the receivables transferred from our various subsidiaries to the respective banks and their affiliates. The purchaser funds an initial purchase price of a certain percentage of eligible receivables based on a formula, with the initial purchase price approximating 75 percent to 90 percent of eligible receivables. The remaining deferred purchase price is settled upon collection of the receivables. At the balance sheet reporting dates, the Company removes from accounts receivable the amount of proceeds received from the initial purchase price since they meet the applicable criteria of ASC 860, “Transfers and Servicing,” and the Company continues to recognize the deferred purchase price in prepaid expenses and other current assets or other current liabilities. The receivables are sold on a non-recourse basis with the total funds in the servicing collection accounts pledged to the banks between settlement dates.

In October 2007, Greif Singapore Pte. Ltd., an indirect wholly-owned subsidiary of Greif, Inc., entered into the Singapore Receivable Purchase Agreement (the “Singapore RPA”) with a major international bank. The maximum amount of aggregate receivables that may be financed under the Singapore RPA is 15.0 million Singapore Dollars ($10.5 million as of January 31, 2017). Under the terms of the Singapore RPA, the Company has agreed to sell trade receivables in exchange for an initial purchase price of approximately 90 percent of the eligible receivables. The remaining deferred purchase prices is settled upon collection of the receivables.

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The table below contains certain information related to the Company’s accounts receivables sales programs (Dollars in millions):

| | Three Months Ended January 31, | |
|---|---|---|
| | 2017 | 2016 |
| European RPA | | |
| Gross accounts receivable sold to third party financial institution | $137.6 | $135.1 |
| Cash received for accounts receivable sold under the programs | 122.0 | 120.0 |
| Deferred purchase price related to accounts receivable sold | 15.6 | 15.1 |
| Loss associated with the programs | 0.1 | 0.2 |
| Expenses associated with the programs | — | — |
| Singapore RPA | | |
| Gross accounts receivable sold to third party financial institution | $9.9 | $10.1 |
| Cash received for accounts receivable sold under the program | 8.0 | 10.1 |
| Deferred purchase price related to accounts receivable sold | 1.9 | — |
| Loss associated with the program | — | — |
| Expenses associated with the program | — | — |
| Total RPAs and Agreements | | |
| Gross accounts receivable sold to third party financial institution | $147.5 | $145.2 |
| Cash received for accounts receivable sold under the program | 130.0 | 130.1 |
| Deferred purchase price related to accounts receivable sold | 17.5 | 15.1 |
| Loss associated with the program | 0.1 | 0.2 |
| Expenses associated with the program | — | — |

The table below contains certain information related to the Company’s accounts receivables sales programs and the impact it has on the condensed consolidated balance sheets (Dollars in millions):

| | January 31, 2017 | October 31, 2016 |
|---|---|---|
| European RPA | | |
| Accounts receivable sold to and held by third party financial institution | $ 103.0 | $ 106.7 |
| Deferred purchase price asset (liability) related to accounts receivable sold | 18.7 | (0.4 ) |
| Singapore RPA | | |
| Accounts receivable sold to and held by third party financial institution | $ 4.4 | $ 4.0 |
| Deferred purchase price asset related to accounts receivable sold | 0.6 | 0.5 |
| Total RPAs and Agreements | | |
| Accounts receivable sold to and held by third party financial institution | $ 107.4 | $ 110.7 |
| Deferred purchase price asset related to accounts receivable sold | 19.3 | 0.1 |

The deferred purchase price related to the accounts receivable sold is reflected as prepaid expenses and other current assets or other current liabilities on the Company’s consolidated balance sheet and was initially recorded at an amount which approximates its fair value due to the short-term nature of these items. The cash received initially and the deferred purchase price relate to the sale or ultimate collection of the underlying receivables and are not subject to significant other risks given their short nature; therefore, the Company reflects all cash flows under the accounts receivable sales programs as operating cash flows on the Company’s consolidated statements of cash flows. Additionally, the Company performs collections and administrative functions on the receivables sold, similar to the procedures it uses for collecting all of its receivables, including receivables that are not sold under the European RPA and the Singapore RPA. The servicing liability for these receivables is not material to the consolidated financial statements.

NOTE 4 — INVENTORIES

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Inventories are stated at the lower of cost or market and are summarized as follows (Dollars in millions):

| | January 31, 2017 | October 31, 2016 |
|---|---|---|
| Raw materials | $ 210.1 | $ 185.4 |
| Work-in-process | 10.4 | 12.2 |
| Finished Goods | 83.7 | 79.8 |
| | $ 304.2 | $ 277.4 |

NOTE 5 — ASSETS AND LIABILITIES HELD FOR SALE AND DISPOSALS OF PROPERTIES, PLANTS AND EQUIPMENT, NET

The following table presents assets and liabilities classified as held for sale as of January 31, 2017 and October 31, 2016 (Dollars in millions):

| | January 31, 2017 | October 31, 2016 |
|---|---|---|
| Cash and cash equivalents | $ 3.0 | $ — |
| Trade accounts receivable, less allowance | 5.5 | — |
| Inventories | 2.4 | — |
| Properties, plants and equipment, net | 25.0 | 11.8 |
| Goodwill | 32.1 | — |
| Other intangibles assets, net | 17.0 | — |
| Other assets | 1.2 | — |
| Assets held for sale | $ 86.2 | $ 11.8 |
| Accounts payable | $ 2.4 | $ — |
| Other current liabilities | 2.8 | — |
| Other long-term liabilities | 10.4 | — |
| Liabilities held for sale | $ 15.6 | $ — |

As of January 31, 2017, there were two asset groups within the Rigid Industrial Packaging & Services segment and one asset group in the Flexible Products & Services segment classified as assets and liabilities held for sale. The assets held for sale are being marketed for sale, and it is the Company’s intention to complete the sales of these assets within the next twelve months.

As of October 31, 2016, there was one asset group in the Rigid Industrial Packaging & Services segment and one asset group in the Flexible Products & Services segment classified as assets and liabilities held for sale.

For the three months ended January 31, 2017, the Company recorded a gain on disposal of properties, plants and equipment, net of $1.0 million. This included disposals of assets in the Rigid Industrial Packaging Products & Services segment that resulted in gains of $0.6 million and special use property sales that resulted in gains of $0.4 million in the Land Management segment.

For the three months ended January 31, 2016, the Company recorded a gain on disposal of properties, plants and equipment, net of $0.9 million. This includes sales of surplus properties in the Land Management segment which resulted in gains of $0.6 million, a disposal of an asset in the Flexible Products & Services segment which resulted in a gain of $0.2 million and other net gains totaling an additional $0.1 million.

NOTE 6 — GOODWILL AND OTHER INTANGIBLE ASSETS

The following table summarizes the changes in the carrying amount of goodwill by segment for the three month period ended January 31, 2017 (Dollars in millions):

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| | Rigid Industrial Packaging & Services | Paper Packaging & Services | Total |
|---|---|---|---|
| Balance at October 31, 2016 | $ 726.9 | $ 59.5 | $786.4 |
| Goodwill allocated to divestitures and businesses held for sale | (33.6 ) | — | (33.6 ) |
| Currency translation | (4.9 ) | — | (4.9 ) |
| Balance at January 31, 2017 | $ 688.4 | $ 59.5 | $747.9 |

As of January 31, 2017 and October 31, 2016, the accumulated goodwill impairment loss was $50.3 million in the Flexible Products & Services segment.

The following table summarizes the carrying amount of net other intangible assets by class as of January 31, 2017 and October 31, 2016 (Dollars in millions):

| | Gross Intangible Assets | Accumulated Amortization | Net Intangible Assets |
|---|---|---|---|
| January 31, 2017: | | | |
| Indefinite lived: | | | |
| Trademarks and patents | $ 12.9 | $ — | $ 12.9 |
| Definite lived: | | | |
| Customer relationships | $ 141.9 | $ 80.4 | $ 61.5 |
| Trademarks and patents | 9.7 | 4.1 | 5.6 |
| Non-compete agreements | 0.9 | 0.5 | 0.4 |
| Other | 21.7 | 13.1 | 8.6 |
| Total | $ 187.1 | $ 98.1 | $ 89.0 |
| October 31, 2016: | | | |
| Indefinite lived: | | | |
| Trademarks and patents | $ 13.0 | $ — | $ 13.0 |
| Definite lived: | | | |
| Customer relationships | $ 167.6 | $ 86.9 | $ 80.7 |
| Trademarks and patents | 12.1 | 4.8 | 7.3 |
| Non-compete agreements | 1.0 | 0.9 | 0.1 |
| Other | 23.5 | 14.0 | 9.5 |
| Total | $ 217.2 | $ 106.6 | $ 110.6 |

Amortization expense for the three months ended January 31, 2017 and 2016 was $3.8 million and $4.2 million, respectively. Amortization expense for the next five years is expected to be $13.4 million in 2017, $12.4 million in 2018, $12.3 million in 2019, $11.8 million in 2020 and $10.2 million in 2021.

Definite lived intangible assets for the periods presented are subject to amortization and are being amortized using the straight-line method over periods that are contractually, legally determined, or over the period a market participant would benefit from the asset.