



verallia

CAPITAL  
MARKETS  
DAY

2021

October 7

# INVESTOR PRESENTATION

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*Certain information included in this presentation does not constitute historical data but constitutes forward-looking statements. These forward-looking statements are based on current beliefs, expectations and assumptions, including, without limitation, assumptions regarding present and future business strategies and the environment in which Verallia operates, and involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements, or industry results or other events, to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include those discussed or identified under Chapter 3 "Facteurs de Risques" in the **Universal Registration Document dated 29 April 2021, approved by the AMF under number R. 21-014**. The Universal Registration Document, which also includes the report on corporate governance, the statement of non-financial performance (Déclaration de performance extra-financière – DPEF) and a description of the Company's share buy-back program are available on the Company's website ([www.verallia.com](http://www.verallia.com)) and the AMF's website ([www.amf-france.org](http://www.amf-france.org)). These forward-looking statements and information are not guarantees of future performances.*

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# TODAY'S PRESENTERS

## SOUTHERN & WESTERN EUROPE



**Michel GIANNUZZI**  
Chairman and CEO



**Nathalie DELBREUVE**  
CFO



**Romain BARRAL**  
Director of Operations



**Alexandra BAUBIGEAT-BOUCHERON**  
Head of Investor relations



**Paulo PINTO**  
Head of Iberia



**Marco RAVASI**  
Head of Italy



**Olivier ROUSSEAU**  
Head of France

## NORTHERN & EASTERN EUROPE



**Hugues DENISSEL**  
Head of Northern and Eastern Europe<sup>(1)</sup>



**Dirk BISSEL**  
Head of Northern and Eastern Europe<sup>(2)</sup>

## LATIN AMERICA



**Quintin TESTA DOMINGUEZ**  
Head of Latin America

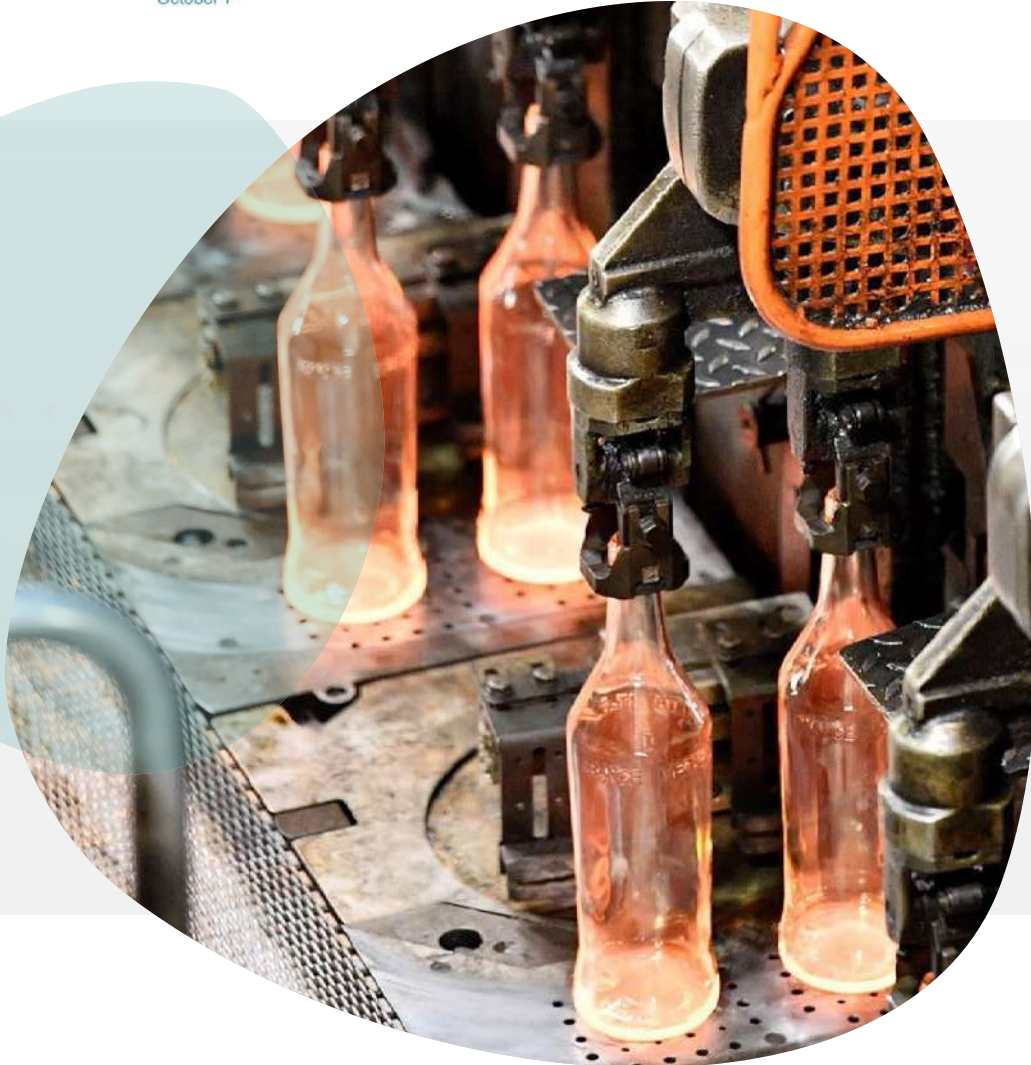
Notes: (1) Until 2<sup>nd</sup> of November 2021.  
(2) From 2<sup>nd</sup> of November 2021.



# TODAY'S AGENDA

- 1 INTRODUCTION
- 2 KEY ACHIEVEMENTS SINCE IPO
- 3 2022-24: MARKET DYNAMICS AND STRATEGIC PRIORITIES
- 4 ENVIRONMENTAL ROADMAP
- 5 SEGMENT OVERVIEW
- 6 FINANCIAL OVERVIEW & MID-TERM GUIDANCE
- 7 CONCLUSION  
FOLLOWED BY A Q&A SESSION





1

## INTRODUCTION

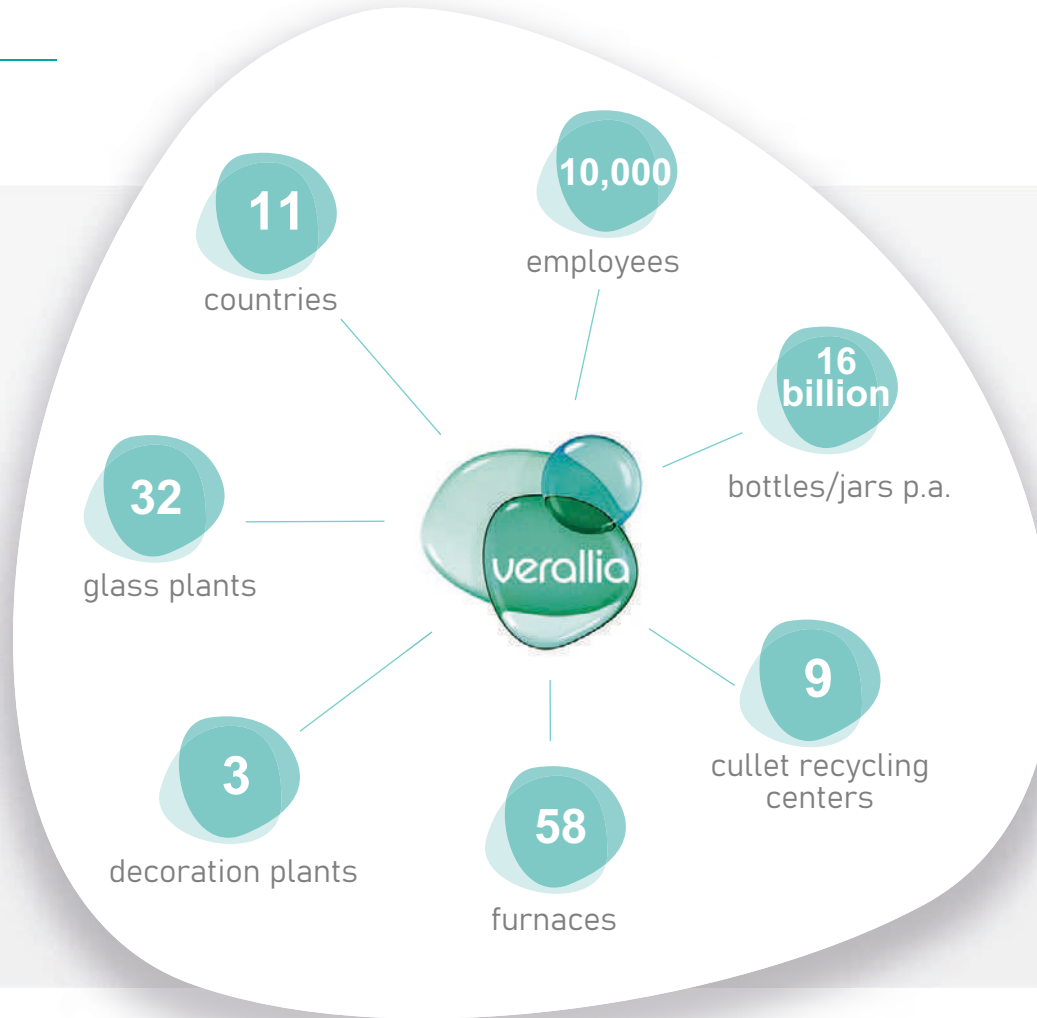
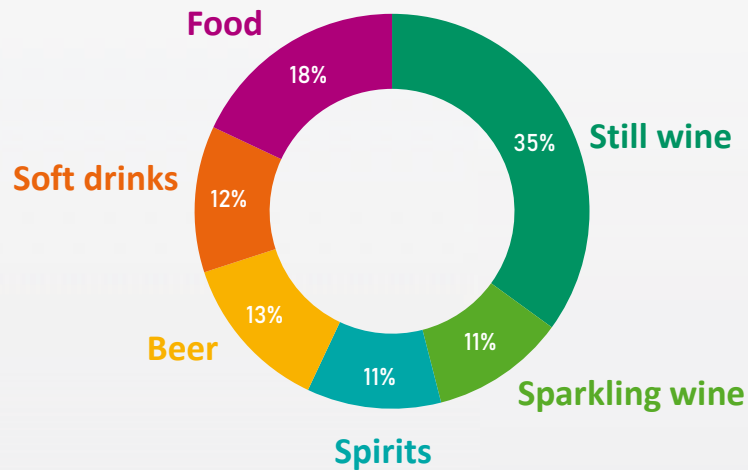


**Michel  
GIANNUZZI**  
Chairman and CEO

# A GLOBAL LEADER IN GLASS PACKAGING

## DIVERSIFIED AND BALANCED END-MARKETS

2020 Glass packaging<sup>(2)</sup> sales split by end-market



## 2021 OUTLOOK<sup>(1)</sup>

Net Sales: ca €2.6bn  
Adjusted EBITDA: ca €675m

**N°1**  
in Europe<sup>(3)</sup>  
90% of 2020 sales

**N°2**  
in Latin America<sup>(4)</sup>  
10% of 2020 sales

**N°3**  
Globally

Sources: Companies public information, management estimates and Advancy (IPO related study)

Notes: (1) Verallia Q2 2021 results.

(2) For bottles and jars only (98% of total Verallia sales).

(3) Based on 2020 sales; "Europe" using each company's definition/management estimates.

(4) Based on 2020 volumes in Argentina, Brazil and Chile.

## OUR PURPOSE

“

Re-imagine **glass**  
for a sustainable future

ESG more than ever at the heart of Verallia's purpose and strategy



# OUR VALUES



**Care**  
for customers



**Respect**  
for people,  
laws and the  
environment



**Empowerment**  
and **accountability**



**Teamwork**

# OUR BELIEFS DRIVE THE WAY WE DO BUSINESS



Our **Corporate purpose** drives our strategy and the way we do business as we take our **social and environmental responsibilities** very seriously

We deliver **sustainable and profitable growth** that **benefits all** our customers, employees and shareholders

We are **lean, agile and decentralized, close to our customers** and we **empower our teams** to best serve them

**Operational excellence and value creation** are more important than size, and this shapes our **straight-forward and focused strategy**

**Alignment and coherence of all stakeholders** around our strategy and action plans is our key success factor

We invest in this company as a **long-term owner**, and **excess cash is returned to shareholders** via dividend increase and share buy-backs



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2

## KEY ACHIEVEMENTS SINCE IPO



**Michel  
GIANNUZZI**  
Chairman and CEO

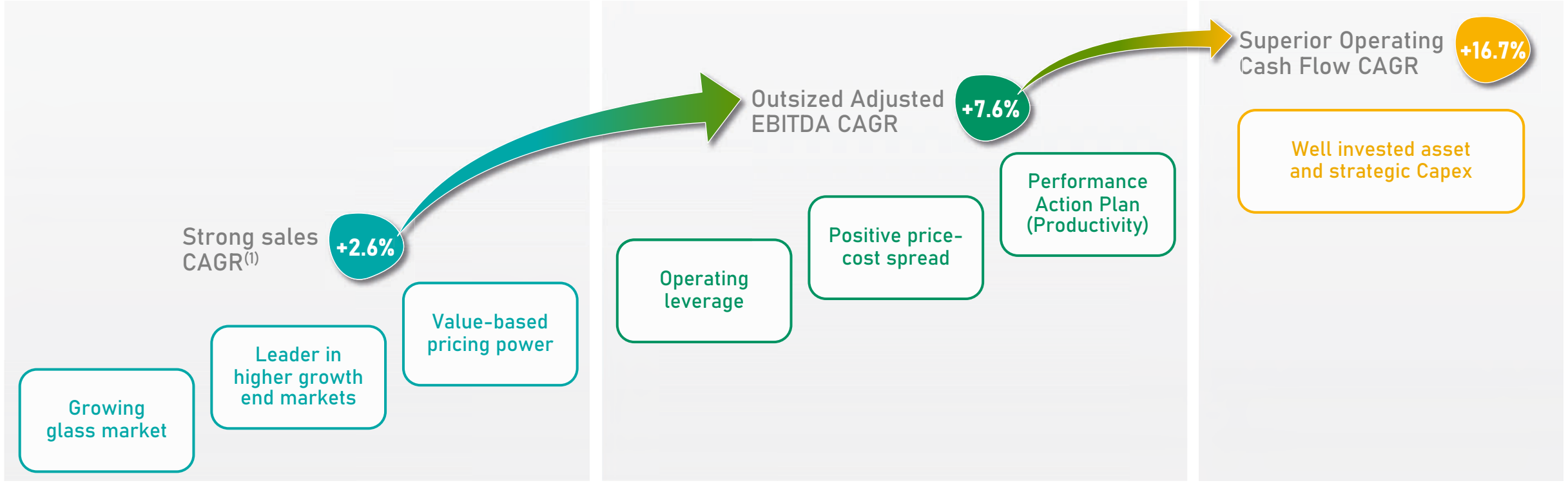


# OUR PROVEN FINANCIAL PERFORMANCE (2016-2020)

## GROWTH

## PROFITABILITY

## CASH



**Growing and cash generative business, resilient during pandemic**

Source: Company  
Notes: (1) Per 2016-2018 financials prepared for IPO that apply IFRS 15 (sales from contracts with customers) across the period.

# OCTOBER 2019 (IPO) GUIDANCE ACHIEVED ONE YEAR IN ADVANCE

(2021 VS 2022)

	SHORT TERM		MID TERM		
	2019 Guidance		2019 Actual	2020-2022 Guidance	2021 Forecast
ORGANIC SALES GROWTH <sup>(1)</sup>	+6-8%	✓	+9.1%	+3-5% CAGR	? <b>+2.1% in 2020</b> <b>+7.7% in H121</b>
ADJUSTED EBITDA / MARGIN	ca €610m	✓	€615m	> 25% in 2022	✓ <b>ca €675m</b> <i>(H121: 26% margin)</i>
RECURRING CAPEX / SALES <sup>(2)</sup>	ca 8.0%	✓	8.0%	ca 8.0% per annum	✓ <b>8.0%</b>
DIVIDEND	€100m paid out in 2020	✓	€100m	Payout ratio >40% with €100m floor	✓ <b>€118m dividend paid</b> <b>+ 2.7m shares</b> <i>repurchased</i>
NET LEVERAGE (YEAR-END)	ca 2.7x	✓	2.6x	2-3x	✓ <b>&lt; 2.0x</b>

## KEY ASSUMPTIONS AT IPO TIME

- Moderate inflation in raw material and energy costs
- Average cost of financing (pre-tax): ca 2%
- Effective tax rate going down from 30% to 26% over the period

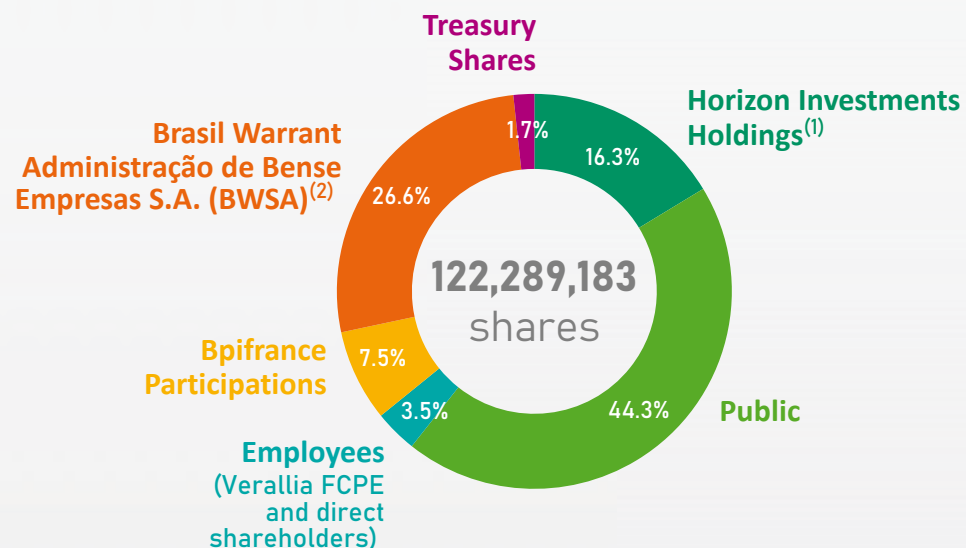
Source: Company

Notes: (1) At constant FX and excluding changes in perimeter.

(2) Excluding rights-of-use capitalization as per IFRS 16 accounting.

# EVOLUTION OF OUR CAPITAL STRUCTURE

## SHAREHOLDING STRUCTURE AS OF OCTOBER 2021



Verallia bought back its own shares for a total of €109m (3% of the capital) in March and May and cancelled 1.6m shares in June

## 6<sup>TH</sup> EMPLOYEE OWNERSHIP PROGRAM

- Verallia launched its **6<sup>th</sup> Employee Ownership Program** in May 2021
- Participation rate reached 41%** among the ca 8,000 eligible employees (75% in France)
- Around **3,200 employees (ca 41%)** are now Verallia shareholders and hold **over 3.5% of Verallia's share capital**
- This is in line with the group's objective of reaching **5%** of shares owned by employees by 2025

Notes: (1) Company 100%-owned by Horizon Parent Holdings S.a.r.l, itself indirectly controlled by AIF VIII Euro Leverage, L.P., an investment fund managed by an affiliate of Apollo Global Management, Inc.  
 (2) Acting through a fund managed by BW Gestão de Investimentos Ltda., a wholly-owned subsidiary of BWSA.





# OUR COMMITMENT TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS AND COP 21 OBJECTIVES



Enhance the **circularity** of glass packaging



Significantly reduce our **CO<sub>2</sub> emissions** across our operations



Provide a **safe & inclusive** place of work



See detailed presentation made on Jan 21<sup>st</sup>, 2021 (<http://www.verallia.com/>)

# CO<sub>2</sub> EMISSIONS REDUCTION



PLAN VALIDATED TO  
LIMIT GLOBAL WARMING  
WELL BELOW 2°C

✓ VALIDATED STATUS



OUR **NEW AMBITION** TO  
LIMIT GLOBAL WARMING  
ONLY TO 1.5°C



**Our commitment: -27.5% in 2030**  
of scope 1 & 2 emissions<sup>(1)</sup>  
in absolute value from base year 2019

LEVER 1 **Shift raw material mix**

LEVER 2 **Reduce energy consumption**

LEVER 3 **Increase use of green energy**

## New objectives

46%

**reduction in 2030**

for scope 1 & 2 emissions<sup>(1)</sup>  
in absolute value from base year 2019  
Target to be validated by SBT initiative

<40%

**Scope 3 emissions** maintained  
**below 40%** of total emissions in 2030

Net  
Zero

**in 2050**

for scope 1 & 2 emissions

(1) Commitment on Scopes 1 & 2, as our Scope 3 emissions represent less than 40% of our total Group emissions (Scopes 1, 2 and 3).



3

## 2022-24: MARKET DYNAMICS AND STRATEGIC PRIORITIES



Michel  
**GIANNUZZI**  
Chairman and CEO



# CONSUMER CONCERNS ABOUT SUSTAINABILITY OF PACKAGING HAVE INCREASED DURING COVID 19 PANDEMIC

MCKINSEY PACKAGING SURVEY EXTRACT (DEC. 2020)

	USA	UK	France	Germany	Italy	Brazil
Paper-based cartons	1	2	4	3	3	5
Glass bottles and jars	2	1	1	1	1	7
Plastic film made from renewable, compostable raw materials	3	4	2	2	2	1
Flexible paper	4	3	5	4	6	6
Plastic bottles and containers that are fully recyclable	5	5	3	6	4	3
Metal containers	7	6	7	8	8	8
Plastic bottles and containers made from recycled plastic materials	8	8	8	7	7	4
Aluminium foil wraps	9	9	9	9	9	9
Packaging combining plastic, paper, and aluminium foil	10	10	10	10	10	10

How **sustainable** do you think each of these packaging type is?

Packaging substrates ranked by number of respondents who indicated “extremely” or “very” strong

- Ranked top 3
- Ranked 4-7
- Ranked lowest 3

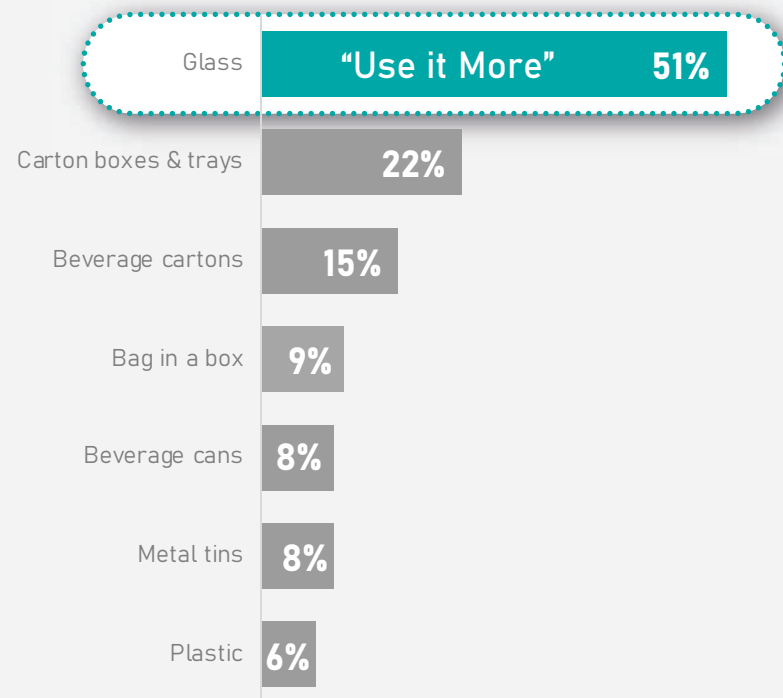
**And a vast majority of consumers are prepared to pay more for a sustainable packaging**

# CONSUMER PREFERENCES DRIVING VOLUME GROWTH

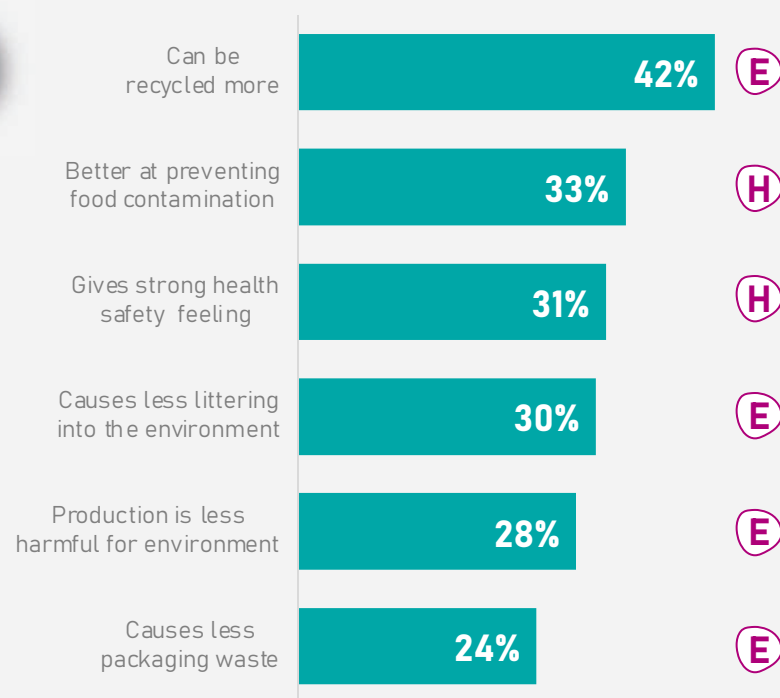
(2020 STUDIES, EU)

## CONSUMER PREFERENCES<sup>(1)</sup>

How has your purchase of the following packaging evolved over the last 3 years?

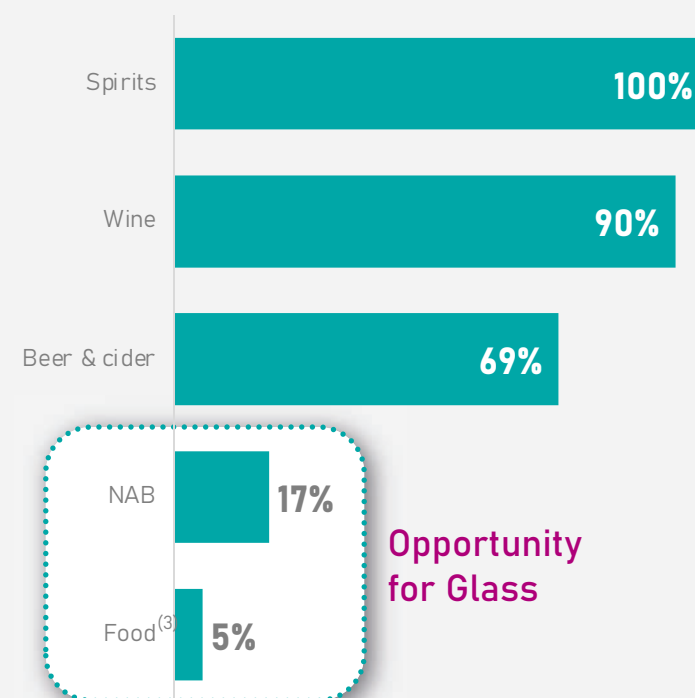


Why have your purchases of glass increased in the last 3 years?



## GLASS PENETRATION BY END MARKET

% Unit volumes (2020, 23 European Countries<sup>(2)</sup>)



**Increasing preference for glass vs. other packaging materials: H ealth & E nvironment**

Source: FEVE

Notes: (1) Consumer preferences: InSites Consulting 2020 "Packaging & Recycling" independent consumer survey (10,000 consumers across 13 European countries).

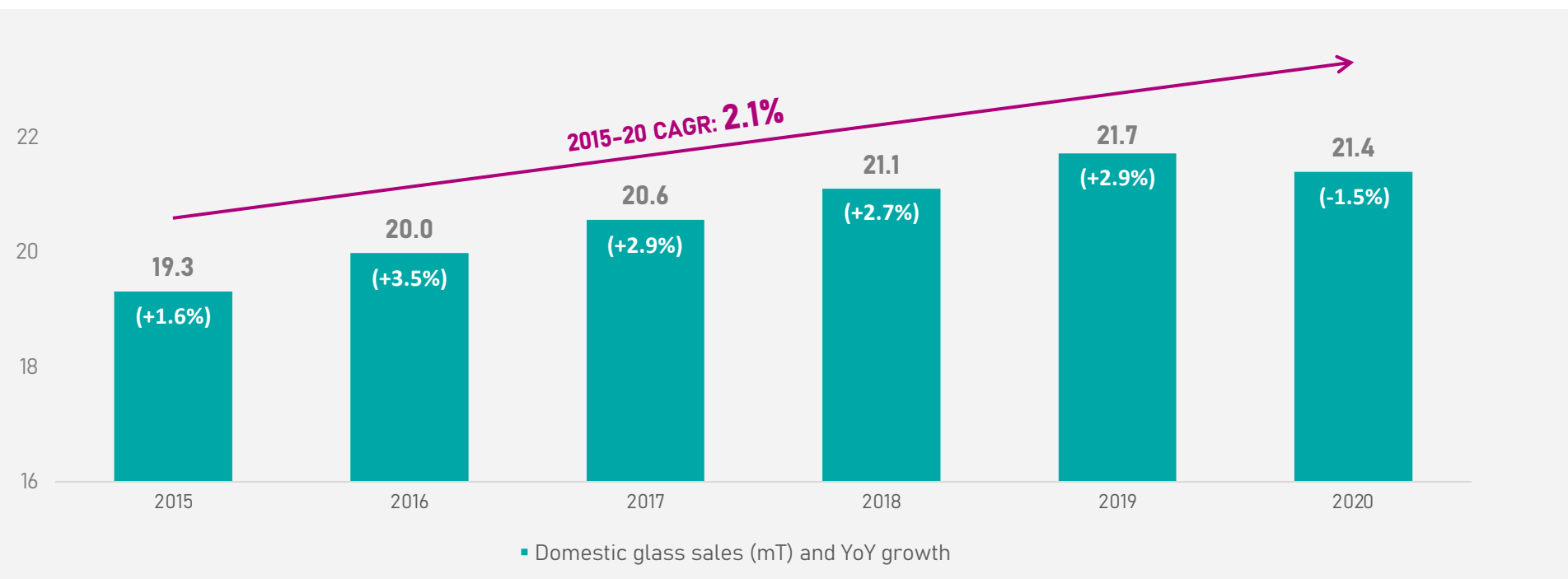
(2) Glass penetration: Vivid Economics 2020 "Food & beverage container glass market statistics 2020" study spanning 23 FEVE member countries.

(3) Share of glass in the food end market is different from that outlined in Verallia's IPO presentation (5% vs 10%) due to a change in methodology (and food end market perimeter) between the two studies; recent FEVE studies show a growing share of glass in the food end market.

# EUROPEAN GLASS PACKAGING DEMAND HAS BEEN STEADILY GROWING

## EUROPEAN DOMESTIC CONTAINER GLASS SALES VOLUMES

(Food & beverages, mT)<sup>(1)</sup>



### NOTE

21mT market  
x 2% annual growth  
≈ 420kT  
≈ 4 new furnaces pa

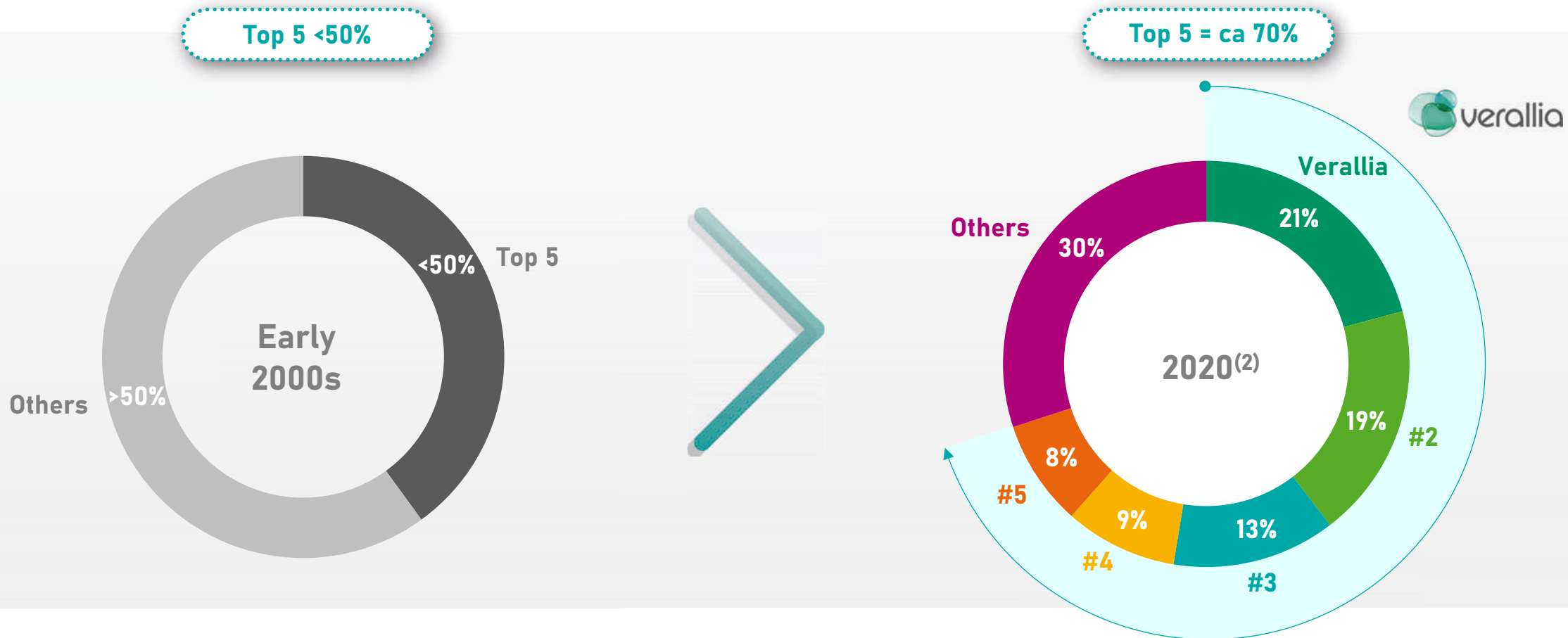
**Steady growth of demand over the past few years and strong resilience during pandemic**

Source: Vivid Economics based on FEVE data (2020 FEVE report).

Notes: (1) Total food & beverage glass container sales for EU27, UK, Switzerland and Turkey. Domestic volumes only.

# MEANINGFUL SECTOR CONSOLIDATION IN EUROPE

## EUROPEAN<sup>(1)</sup> FOOD AND BEVERAGE GLASS PACKAGING MARKET SHARES



**Top 5 players now represent ca 70% of the market**

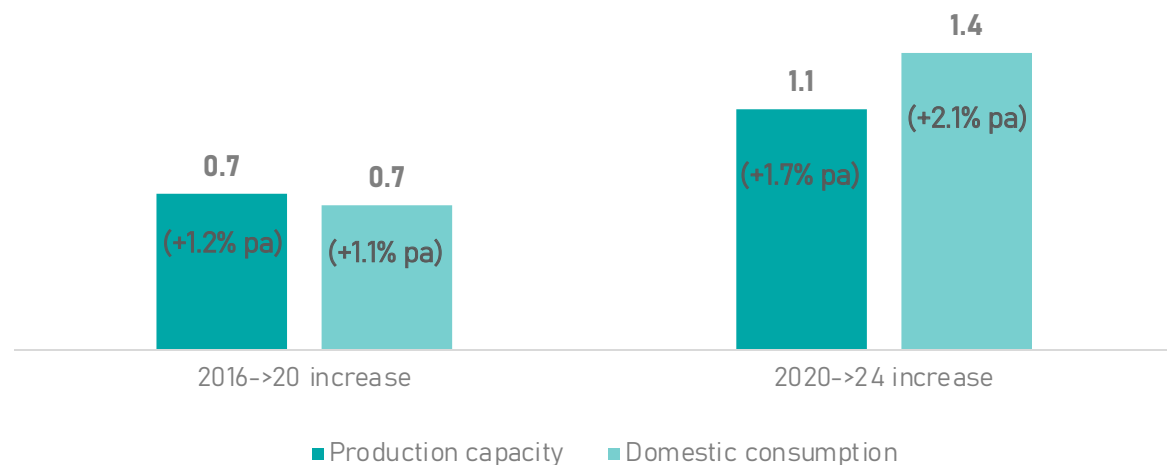
Sources: Company, FEVE, public information, broker research.

Notes: (1) Sales in Europe include EU 27, UK, Switzerland, Turkey, Ukraine, Russia.

(2) Based on 2020 Europe sales (company annual reports and financial statements).

# GROWING DEMAND IN A TIGHT SUPPLY ENVIRONMENT

## MARKET CAPACITY/DEMAND IN WESTERN EUROPE (mT)



- Moderate excess capacity built in 2020 following a tight market in 2018-19
- Annual capacity increase in coming years (ca 250kT pa or 2.5 furnaces) less than 2% of market (400kT)
- Market expected to tighten again as demand picks up from low 2020 level and more than offsets moderate capacity build

## KEY ANNOUNCED CAPACITY ADDITIONS (2020-24)

- France: Gironcourt (OI, +110kT, 2020)  
Cognac (Verallia, -105kT, 2020),  
Masnières (Stoelzle, +20kT, 2021)
- Iberia: Azuqueca (+80kT, Verallia, 2021)  
Portugal (Vidrala, +50kT, 2023) (likely)
- Italy: Villa Poma (Verallia, +120kT, 2021)  
Portogruaro (Zignago Vetro, +40kT, 2022)  
Trezzano sul Naviglio (Vetropack, +160kT, 2023)  
Nogaro (Vetreteria Cooperativa Piegarese, +120kT, 2023)
- Germany: Holzminden (OI, +35kT, 2021)  
Boffzen (Noelle + von Campe, +110kT, 2022)  
Schleusingen (Wiegand, n/a)

**Verallia will build 1 new furnace in Italy by 2024**

Source: Company reports and press releases, Verallia estimates based on public information.

Scope: France, Italy, Spain, Portugal, Germany & Benelux (15mT+); data exclude forced downtime and net import / export.

Note: Above data exclude i) the announced greenfield investment by Ciner Glass in Belgium (no impact expected before 2025) and ii) new furnaces announced by Verallia herein.



# OUR 4 STRATEGIC PRIORITIES

**Pursue disciplined growth**  
(incl. strategic investments)



**Increase operational excellence**



**Anchor a strong entrepreneurial culture**



**Invest wisely for a sustainable future**



**For a profitable, inclusive and durable growth**

# DETAILED STRATEGIC INITIATIVES FOR 2022-2024

1

## PURSUE DISCIPLINED GROWTH

- Improve **Customer Experience** to grow the business
- Complete **Value Based Pricing deployment** on all market segments
- Actively seek value accretive **acquisitions or new greenfield / brownfield** projects

2

## INCREASE OPERATIONAL EXCELLENCE

- Focus on **unsafe behaviors** to achieve **zero accident**
- Keep **Performance Action Plans** reducing production cash cost **more than 2% (€35m) pa**
- Deploy **Verallia Industrial Management** system (**VIM 2.0** bottles roadmaps)

3

## INVEST WISELY FOR A SUSTAINABLE FUTURE

- Improve **working conditions** (health and safety, incl. ergonomics)
- Reduce **CO<sub>2</sub> emissions** and energy consumption (incl. hybrid furnace project)
- Leverage Data Analytics and Artificial Intelligence to improve **Process Control**

4

## ANCHOR A STRONG ENTREPRENEURIAL CULTURE

- Reinforce across the organization our **purpose and values**, increase **accountability, speed and agility**
- Improve **learning ability** (through Root Cause Analysis methodology)
- Reinforce **talent pool** and increase **diversity**

# OUR DIFFERENTIATED STRENGTHS AND OPPORTUNITIES

## SUPPORTIVE MARKET DYNAMICS

- ✓ **Growing demand** in a tight supply environment
- ✓ **Substitution from plastics and premiumization** trend favouring glass
- ✓ **Market consolidation** opportunity

## KEY VERALLIA STRENGTHS AND OPPORTUNITIES

- A** **Leadership positions** in own key markets and geographies
- B** Beyond products, **focus on services and customer experience**
- C** **Largest product portfolio**, including strong **premium and personalized offer**, and most **diversified customer base**
- D** **Flexible plants and organization**, close to customers
- E** Unique **Performance Action Plan methodology** driving operational excellence and continued cost reduction
- F** **Smart, sustainable capex policy** supporting a clear, ambitious ESG roadmap and CO<sub>2</sub> reduction targets
- G** **Industrial performance** improvement potential **in France**

# LEADERSHIP POSITIONS IN OWN KEY MARKETS AND GEOGRAPHIES

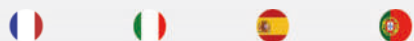
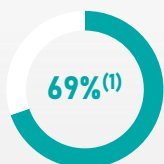
REGION

# POSITION

VERALLIA GROWTH DRIVERS

ASSETS

Southern and Western Europe



- Leading share in **wine (still and sparkling)** leveraging growing export trends and premiumization
- High growth in **sparkling wine** market (eg prosecco)
- Leader in fast growing **spirits** market with strong exposure to premiumization, customization and export (eg cognac)

**20**  
# of glass production sites

**35**  
# of furnaces

**7**  
# of cullet treatment facilities

Northern and Eastern Europe<sup>(2)</sup>



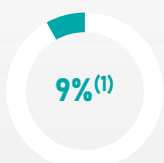
- Leader in **wine, food and non-alcoholic beverages**
- Steady growth in **food and NAB** (demand for “healthy packaging”)
- Rising demand for **beer** driven by German exports and premiumisation / craft beer

**7**  
# of glass production sites

**17**  
# of furnaces

**2**  
# of cullet treatment facilities

Latin America



- High **still wine** share with well located production sites
- Fast growing **beer** market in Brazil driven by trend towards craft, premium and “one-way” bottles
- **Wine** exports driving strong growth in Chile and Argentina

**5**  
# of glass production sites

**6**  
# of furnaces

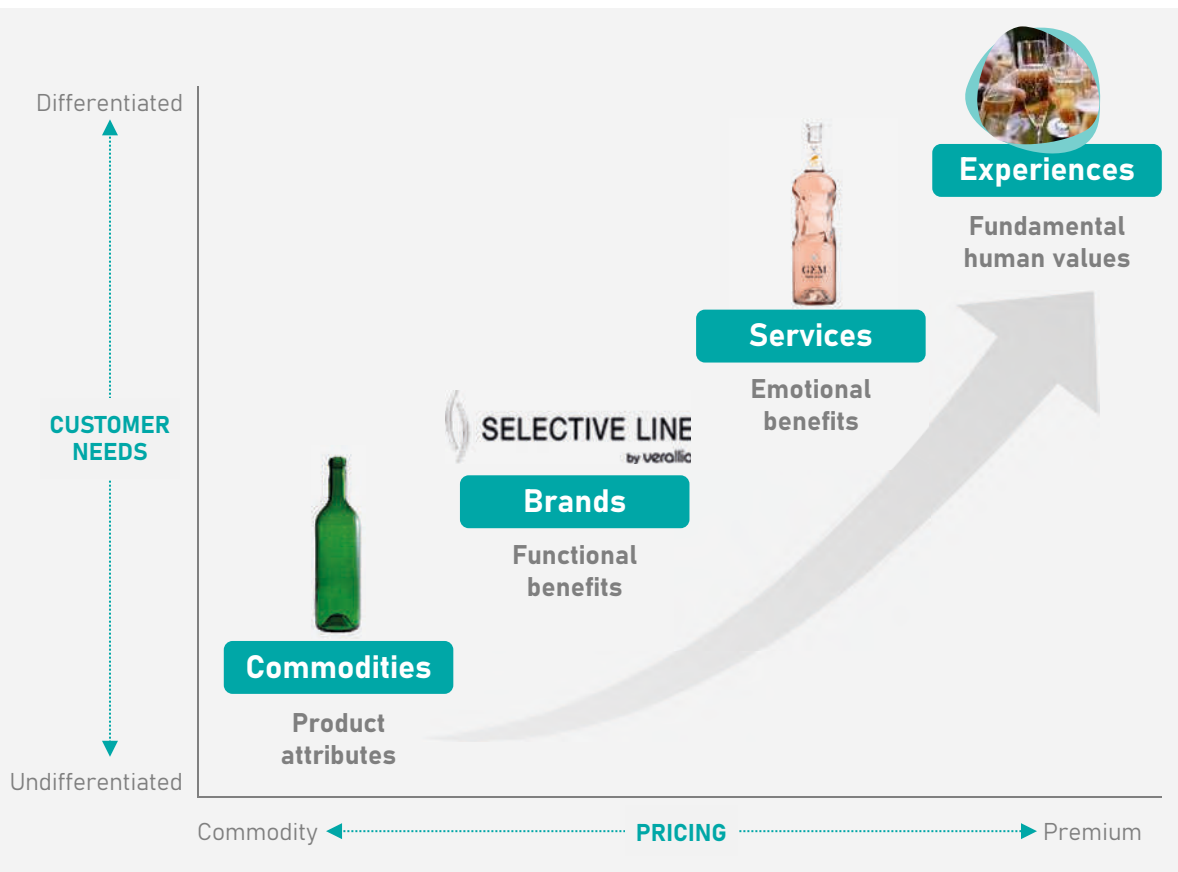
**Well positioned to capture key markets growth**

Source: Company, Advancy (IPO-related study)

Notes: (1) 2020 revenue contribution.

(2) Activity from Verallia’s Polish subsidiary is included in NEE financials but all market data are focused on Verallia’s production footprint and therefore exclude the Polish market.

# BEYOND PRODUCTS, FOCUS ON SERVICES AND CUSTOMER EXPERIENCE



## CUSTOMER-CENTRIC SALES ORGANIZATION

- Strong team of ca **300 local sales people** complemented by dedicated international account managers handling global clients
- Primarily **direct sales** (ca 90%)

## VALUE-BASED PRICING ACROSS THE PORTFOLIO

- Implementation of Pricing Software to **develop value-based pricing strategies**, provide Pricing Guidance to Sales teams and **monitor performance vs guidance**
- Creation of Pricing Manager role within countries' sales & marketing organisation to achieve **Pricing Excellence**

## IMPROVED CUSTOMER EXPERIENCE

- Implementation of **Net Promoter Score** (NPS)
- Mapping of all interactions between customers and Verallia

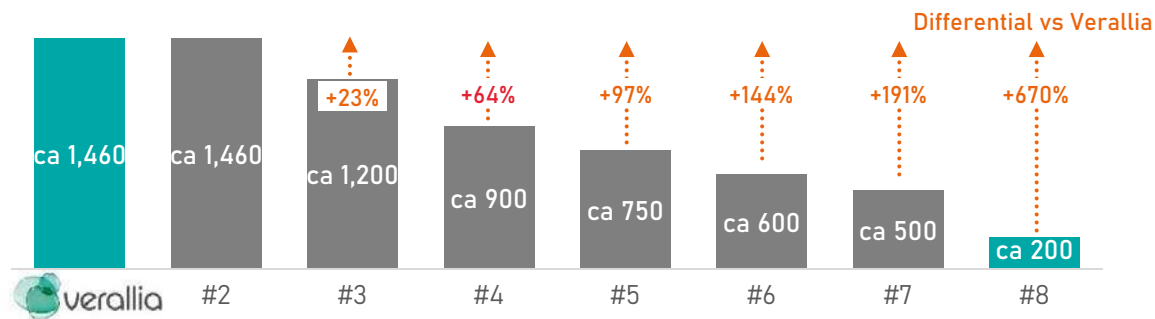
**Customer-centric organization improving service and customer experience**





# LARGEST PRODUCT PORTFOLIO & MOST DIVERSIFIED CUSTOMER BASE

## LARGEST PRODUCT PORTFOLIO IN EUROPE\*



## BROAD AND DIVERSE CUSTOMER BASE

2020 Sales Split	Products	Customers	Customer Concentration
35%	Still Wine	Mostly local	
11%	Sparkling Wine	Mostly local	
18%	Food	< 10 global + local	
12%	Non-Alcoholic Beverage	Significant share of global	
11%	Spirits	6 global + local	
13%	Beer	5 major players < 50% Mostly global	

## STRONG CUSTOMER INTIMACY

- High customer loyalty nurtured by large sales force (ca 300 people)
- Mix of large and smaller customers (more than 10,000 clients)
- Top 10 customers account for only 17% of 2020 sales
- #1 customer accounts for only 4% of 2020 sales



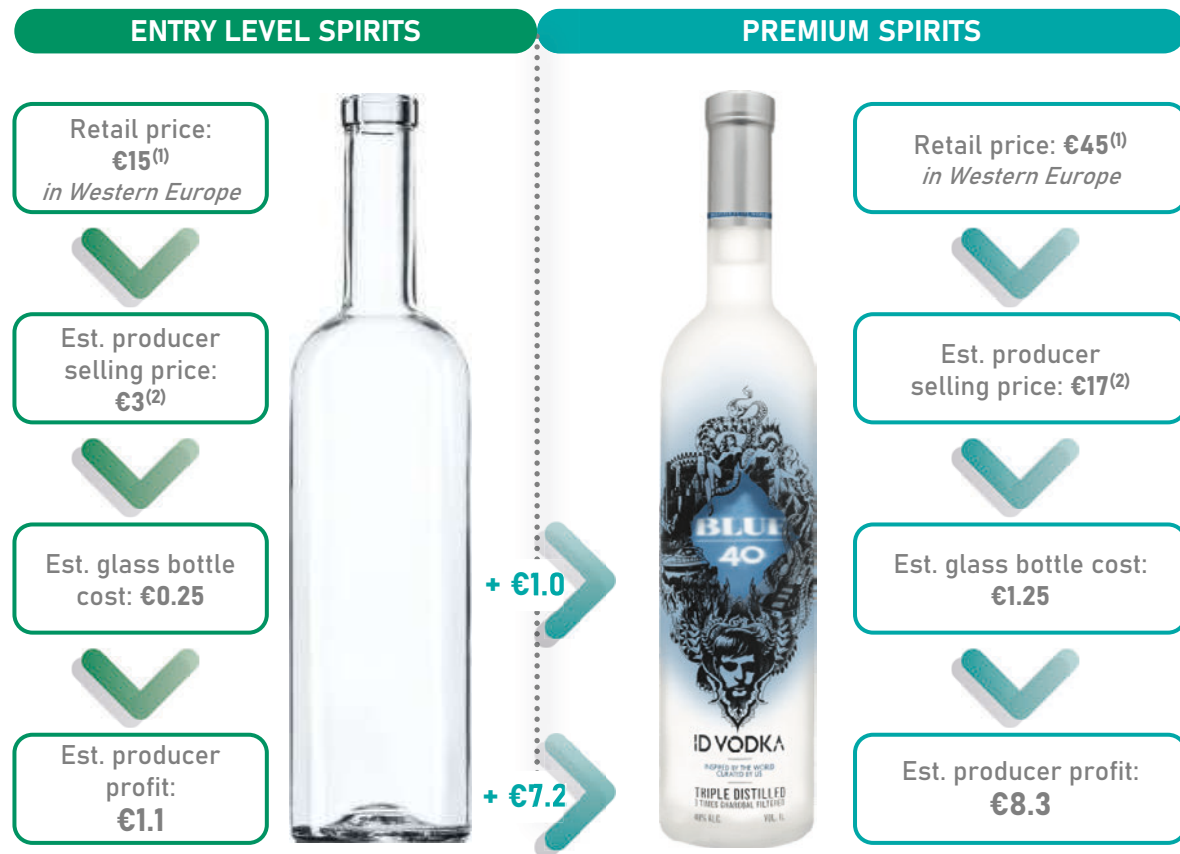
**Broad and diverse customer base enables value-based pricing power**

Source: Company, FEVE, company web sites and press releases.  
\* as of H1 2021.



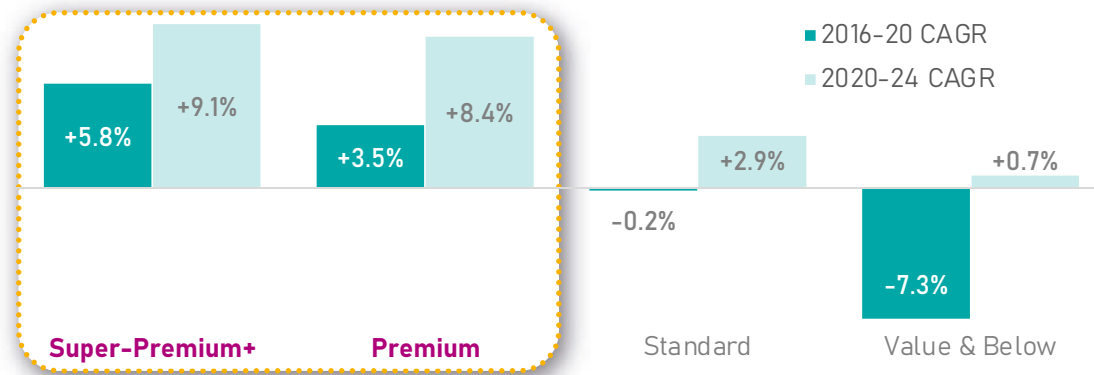
# SPIRITS FOCUS: CAPTURING GROWING DEMAND FOR PREMIUM PRODUCTS

## PREMIUM VODKA CASE STUDY – PREMIUMIZATION



## HIGHER GROWTH FROM PREMIUM SPIRITS

Global spirits volume growth<sup>(3)</sup>



## PREMIUM GLOBAL BRANDS AS CLIENTS



**Premium spirits command higher margins and drive faster growth**

Sources: Company, IWSR Vinexposium Report 2020, Advancy (IPO-related study).

Notes: (1) Incl. VAT and excise duty. Excise duty varies across Europe, they are paid in consumption country and based on alcohol type, and % of pure alcohol. (2) Producer selling price based on common average distribution margin for alcoholic drinks in retail. (3) product is considered ultra-premium when its market value is over \$20, premium when its market value is \$10-19.99, standard when its market value is \$5-9.99 and value and below when its market value is below \$5.

# DIFFERENTIATION, PREMIUMIZATION & CUSTOMIZATION IN OUR DNA

## INTERNATIONAL PREMIUM RANGE WITH "SELECTIVE LINE"

Naked bottle

Finished product

Decoration inspiration

Customizable

Dedicated team

Annual trend book

Designer partnerships

- Premium and ultra-premium products
- Customizable bottles for spirits, wine and water
- Joint development with in-house glass making experts and designers

SELECTIVE LINE by verallia

## HIGH SHARE OF PREMIUM PRODUCTS

Higher differentiation, higher margins

Other products  
86% of sales (Europe)<sup>(1)</sup>

Selective Line  
14% of Sales (Europe)<sup>(1)</sup>  
+ 12pts of Margin<sup>(2)</sup>

## LARGE RANGE OF SPECIFIC FEATURES

Finishes

Colors

Engravings /decoration

Push-ups

Contents (size/shape)

3 Integrated decoration plants<sup>(3)</sup>

## DESIGN COMPETITIONS AND AWARDS

Commercial successes  
Imagined by award-winners

2010 winner  
Soirée à rosé

2016 winner  
Serac

2018 winner  
Santero

VERALLIA DESIGN AWARDS

**Premium look-and-feel and enhanced customer experience**

Sources: Company, Advancy (IPO-related study).

Notes: (1) A product is considered mid differentiated when few competitors can offer the same product, service and quality, when substitution is possible but with some delays and when margin is above avg. A product is considered highly differentiated when it requires specific know-how (product, service, quality, innovation), when competitors need more than six months to substitute. (2) Based on 2020 volume and ASP per reference. (3) Two decoration plants located in France and one in Poland.

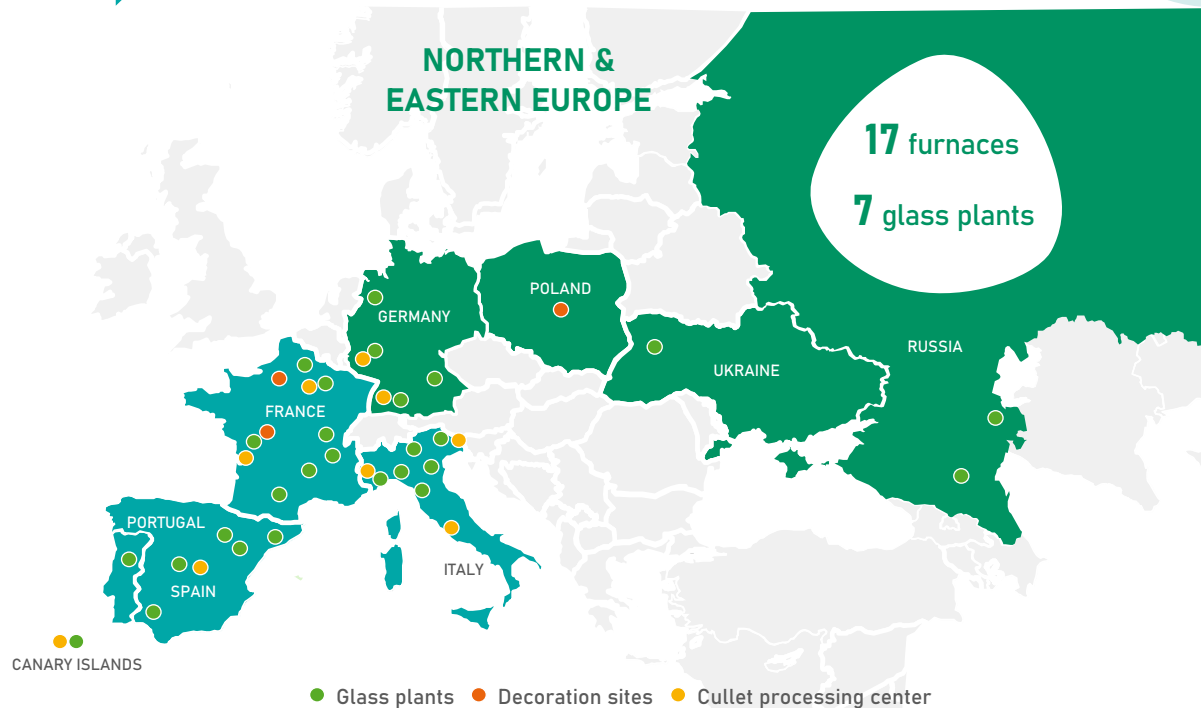
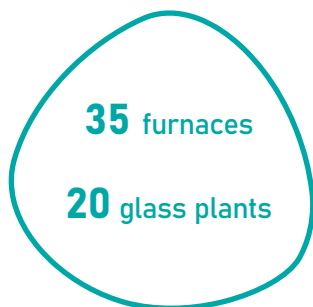
# FLEXIBLE PLANTS AND ORGANIZATION, CLOSE TO OUR CUSTOMERS

## LOCAL PARTNER

- Fully empowered local entities providing commercial agility
- Outstanding customer intimacy with ca 300 local sales representatives
- Differentiated and customised portfolio, tailored to local markets
- Joint client product development capabilities and industrial flexibility



## SOUTHERN & WESTERN EUROPE



## GLOBAL PLAYER

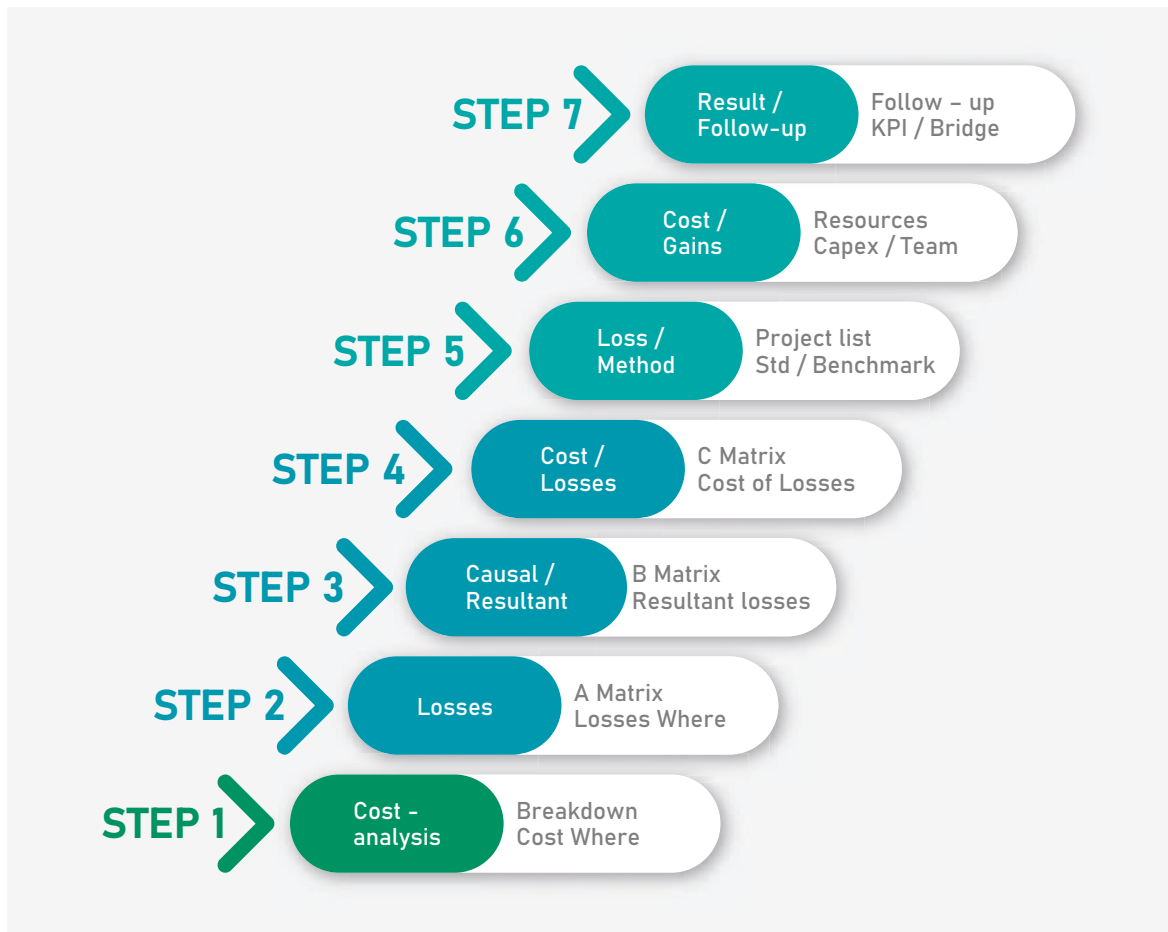
- Global commercial approach to multi-national customers
- Innovation and technical know-how benefiting all countries
- Shared industrial and commercial best practices
- Economies of scale and superior procurement capabilities

Verallia's differentiated "glocal" approach: a winning combination of local reach and global scale



# UNIQUE PERFORMANCE ACTION PLAN METHODOLOGY...

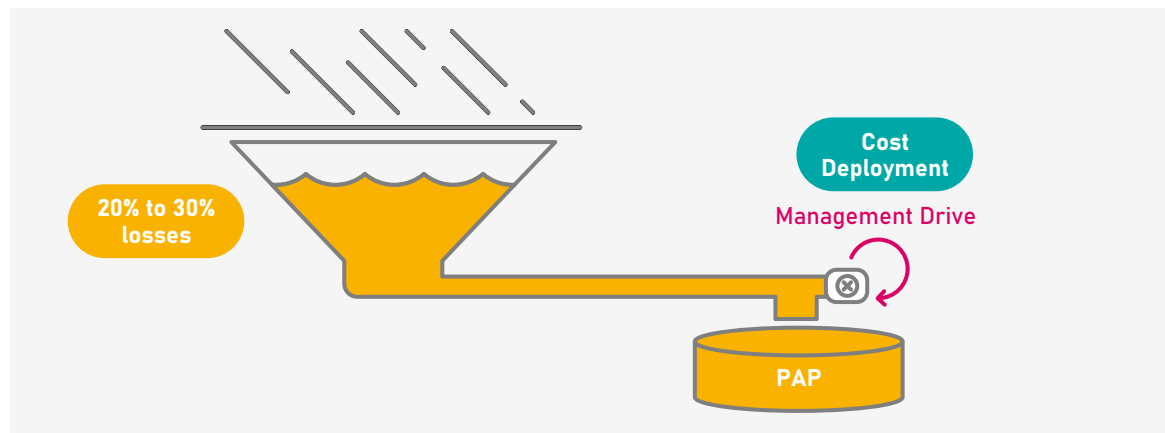
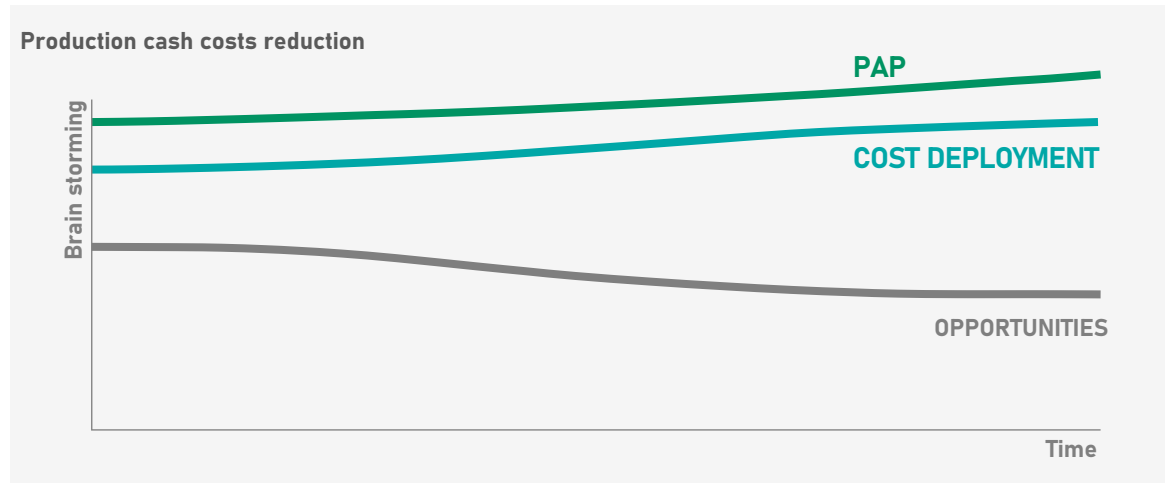
## PROVEN METHODOLOGY FOR COST REDUCTION



> 500 initiatives

> 250 project leaders

## PERFORMANCE ACTION PLAN ("PAP")



>2% production cash cost<sup>(1)</sup> reduction (> €35m) per annum

Source: Company.

Note: (1) Cash plant / site costs (i.e. excluding SG&A, freight on sales, depreciation, change in working capital or provisions for claims).





# ... DRIVING OPERATIONAL EXCELLENCE & CONTINUED COST REDUCTION

## MONTHLY INTERNAL TRACKING TOOL

	Nb of Projects Pending	Nb of Projects Started	Nb of Projects Delivering	COST SAVINGS by MATURE - France			CAPACITY INCREASE - France		
				Budget End Of Year	Budget YTD	Actual YTD	Budget End Of Year	Budget YTD	Actual YTD
				€1.000 Constant	€1.000 Constant	€1.000 Constant	kTons	kTons	kTons
Melting Energy	0	2	15	1 142	200	305	0,1	0,0	0,0
Other Energy	0	6	8	598	95	118	0,0	0,0	0,0
Rearing	0	5	18	2 802	658	681	1,7	0,4	0,8
Maintenance	0	1	4	430	108	81	0,0	0,0	0,0
Raw Materials	0	5	16	1 074	421	437	0,0	0,0	0,0
Labor	0	5	8	503	113	293	0,0	0,0	0,0
Other									
Yield									
Spend									
Weight									
Industrial PAP									

	Nb of Projects Pending	Nb of Projects Started	Nb of Projects Delivering	COST SAVINGS by PLANT			CAPACITY INCREASE			Comments
				Budget End Of Year	Budget YTD	Actual YTD	Budget End Of Year	Budget YTD	Actual YTD	
				€1.000 Constant	€1.000 Constant	€1.000 Constant	kTons	kTons	kTons	
East Wuxuech	0	12	17	1 806	275	308	7,8	1,3	1,8	1. Higher Cost Saving in current input products (2007,20020)
Luzon	0	10	10	1 950	253	248	3,2	0,7	1,0	2. Adjustment of margin values for (37-45, 2014 (M PAP)
Nanning	0	11	15	1 140	200	305	3,8	1,0	-0,3	3. Extra material savings (2008)
Wagao	0	14	13	1 100	157	197	2,5	0,8	0,8	4. 2 additional projects since PAP 20 (2002, 0205)
Kempekin	0	5								5. Adjustment of margin values for capacity (2004) PAP
Koumboukoko	1	3								6. Extra increase in output and quality (vs. target 15017)
Zorgo	0	5								7. Extra increase in output and quality (vs. target 15017)
Total	1	42								

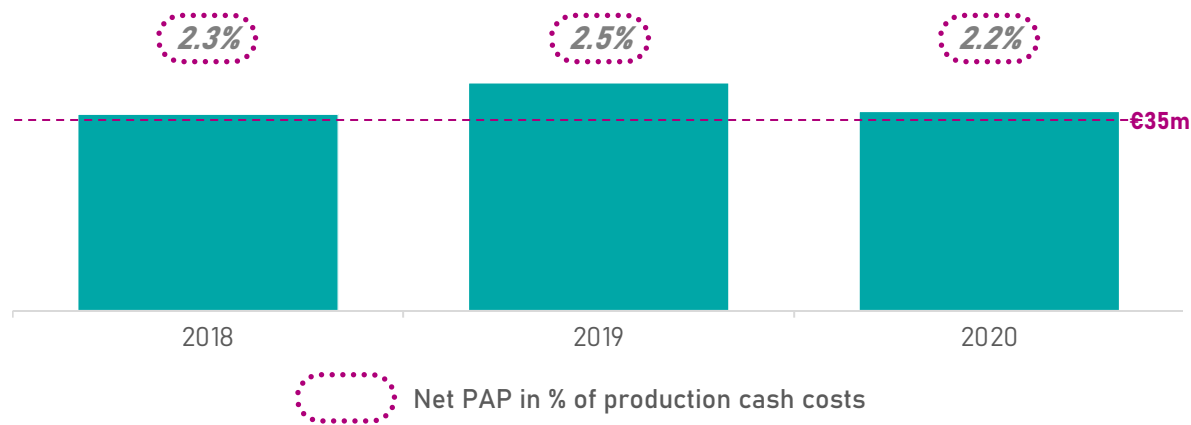
  

Plant	Status	Period	€1.000 (2018 = 1.000)											
			Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Iberia	Algarveira	New + CO	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1
			0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1
Burgos	New + CO	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
		0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Figueras Da For	New + CO	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	
		0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	
Gran Canaria	New + CO	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	
		0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	
Montblanc	New + CO	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	
		0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	
Sevilla	New + CO	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	
		0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	
Zaragoza	New + CO	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	
		0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	
CENTRAL VIS	New + CO	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	
		0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	0,1	
Total Iberia	New + CO	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
		0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	

## ACTIONS

- Performance Action Plan (“PAP”) programme implemented as part of the Verallia Industrial Management (“VIM”) 2.0 initiative in 2018
- >2% production cash cost reduction (> €35m pa, net of industrial variance)
- Part of Verallia’s industrial strategy and mid-term financial objectives

## P&L IMPACT CONFIRMED IN FINANCIAL BRIDGES (€M)



At least €35m of costs eliminated annually since 2018 (2% of production cash costs / 140bps Adj. EBITDA margin)

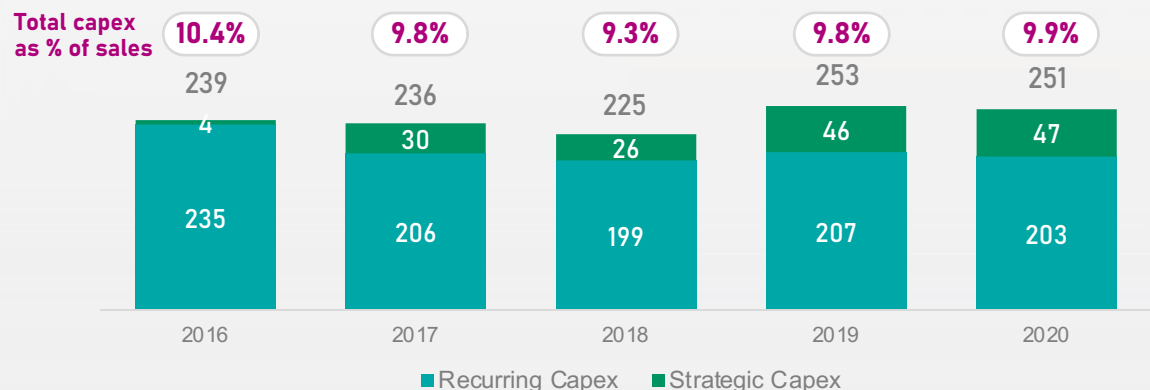
Source: Company.  
Note: 2018 net PAP impact excludes ca €10m in one-off savings on SG&A expenses.



# SMART CAPEX POLICY SUPPORTING CLEAR, AMBITIOUS ESG ROADMAP

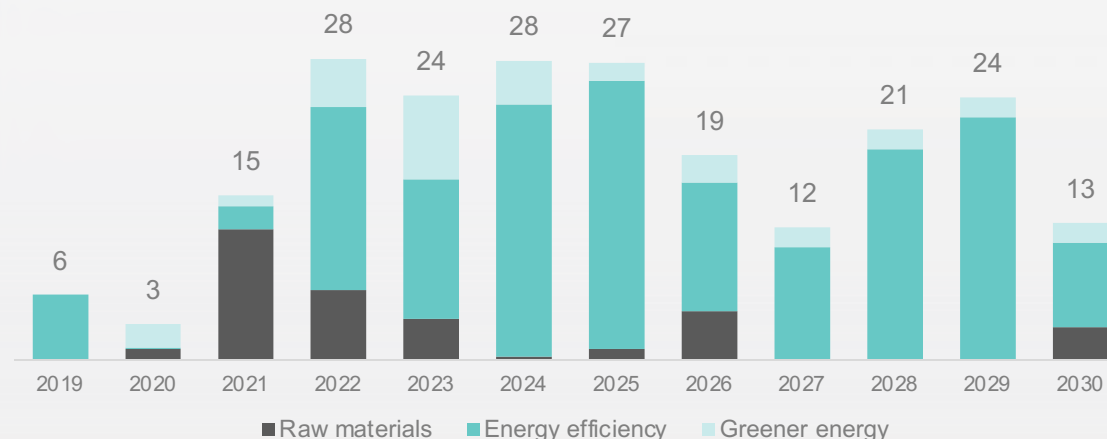
## SMART CAPITAL EXPENDITURE (M€)

- Benefiting from a well invested asset base
- Short payback/high return, machine standardization (payback well below 3 years) and artificial intelligence used to improve process control
- Strategic investments with one new furnace every year in higher-growth geographies (Brazil, Italy)
- R&D on process innovation and environmental impact/CO<sub>2</sub> emissions



## ANNUAL CASH OUT INVOLVED IN CO<sub>2</sub> REDUCTION PLAN (M€)

- **Total investment** required to reach 2030 CO<sub>2</sub> reduction target is estimated at **ca €220m**
- An estimated €180m (out of €220m) will be treated as Verallia Strategic Capex (i.e. in addition to 8% recurring capex)
- Bulk of Capex linked to energy efficiency as other sources of CO<sub>2</sub> reduction will involve changes in raw material or energy purchasing mix



**Smart investments to support a profitable and sustainable growth strategy**

Source: Company.



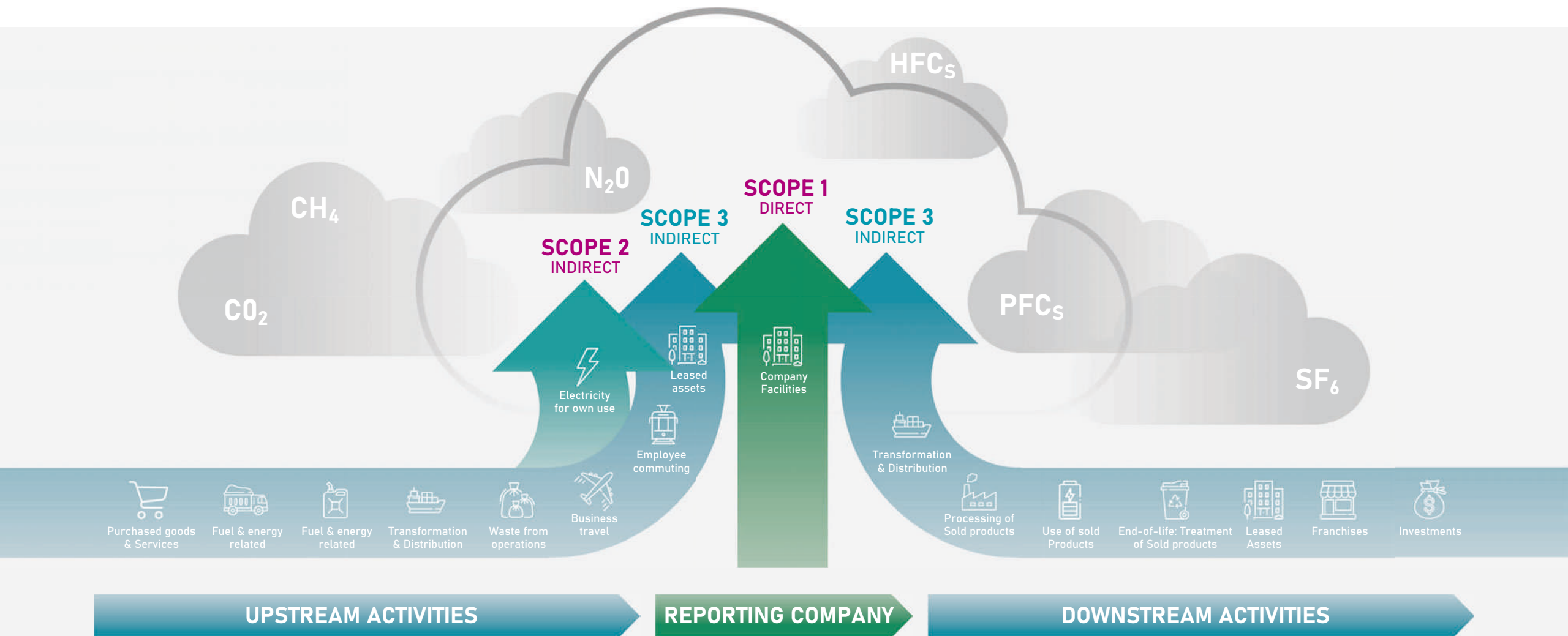
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## ENVIRONMENTAL ROADMAP



**Romain  
BARRAL**  
Director of Operations

# CO<sub>2</sub> EMISSIONS: THE 3 SCOPES



For Verallia emissions from GHG other than CO<sub>2</sub> are insignificant.



# CO<sub>2</sub> EMISSIONS REDUCTION: PLANS ARE ON TRACK TO STAY WELL BELOW 2°C



PLAN VALIDATED TO LIMIT GLOBAL WARMING WELL BELOW 2°C



✓ **VALIDATED STATUS**



**Our commitment:  
-27.5% in 2030**

of scope 1 & 2 emissions<sup>(1)</sup>  
in absolute value from base year 2019



**Status:**

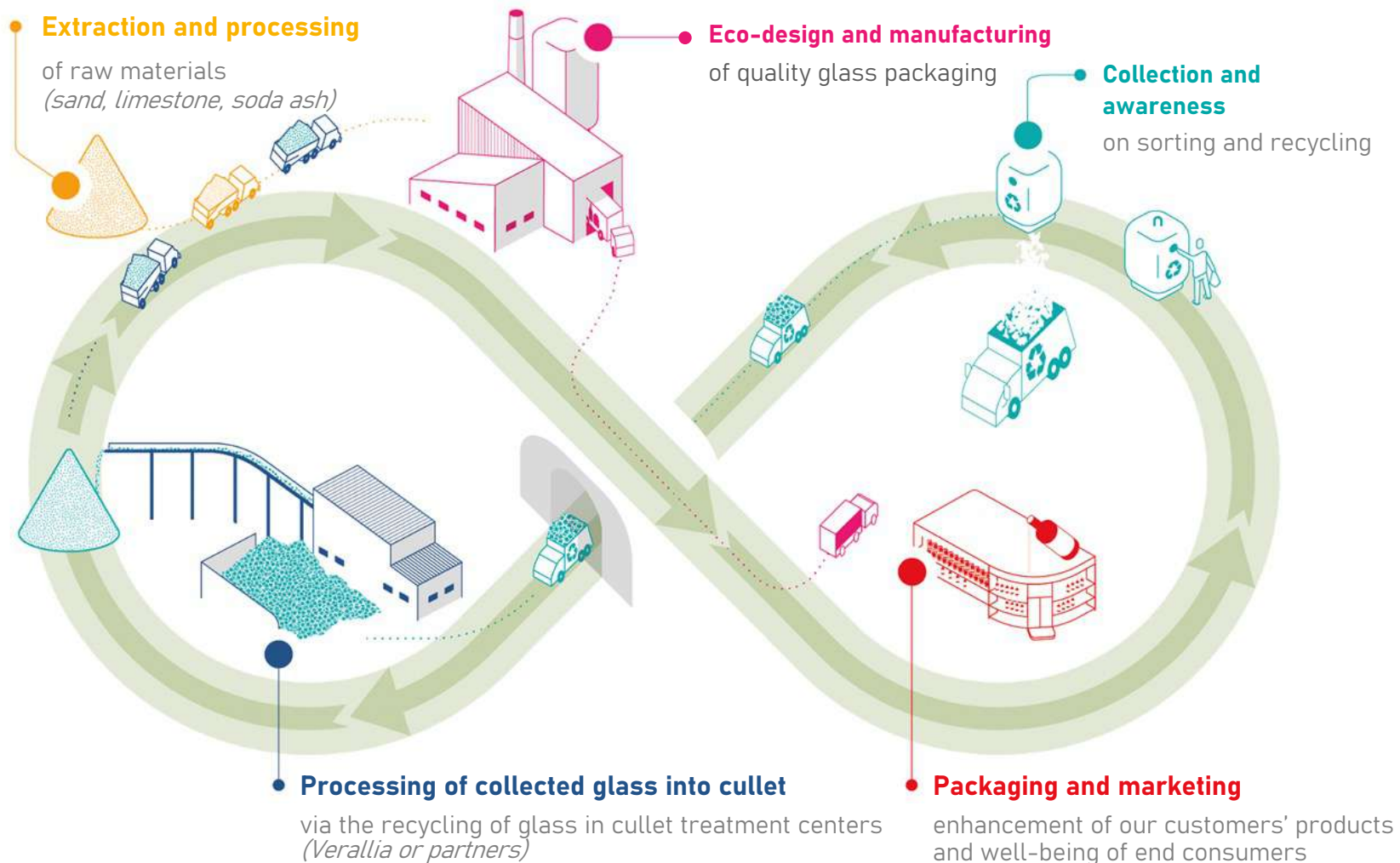
**All actions on track,  
for all 3 levers**

(cf. next pages)

Intermediate target for 2025 for Sustainability Linked Bond: -15%

(1) Commitment on Scopes 1 & 2, as our Scope 3 emissions represent less than 40% of our total Group emissions (Scopes 1, 2 and 3).


# CIRCULARITY IS CORE TO OUR MODEL




**SAVINGS\***

**+10pts**  
of cullet

**=**

**-5%**   
of CO<sub>2</sub>  
emissions

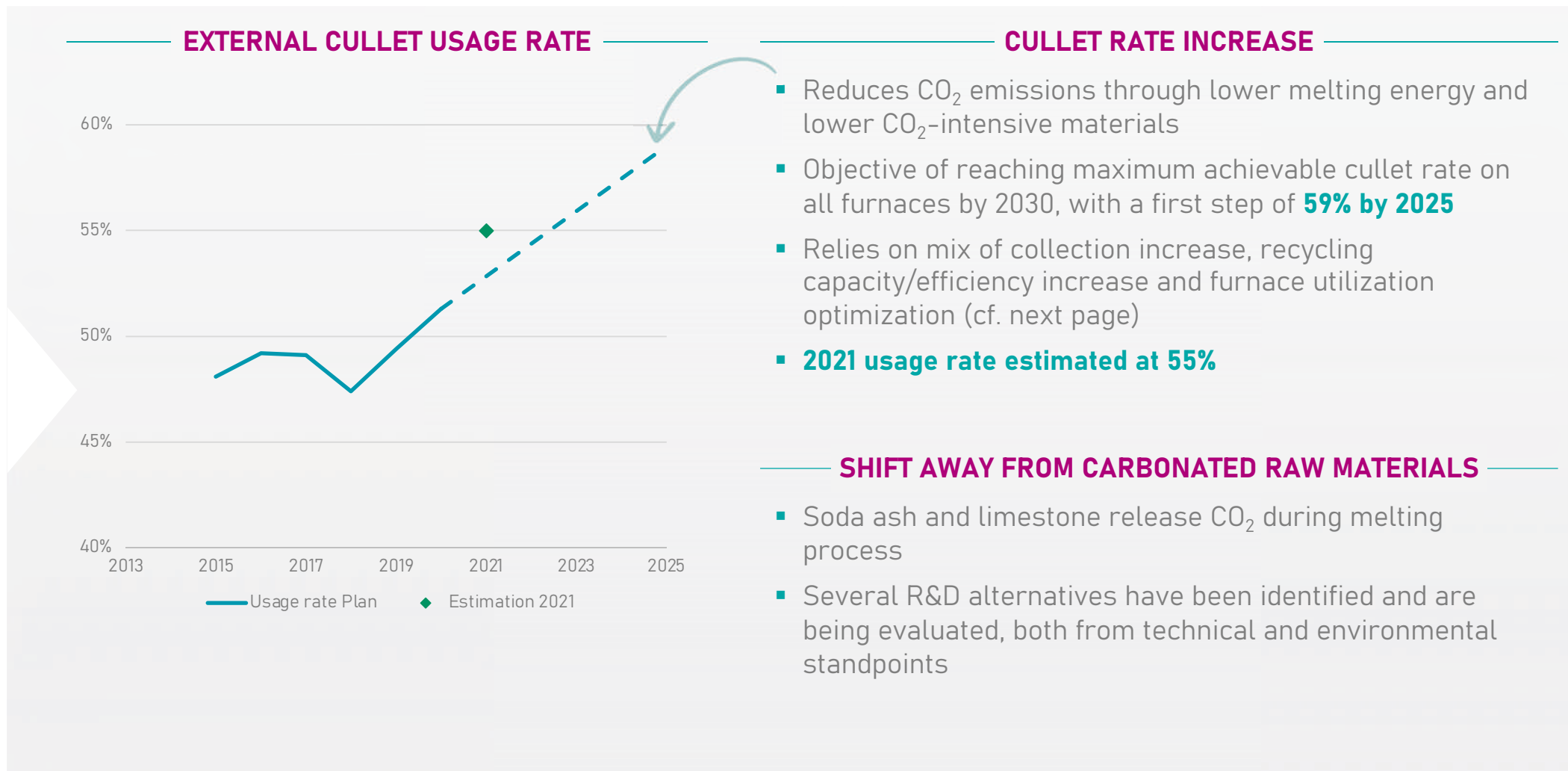
**-2.5%**   
of energy  
consumption

Source: Company.

\* Press release from the Fédération Européenne du Verre d'Emballage (FEVE), 12 April 2018.

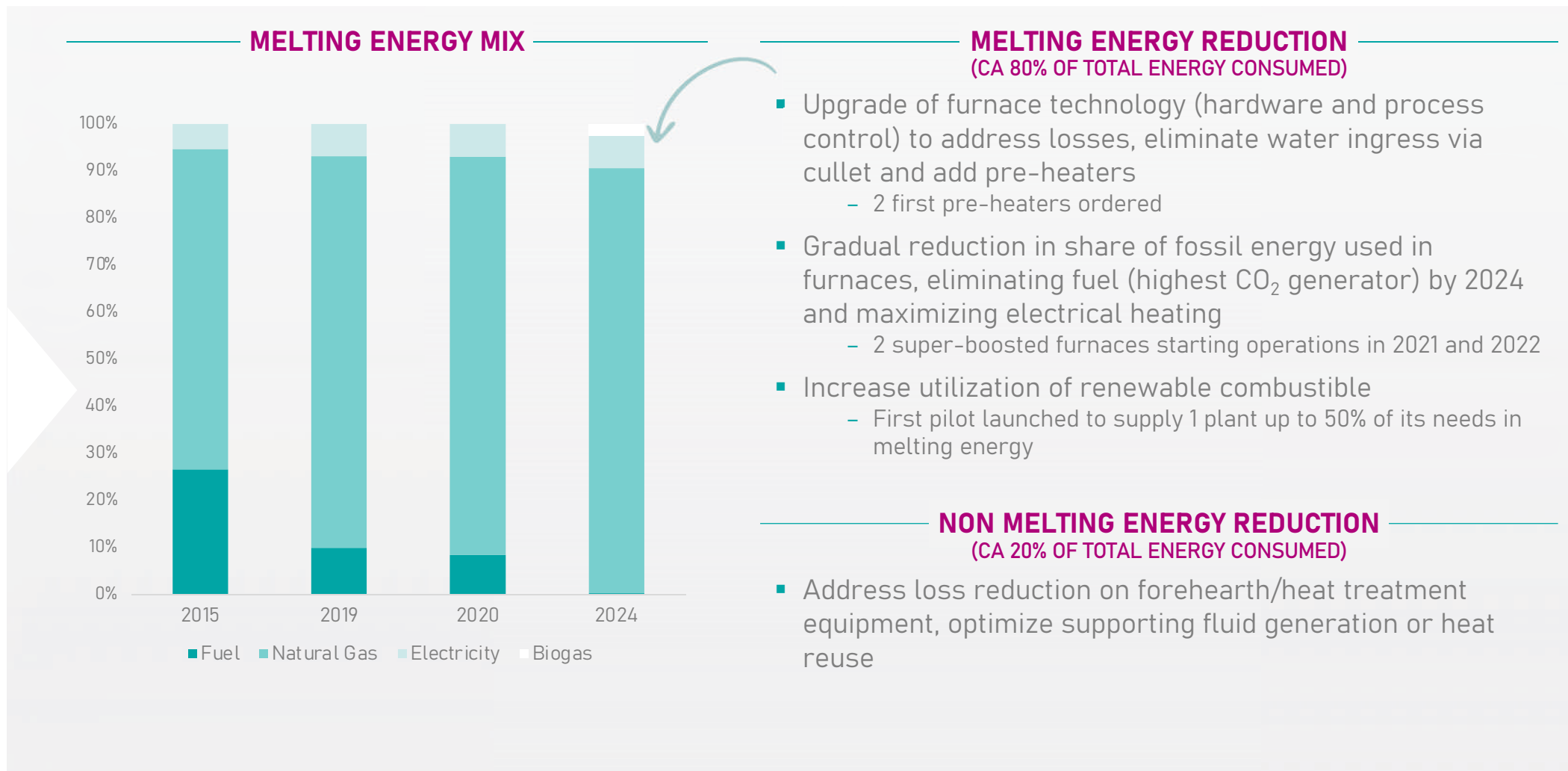
# CO<sub>2</sub> EMISSIONS REDUCTION: PLANS ARE ON TRACK TO STAY WELL BELOW 2°C

LEVER  
**1**  
Shift raw material mix



# CO<sub>2</sub> EMISSIONS REDUCTION: PLANS ARE ON TRACK TO STAY WELL BELOW 2°C

LEVER  
**2**  
Reduce energy consumption

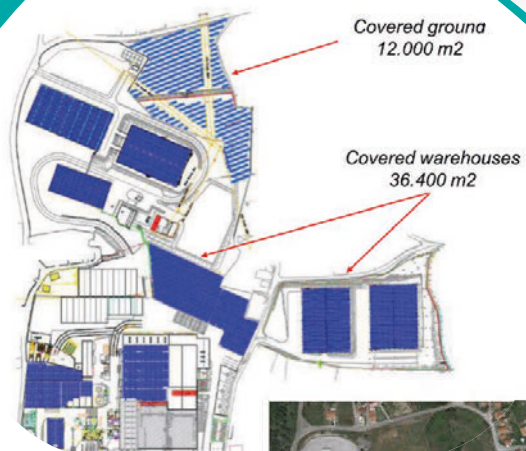


# CO<sub>2</sub> EMISSIONS REDUCTION: PLANS ARE ON TRACK TO STAY WELL BELOW 2°C

LEVER

3

Increase use  
of green  
energy



Solar panels installed on roofs and land in Verallia Portugal plant will start production in 2022



## GREEN ENERGY PURCHASES

- Maximize green energy purchases through certified sources of electricity (**target >60% by 2025, from 34% in 2020**)
  - 9 plants in 2021** 100% powered with 0 carbon electricity

## BIOGAS UTILIZATION

- Replace natural gas with **biogases** or biofuels in selected plants
  - First pilot** launched to supply 1 plant up to 50% of its needs in melting energy
- Evaluation includes full production cycle of alternative fuels to ensure sustainability and full benefits from CO<sub>2</sub> standpoint

## ON-SITE ENERGY PRODUCTION

- Verallia to implement **on-site renewable electricity** production
  - First project of solar panels in Portugal under way



# CO<sub>2</sub> EMISSIONS REDUCTION: OUR NEW AMBITION TO LIMIT GLOBAL WARMING ONLY TO 1.5°C



46%

**reduction in 2030**

for scope 1 & 2 emissions<sup>(1)</sup>  
in absolute value from base year 2019  
Target to be validated by SBT initiative



<40%

**Scope 3 emissions**

maintained  
**below 40%**  
of total emissions in 2030



Net  
Zero

**in 2050**

for scope 1 & 2 emissions

(1) Commitment on Scopes 1 & 2, as our Scope 3 emissions represent less than 40% of our total Group emissions (Scopes 1, 2 and 3).

# CO<sub>2</sub> EMISSIONS: OUR NEW AMBITION TO LIMIT GLOBAL WARMING ONLY TO 1.5°C

## NEW AMBITION DRIVEN BY

- **Robustness** of our current plan, giving solid baseline to reduce further our emissions
- Need to do **more** for Climate change, as explained by the IPCC 6<sup>th</sup> report<sup>(1)</sup> issued in August 2021
- **Alignment** to “Fit for 55” goals from European Union

## NEW AMBITION POWERED BY NEW TECHNOLOGIES AND PARTNERSHIPS

- **Current plan** (-27.5% by 2030)<sup>(2)</sup> is based mainly on **existing and well-known** technologies
- **Updated plan** will be leveraging **innovation and new technologies**:
  - Acceleration of **electrification** of our furnaces
  - **Faster** substitution of Natural Gas by **alternative energies** (strong **partnerships with suppliers** to ensure sustainable supply chains)
  - Investigate **carbon capture** solutions

(1) Intergovernmental Panel on Climate Change 6<sup>th</sup> report published in August 2021.

(2) Commitment on Scope 1 & 2, as our Scope 3 emissions represent less than 40% of our total Group emissions (Scope 1, 2 and 3).

# CO<sub>2</sub> EMISSIONS: OUR NEW AMBITION TO LIMIT GLOBAL WARMING ONLY TO 1.5°C

## NEW PLAN STILL BUILT ON 3 LEVERS

### 1 Shift raw material mix

- Support actively FEVE target to reach **90% Cullet collection** in Europe
- Increase **significantly** Cullet collection in other regions (LATAM, Eastern Europe)
- Improve further **cullet treatment performance** (colour separation)
- Substitute Carbonated raw materials with **renewable and decarbonated alternatives**, at industrial scale

### 2 Reduce energy consumption

- Fast deployment of **Hybrid Furnace** technology tested by FEVE led consortium, reducing by **50%** CO<sub>2</sub> emissions
- Prepare our factories for large utilization of **Hydrogen and Renewable alternatives** to Natural Gas (cf. next page)
- Complement with **Carbon Capture solutions** on our sites

### 3 Increase use of green energy

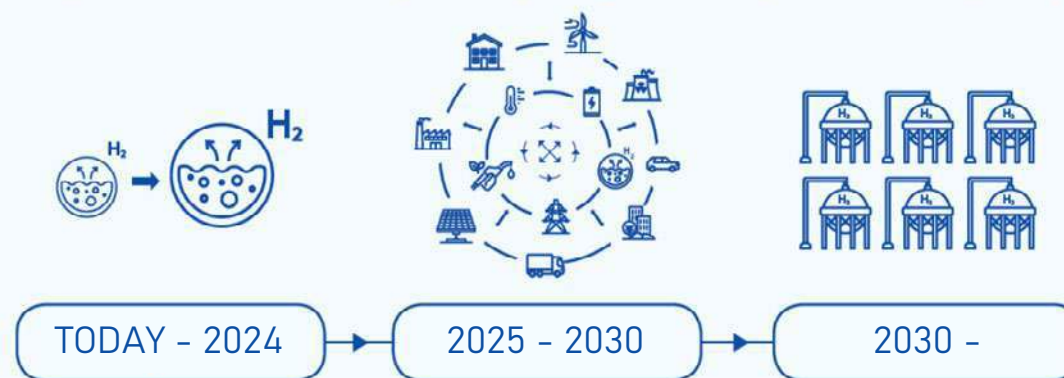
- Secure **long term Low carbon electricity contracts** in most countries
- Develop **sustainable renewable combustibles sources** to ensure **long-term alternative** to Natural gas

# CO<sub>2</sub> EMISSIONS: OUR NEW AMBITION TO LIMIT GLOBAL WARMING ONLY TO 1.5°C

A DEFINING PROJECT FOR OUR NEW AMBITION: PREPARE EXTENSIVE USE OF HYDROGEN

- Verallia is working with several partners to feed furnaces with Coke Oven gas
- This gas contains up to **60% of Hydrogen**, allowing **long term, industrial scale Hydrogen usage**
- This project will allow Verallia to develop a **complete knowledge** of Hydrogen utilization in Glass furnaces, on all aspects: combustion, reliability of equipment, operations safety and economics
- With this project, Verallia will be prepared to benefit from European Hydrogen eco-system

## THE PATH TOWARDS A EUROPEAN HYDROGEN ECO-SYSTEM STEP BY STEP:

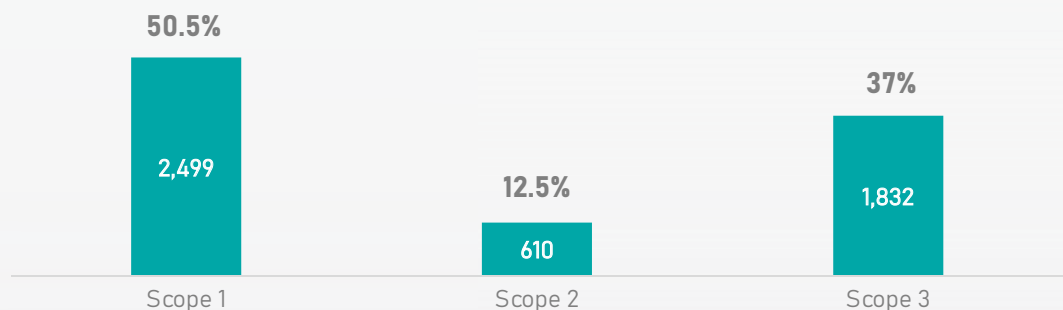


Source: EU Hydrogen Strategy.

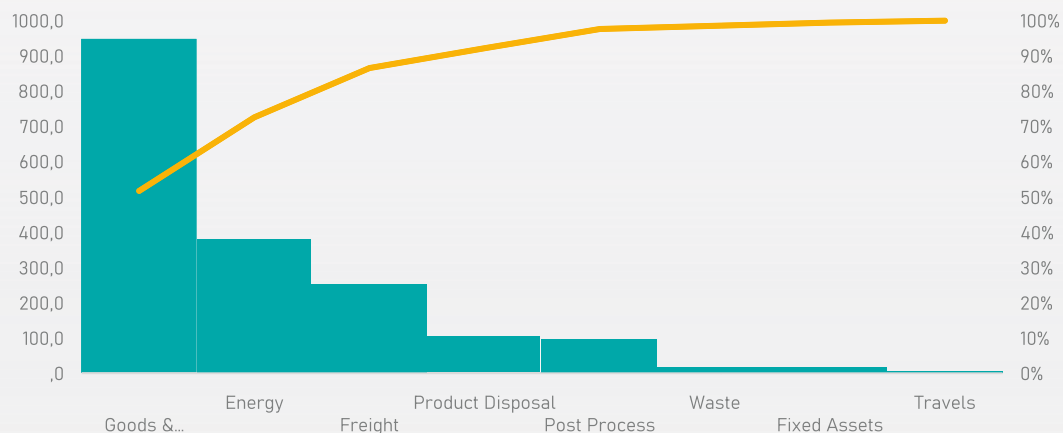
# CO<sub>2</sub> SCOPE 3: MAINTAIN BELOW 40% OF TOTAL EMISSIONS IN 2030

SCOPE 3 EMISSIONS REPRESENT 37% OF TOTAL EMISSIONS, AT 1,830KT CO<sub>2</sub>  
 FOCUS ON THE 3 MAIN CONTRIBUTORS WITH SPECIFIC ACTION PLANS

## VERALLIA TOTAL CO<sub>2</sub> EMISSIONS 2019 (IN KT)



## CO<sub>2</sub> SCOPE 3 EMISSIONS 2019 (IN T)



## GOODS & SERVICES

- Raw materials for new glass are the main contributor. Their impact will reduce through 2 levers: increase in external cullet usage and reduction in CO<sub>2</sub> emissions at supplier facilities
- Packaging, in particular plastic items, are the second axis of reduction, through an increase in recycling rate and CO<sub>2</sub> emissions reduction at supplier facilities

## ENERGY

- Scope 3 energy will be directly impacted by the efficiency improvement driving Scope 1 & 2 reduction

## FREIGHT

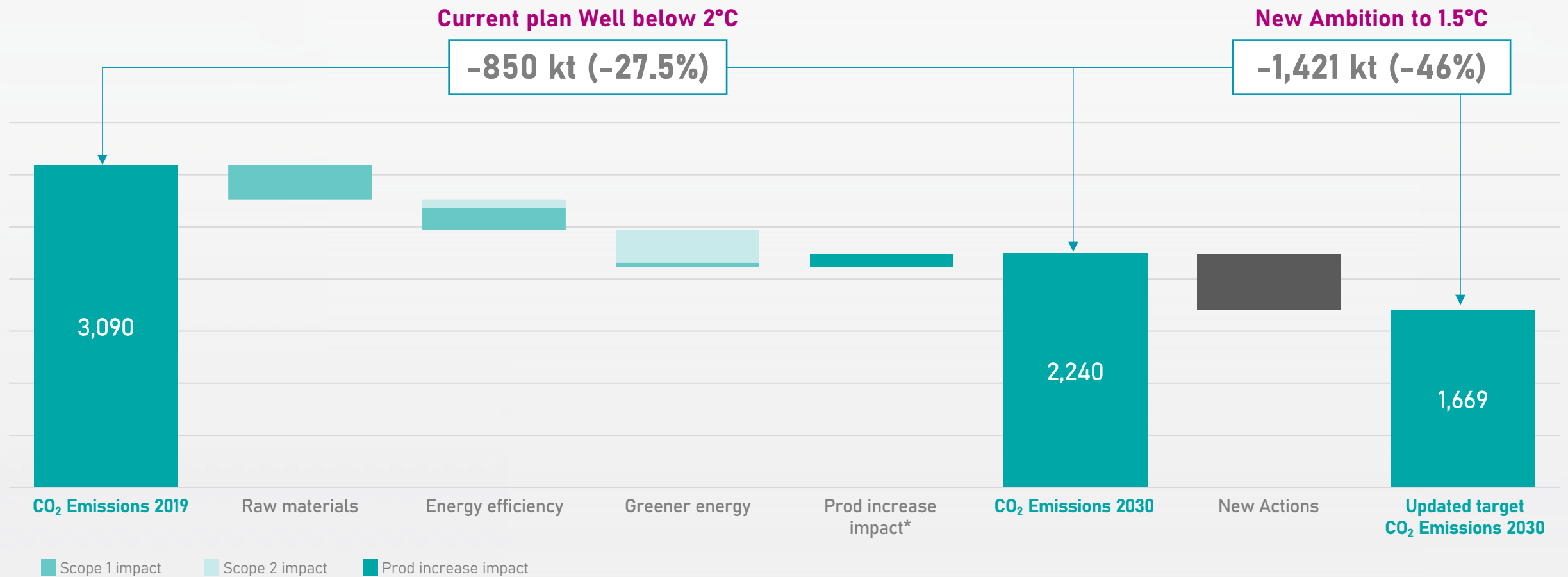
- >85% of Freight emissions are coming from Road transportation
- Development of rail routes and usage of trucks powered by renewable energies will be the main focus of Verallia

## KEY ENABLER: SUPPORT OUR SUPPLIERS TO REDUCE THEIR CARBON FOOTPRINT

- Scope 1 & 2 emissions from our key suppliers will be a new KPI and selection factor for our sourcing decisions

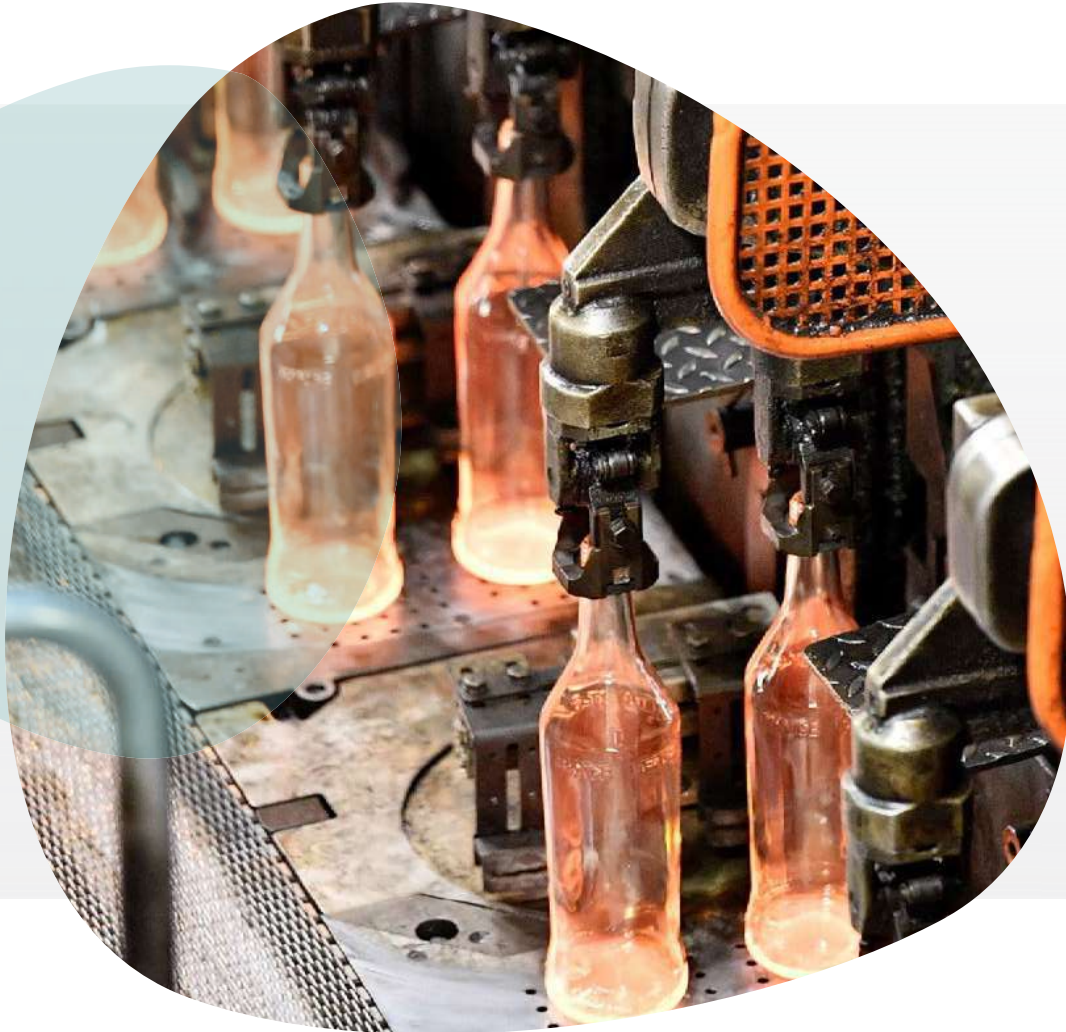


# CO<sub>2</sub> EMISSIONS: OUR NEW AMBITION TO LIMIT GLOBAL WARMING ONLY TO 1.5°C



**Upgraded action plan being developed to reach 46% reduction target**

\* Assumption = +2% volume CAGR 2019-2030 (tons).



5

## SOUTHERN AND WESTERN EUROPE SEGMENT OVERVIEW



**Olivier  
ROUSSEAU**  
Head of France



**Marco  
RAVASI**  
Head of Italy

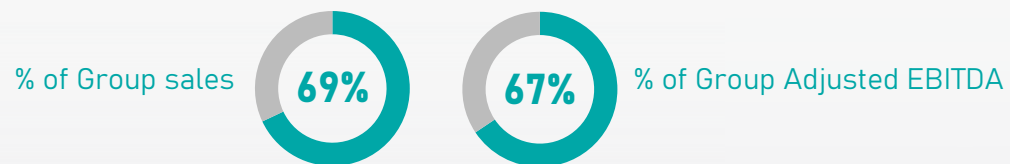


**Paulo  
PINTO**  
Head of Iberia

# SOUTHERN AND WESTERN EUROPE (SWE) BUSINESS OVERVIEW



## KEY 2020 FIGURES



- Sales: **€1,744m**
- Adjusted EBITDA: **€419m**
- Adjusted EBITDA margin: **24%**

## KEY END MARKETS

**STILL WINE**

CASTEL  
FAMILIAL & INTERNACIONAL

GC  
F

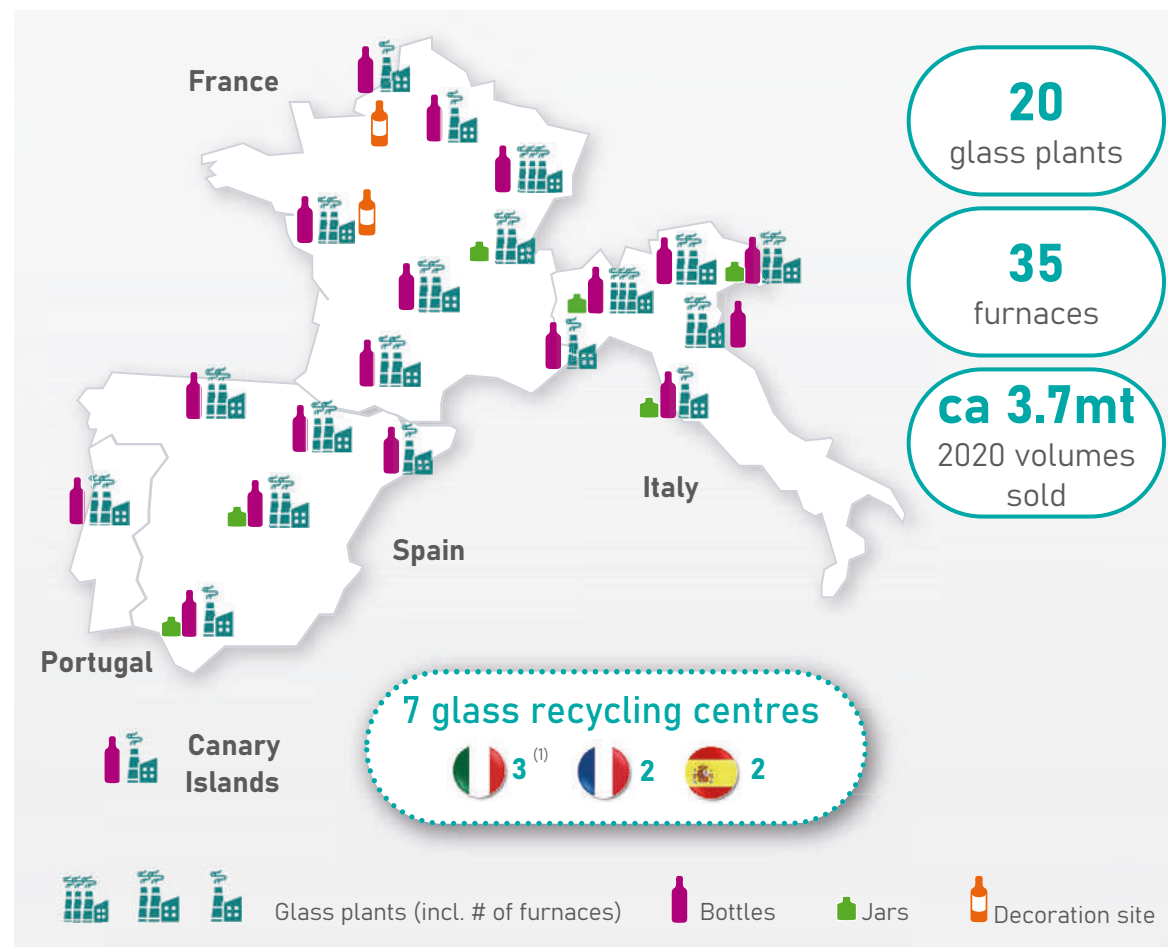
**SPARKLING WINE AND CHAMPAGNE**

LVMH *Freixenet*

**SPIRITS**

Pernod Ricard BACARDÍ

## HIGH DENSITY OF THE LEADER



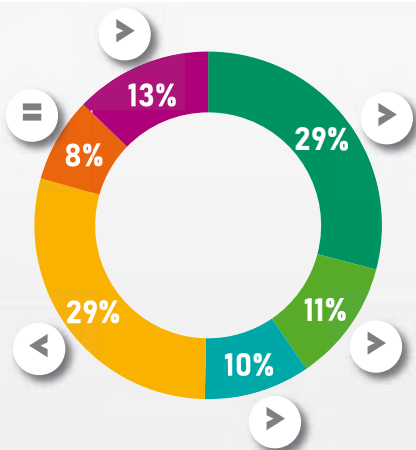
Sources: Company; all data are as of 2020 except for number of furnaces (updated for changes having taken place in 2021).

Notes: (1) One site is a joint venture.



# FRENCH MARKET OVERVIEW

## FRENCH GLASS PACKAGING MARKET: ESTIMATED SPLIT BY END MARKET (KT)



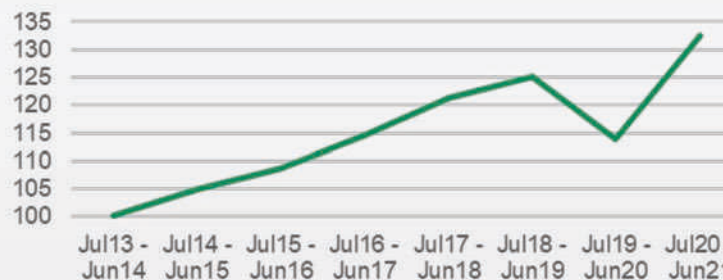
### Verallia Sales vs Market:



- Still wine
- Sparkling wine
- Spirits
- Beer
- NAB
- Food

## A PREMIUM MARKET DRIVEN BY EXPORTS

French exports of still and sparkling wines (€m)

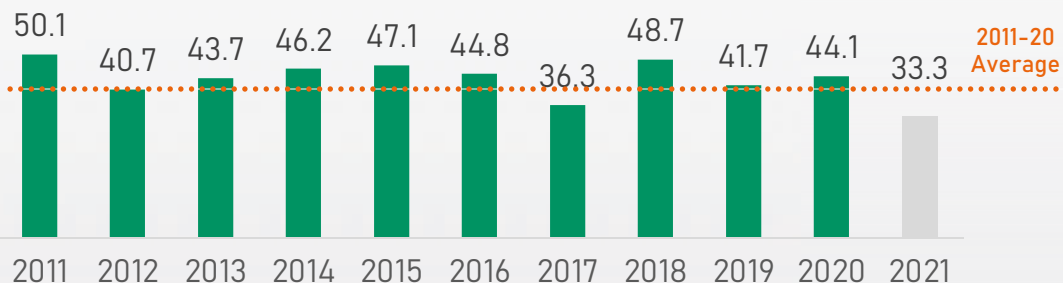


Price per bottle of still and sparkling wine exports



## 2021 FROST REVIEW: LOW SENSITIVITY TO WEATHER CONDITIONS / CLIMATE

French harvest (m hl)



- 2021 French harvest estimated to be the lowest over the past 5 decades, estimated at 33 m hl (ca -25% vs 2020)
- Impact on still and sparkling wine bottling expected to be limited given (i) high bulk wine inventory level at producers (ca 28m hl) fueled by good 2020 harvest and low 2020 consumer sales and (ii) possibility to source bulk wine out of France
- Expected limited impact on 2022 Verallia France sales, as seen in 2018 (little impact of poor 2017 harvest which was nearly 20% below 2016)
- Verallia will also look to compensate volume drop with other markets

**A premium-focused market with selected pockets of growth mostly driven by exports**

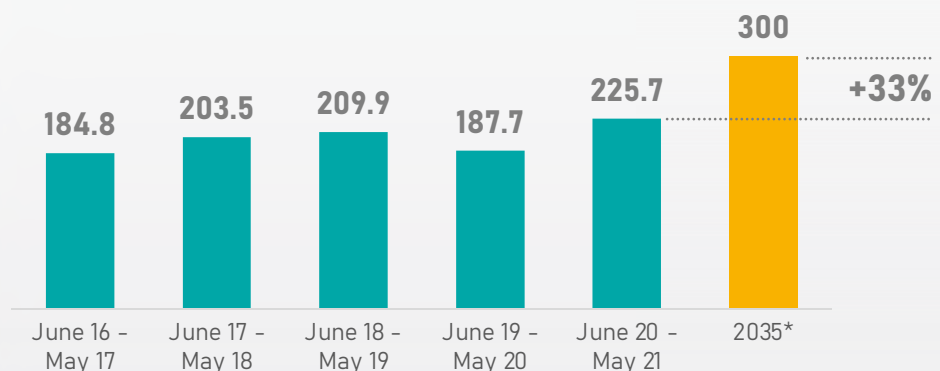
Sources: French glass packaging end market split – Company French Exports – NetVS, August 2021 Price per bottle of exports – OIV, April 2021 French Harvest – Agreste, August 2021.



# COGNAC: HIGH-END MARKET WITH ATTRACTIVE GROWTH PROSPECTS

## COGNAC MARKET IS BOOMING

Global cognac consumption (m bottles)



- Premium and luxury perception
- Diversified end product destination (Europe, Asia, North America)
- Exports represent the key growth driver

## CUSTOMISATION AND VALUE-ADDED SERVICES: THE “HENNESSY CASE STUDY”

- Luxury bottles to capture high end consumers: **“high end packaging for a high end product”**
- Limited editions require **innovation and superior decoration capabilities**
- **Co-creation with customer** ensures best quality (luxury standards) and unique consumer experience
- **Industrial proximity and flexibility guarantees high service levels** and just-in-time deliveries
- **Strong customer intimacy** (long-standing partnership) with co-operation across the entire value chain: purchasing, marketing, planning, logistics, operations and quality



**Well-positioned to leverage growing demand for premium spirits globally**

Sources: Passed market data – BNIC, July 2021

\*2035 market data – Les Echos “Le cognac mise sur un boom de 50% d’ici à 2035”, May 2021 Customisation and value-added services – internal information.





# ROSÉ WINE: GROWTH AND VALUE CREATION THROUGH PREMIUMIZATION

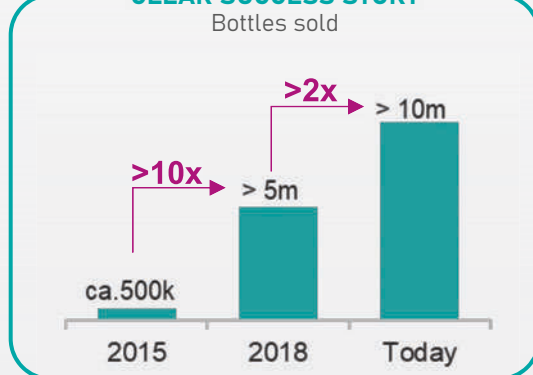
## PREMIUMIZATION THROUGH PACKAGING: "SOIRÉE À ROSÉ"

- "Soirée à Rosé" bottle created in 2013
- Developed in the Chalon centre by a dedicated engineering team and industrialised in the Cognac factory
- New iconic and innovative design (bottom of the bottle pictures a rose) generated premiumization and enabled a significant price increase (value-based pricing)
- Volumes sold massively increased over three years only (>10x)

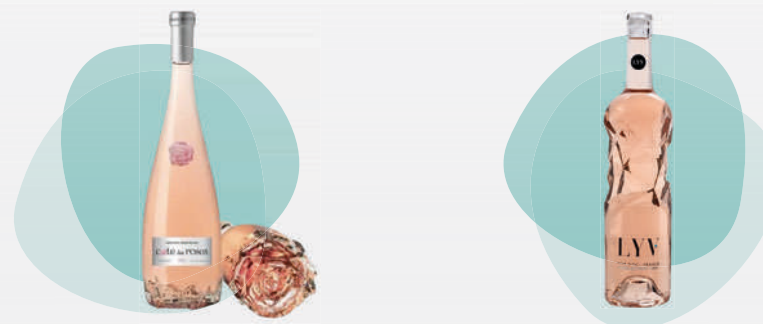
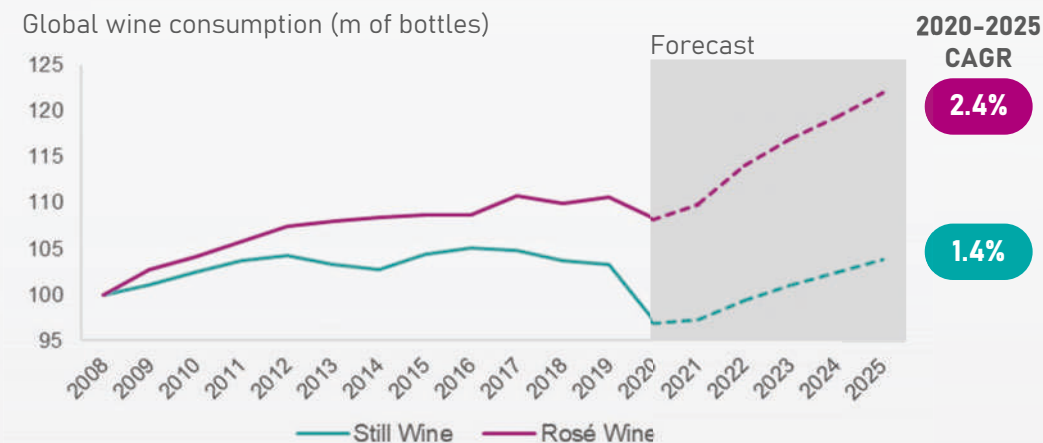
### VALUE-BASED PRICING



### CLEAR SUCCESS STORY



## ROSÉ WINE CONTINUES TO GROW FASTER THAN STILL WINE



**Adding value for customers to take advantage of fast-growing market segments**

Sources: "Soirée à Rosé" sales – Company Global wine consumption – Euromonitor.



# HOW DO WE ADDRESS COMPETITIVENESS IN THE FRENCH FACTORIES

## TRANSFORMATION PLAN

### RATIONALE

- Eliminate excess capacity in France by not rebuilding one furnace in Cognac
- Bridge competitiveness gap with foreign competitors importing in France

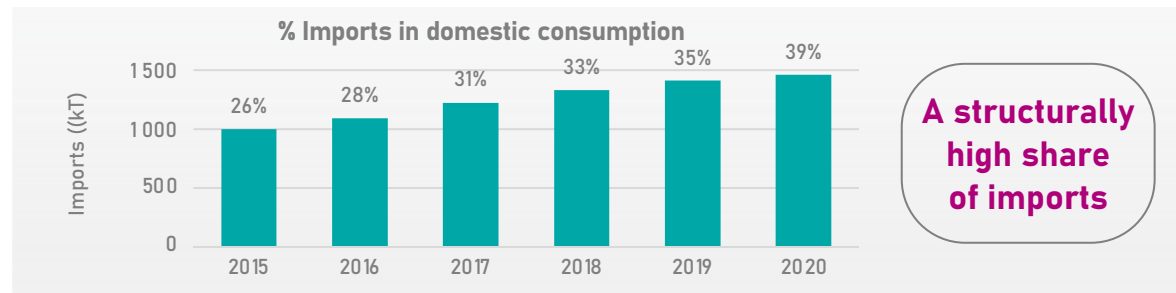
### IMPLEMENTATION (2020)

- Removal of 150 positions in a socially responsible way (only 5 persons still looking for a permanent solution)
- Implementation of organization by Autonomous Production Units, which proved successful in other countries for Verallia

### IMPLICATIONS / BENEFITS

- Payback close to 2 years (social plan)
- Improvement in French competitiveness

## SHARE OF IMPORTS IN FRENCH CONSUMPTION



## 3-YEAR COMPETITIVENESS AGREEMENT

### RATIONALE

- Proposed to secure furnace reconstructions till 2024 and to guarantee employees spending power as long as industrial performance improves

### IMPLEMENTATION (2021 ONWARDS)

- Agreement approved by a majority of employees

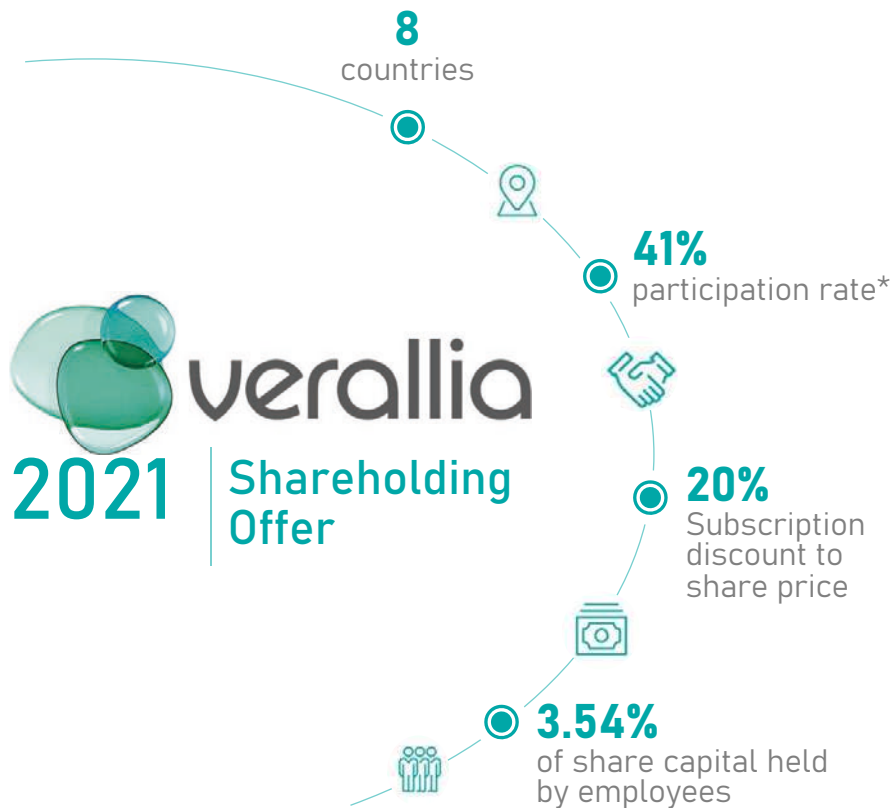
### IMPLICATIONS / BENEFITS

- Will allow further improvement in Verallia French plants competitiveness and help recover sales volumes from foreign competitors imports

**A tailored footprint and new agreement with local staff to improve productivity and EBITDA**



# PROVIDE AN INCLUSIVE PLACE TO WORK ENCOURAGE EMPLOYEE SHAREHOLDING OWNERSHIP



PERFORMANCE INDICATORS	2019	2020	2021	2025 TARGETS
% of Verallia share capital held by employees (directly or through FCPE)	2.6%	3.3%	3.5%	<b>5%</b>

**WORLD:** In June 2021, **close to 3,200 employees** took part in Verallia's 6<sup>th</sup> Employee Shareholding Offer

>> Around **41% of our employees** are shareholders of the company and as such are involved in Verallia's development

**FRANCE: 75% participation** in the June 2021 Offer

>> French employees who invested their profit sharing in the last 6 offers, for an average €22k, today have an investment worth slightly more than €100k

**Annual employee offers will be renewed in the coming years**

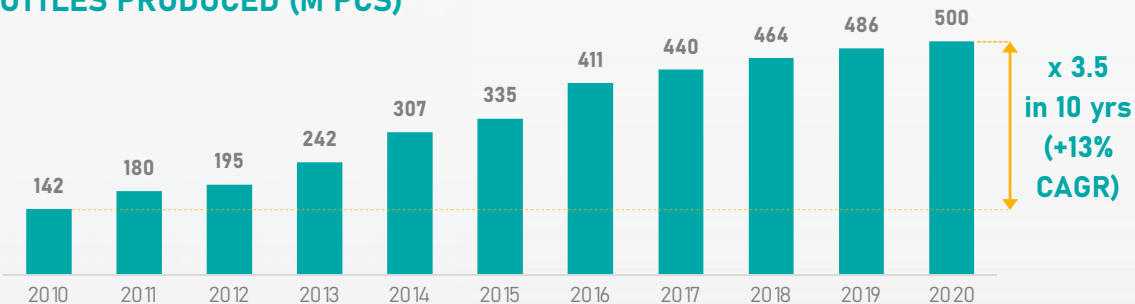
\* Amongst eligible employees worldwide.



# PROSECCO: THE ITALIAN SPARKLING WINE BOOMING INTERNATIONALLY

## PROSECCO (DOC) – KEY TRENDS

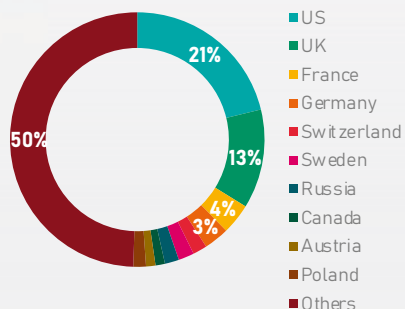
BOTTLES PRODUCED (M PCS)



### KEY FEATURES

- 78% of volumes exported (international food retailers)
  - Exports up 4.7% in 2020 despite pandemic (local market down 3%)
- 3.5% of sales through e-commerce (+300% in 2020)

### MAIN EXPORT COUNTRIES



### AVERAGE EXPORT PRICE

€2.9 Prosecco vs. €19.5 Champagne

## VERALLIA'S PRESENCE & STRENGTHS IN PROSECCO

- Verallia Italy is a **leader** in glass bottles produced for sparkling wine manufacturing **4 out of 10 bottles** in the market. In tons this segment represents **18% of our production** vs only **9% of total Italian glass packaging market**
- We are a leader thanks to:
  - Our **plants proximity** to the key customers
  - Availability** of full range of SKU / 3 furnaces per colour
  - Recognized **quality for bottles working under pressure**

## PROSECCO ROSÉ (DOC) – THE NEW, FAST-GROWING TREND

- Officially launched Oct 2020
  - Q4 2020 sales → 16.8m pcs
  - H1 2021 sales → 37m pcs
  - Estimated 2021 sales → 70/80m pcs
- 13% of total Prosecco production
- 80% of sales exported
- Main destinations: US, UK, Canada, Scandinavia, France



**Verallia is ideally positioned to take advantage of the fastest growing Italian beverage market segment**

# FLEXIBILITY & SERVICE IMPROVEMENTS TO SUIT OUR CUSTOMERS NEEDS

## FLEXIBILITY AND SERVICE ACTION PLAN

### CHALLENGE

- Improve service to customers (OTIF\*) whilst reducing finished products (FP) stocks

### SUPPLY CHAIN GLOBAL PLAN

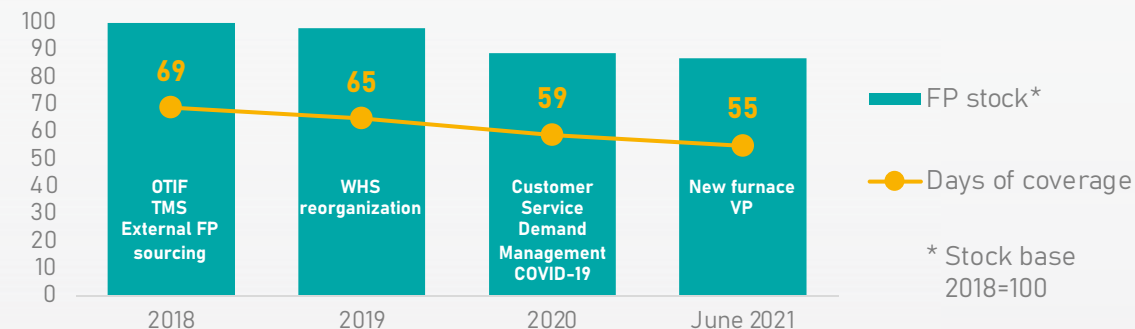
- Internal flexibility: **plant specialization**
- External flexibility: a wide network developed in 3 years leading **to import FP from 13 different suppliers** for ca 240 SKUs
- Collaborative Supply Chain with major customers**

### RESULTS 2018 -> 2021

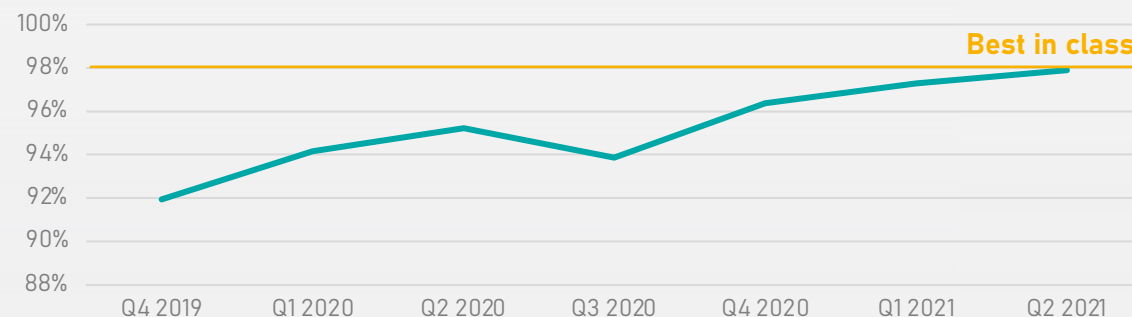
- +20% job changes**
- Stock reduction of 24% in tons**
- Warehouse storage re design with **reduction of external rental cost by 8%** (2018/20)

## IMPACT ON FG STOCK AND OTIF\*

### FINISH PRODUCT STOCK



### OTIF\* VERALLIA ITALIA (%)



**Flexibility is a key success factor in uncertain business conditions**

\* OTIF = number of orders delivered in full and in time / number of total orders delivered.



# VERALLIA ITALY DISTRIBUTION IN A €300M MARKET (16% OF ITALY)

## (2017-2020) - BEGINNING

- <5 sales people
- <200 clients
- Top 20 distributor
- Mix HAVP/STD 5x higher than average



## TODAY

- 10/15 sales people
- 400/500 clients
- Top 10 distributor
- Mix HAVP/STD 5x higher than average



## FUTURE

- 25/35 sales people
- 1,500/2,000 clients
- Top 5 distributor
- Mix HAVP/STD 5x higher than average



● Area covered by main historical distribution partners (to be maintained)

- Distributor & producer
- Increase High Added Value Products (HAVP) sales
- Improving Service, Sales mix & Marginality

- Rapid coverage of the territory
- Differentiation vs all others producers
- Create a “blue ocean” distribution

**Verallia distribution is growing with differentiated services and new added value products thanks to increasing customer proximity**



# PAP SAVINGS AND ENVIRONMENTAL BENEFITS

## SUSTAINABLE SUPPLY CHAIN MANAGEMENT

### SITUATION

- Europe-wide shortage of drivers & fuel price increase
- Increasing needs (VI freight CAGR 2020/24: 2.6%)



### OPPORTUNITIES

- Move from road to train and vessels freight reducing CO<sub>2</sub> emissions



### VERALLIA ITALIA MULTIMODAL TRANSPORTATION PLAN

- **Upstream supply chain**
  - **July 2019:** started project to move from road to train 4,000 trucks pa of sand from quarries to Verallia plants located in NE Italy using special containers
  - **30% reduction in CO<sub>2</sub> consumption (1,500 tons of CO<sub>2</sub> pa)**
  - Verallia won “logistics of the year” award in 2020 from *Assollogistica* (national logistics association)
- **Downstream supply chain**
  - **Nov. 2019:** supply chain integration and synergies with Campari for roundtrip of alternative fuel trucks (LNG)
  - **Feb. 2020:** move all shipments from North to South Italy from road to train (1,000 trucks pa; almost 1,000 tons CO<sub>2</sub> saved) and use LNG for first and last mile
  - **July 2021:** reload sand train from NE to NW Italy with finished products (test ongoing); target volume 3,000 trucks pa

**Supply chain contribution to reduce costs and CO<sub>2</sub> emissions (scope 3)**



# PAP SAVINGS AND ENVIRONMENTAL BENEFITS

## EXAMPLE OF SYNERGIES BETWEEN VERALLIA CULLET PLANT (ECOGLASS) AND GLASS PLANT (LONIGO)

### PROJECT OVERVIEW

#### BACKGROUND

- Decision to **optimize the cullet process control management** leveraging the strong trust and partnership between Ecoglass and Verallia Italia

#### OBJECTIVE

- Study and development of a new manufacturing process transforming **glass sand from a waste of our cullet treatment facility to a raw material for our furnaces**

### KEY BENEFITS

- +4% capacity increase
- PAP savings ≈ 850K€**
- Positive effect on working capital ≈ 1M€
- CO<sub>2</sub> reductions ≈ -1,000 T of CO<sub>2</sub> / year (-1%)**

### YIELD AND QUALITY IMPACT

- Improvement in all yield and quality KPIs (H1 2021 vs FY2019):
  - Share of glass sand (vs cullet) in our productions (+19% / -11% of TVB)
  - Yield (+2.5%)
  - Claim rate (-11%)



2019



2021

**An innovative industrial PAP bringing both savings and sustainability**



# JOINT SUSTAINABILITY PROJECT WITH A BEER CUSTOMER

## PROJECT KPI

- Reduction in natural gas consumption by more than 60% in Mahou San Miguel, driving a **60% reduction in customer CO<sub>2</sub> emissions (4,950 tons of CO<sub>2</sub> pa)**
- **Verallia achieves a 40% reduction in the temperature of the residual energy** generated in the glass melting process
- **Verallia saves 175 tons of CO<sub>2</sub> pa** as well, by using the steam produced in the mixer of the raw materials



## OBJECTIVE

- Take advantage of the residual energy generated in glass melting to produce steam for the brewing process, replacing natural gas
- Improve energy efficiency and reduce carbon footprint



**Customer partnership to reduce CO<sub>2</sub> emissions together**





# PAP EXAMPLE WITH ADDITIONAL ENVIRONMENTAL BENEFITS

## PHYTOSANITARY PALLET REPAIR LOOP

- **Past situation:** systematic purchase of new phytosanitary pallets whenever new ones were needed
  - Used for export markets at Verallia Spain and for all of Verallia Portugal's production
  - Average purchase price of a new phytosanitary pallet: **€9.2 / unit**
- **New setup:**
  - Agreement reached with Verallia's pallet suppliers to apply phytosanitary treatment to all recovered pallets, turning them into phytosanitary ones
  - Suppliers have made the necessary investment to apply the treatment
  - Average cost of **€4.5 / unit** for recovered and treated pallets



## ESTIMATED ANNUAL BENEFITS

**€4.7**

Savings per pallet

**€200k**

Estimated annual savings to Verallia

**Reduction**  
in new pallets needs

42,500 new pallets  
= 1,400 pine trees saved  
(15t CO<sub>2</sub> absorption)

**Combination of CO<sub>2</sub> emissions reduction and PAP savings**

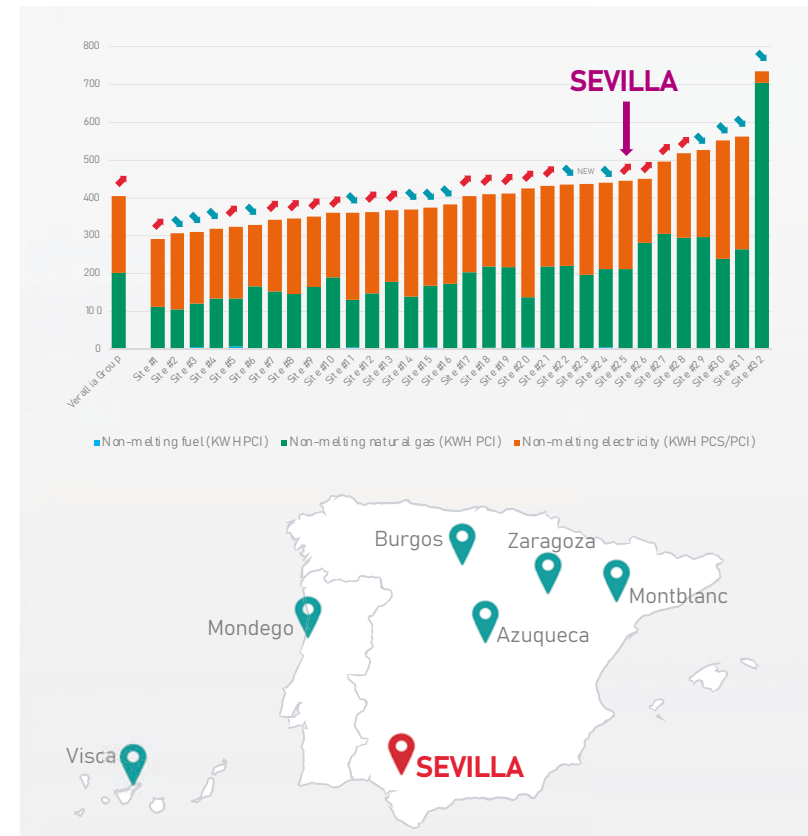


# PAP EXAMPLE WITH ADDITIONAL ENVIRONMENTAL BENEFITS

## ENERGY REDUCTION IN WATER CIRCUITS AT SEVILLA PLANT PROJECT OVERVIEW

Nov 2020 – Jan 2021	<b>Identified opportunity</b>	<ul style="list-style-type: none"> <li>“Non-Melting Energy” Verallia Benchmark showing clear potential for improvement</li> <li>Deep analysis of <b>water circuit</b>:                             <ul style="list-style-type: none"> <li>Very high electrical consumption</li> <li>Opportunity to reduce water consumption in a very dry region (Sevilla)</li> </ul> </li> </ul>								
	<b>Project management</b>	<ul style="list-style-type: none"> <li><b>Improvement actions</b> defined for all plant water circuits:                             <ul style="list-style-type: none"> <li>Mitigation of <b>pressure losses</b> in the impulsion valves</li> <li>Installation of <b>inverters</b> in the pumps to keep circuit pressure constant</li> <li>Installation of <b>flow meters</b> to adjust flow to nominal needs</li> <li>New automatic <b>shut-off valves</b> when compressor is stopped</li> <li>Restoring of <b>basic conditions</b> in all cooling towers</li> </ul> </li> </ul>								
	<b>Objectives</b>	<ul style="list-style-type: none"> <li>Energy Consumption of water circuit (KWh/TVT)                             <table border="1" style="margin-left: 20px;"> <thead> <tr> <th></th> <th>YTD 12.2020</th> <th>TARGET 2021</th> <th>YTD 06.2021</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">13.98</td> <td style="text-align: center;">11.65</td> <td style="text-align: center;">7.97</td> </tr> </tbody> </table> </li> </ul>		YTD 12.2020	TARGET 2021	YTD 06.2021		13.98	11.65	7.97
	YTD 12.2020	TARGET 2021	YTD 06.2021							
	13.98	11.65	7.97							
	<b>Estimated cost savings</b>	<ul style="list-style-type: none"> <li>€23k pa</li> </ul>								
Feb – Jun 2021	<b>Achieved cost savings</b>	<ul style="list-style-type: none"> <li><b>Achieved:</b> €33.4k in 5 months → <b>€75K annualized (10% reduction in water consumption)</b></li> <li>Being shared in Verallia Iberia “WATER working group” → <b>€250k pa for Verallia Iberia</b></li> </ul>								

## 2020 BENCHMARK: NON-MELTING ENERGY RANKING (KWH/T)



**Electricity and water consumption reduction combined with PAP savings**

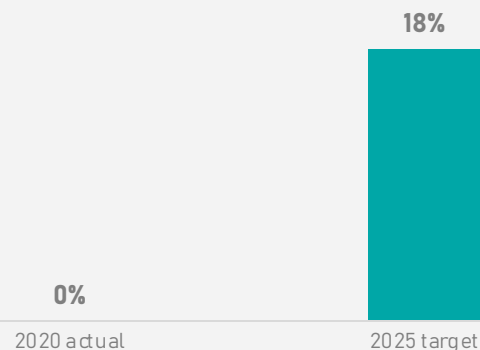
# PHOTOVOLTAIC PROJECTS IN IBERIA

- Installation of photovoltaic panels in all 7 Iberia sites
- One contract signed already with an external supplier / operator, three more targeted in 2021 (starting up 2022-23)
- Targeting full setup on all 7 sites by 2024, e.g. 100% green electricity in Iberia

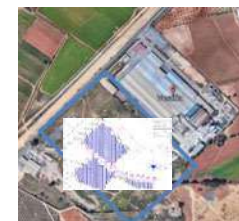
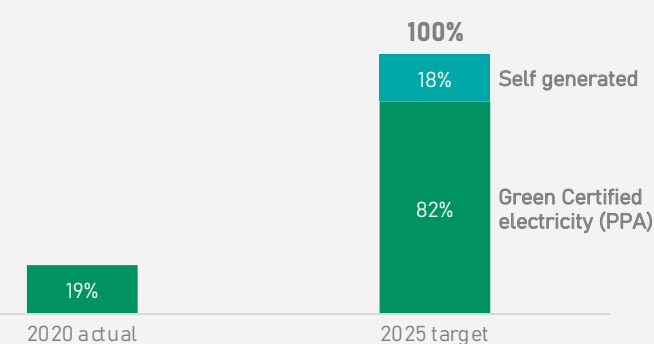
**TARGETED ANNUAL CO<sub>2</sub> SAVINGS BY SITE (KT)**



**SELF-GENERATED ELECTRICITY AS A % OF CONSUMPTION**



**GREEN ELECTRICITY AS A % OF TOTAL**



**Leveraging sun in Iberia to drive lower CO<sub>2</sub> emissions**



# DESIGN AND DIGITALIZATION LEADERSHIP

## IBERIA CREATION CONTEST

- Show glass possibilities to future designers
- 171 students from 9 different universities
- Multidisciplinary jury: customers, designers and wine influencers
- Jury awards & Public/Facebook award



## 2 DIGITAL FAIRS: DIGITAL CUSTOMER INTERACTION

- WINE & SPIRITS
  - 283 visitors
  - 164 attendees to our webinars
- OLIVE OIL EXHIBITION - FOLIVE
  - 260 visitors
  - 65 webinar attendees



## CUSTOMER VIRTUAL CONTEST ON FACEBOOK

- Initiative to be close to customers during travel restrictions
- Contest #StayatHomeWithVerallia during lockdown
- Contest #CelebrateChristmasWithVerallia
  - 94 photos
  - Shared & Voted on Facebook
  - 3,193 people reached



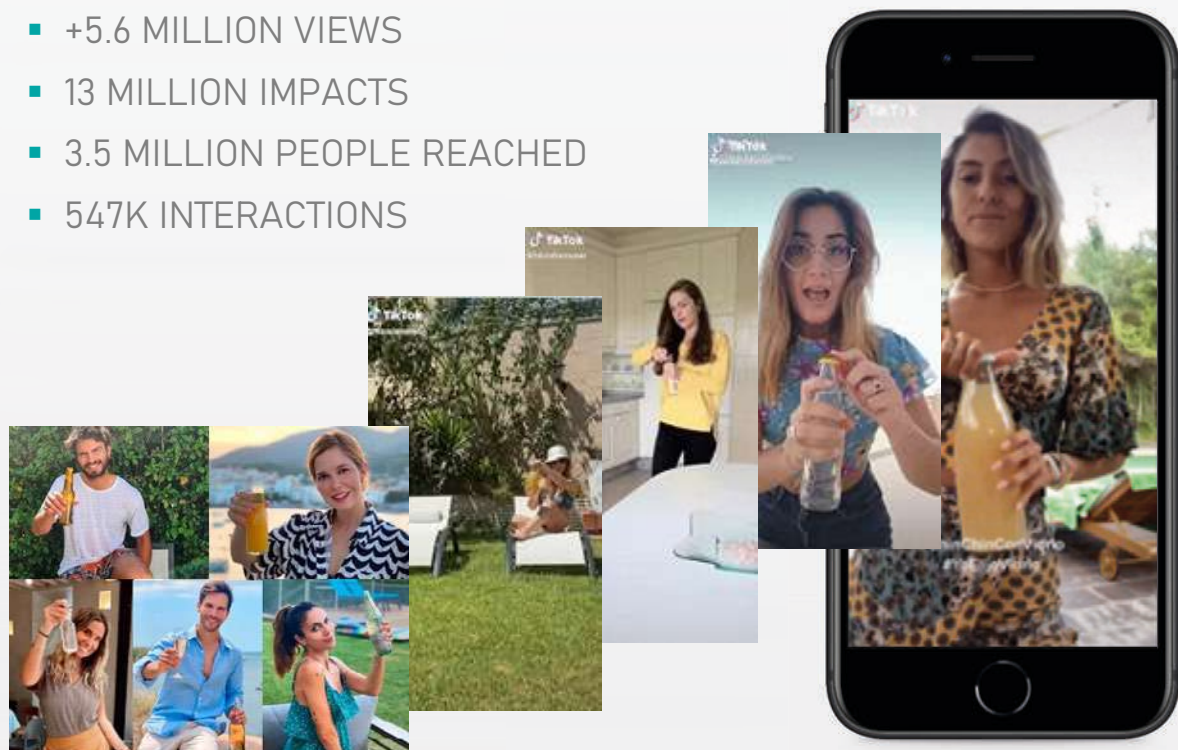
**Digitalization to improve customer experience**  
**Using the latest rendering technologies to accelerate product design process**



# FRIENDS OF GLASS: COMMUNICATION CAMPAIGN TO REACH THE END CONSUMERS

## YOUTUBE, INSTAGRAM & TIKTOK

- +5.6 MILLION VIEWS
- 13 MILLION IMPACTS
- 3.5 MILLION PEOPLE REACHED
- 547K INTERACTIONS



## STAY HOMAS SONG + INFLUENCERS CAMPAIGN




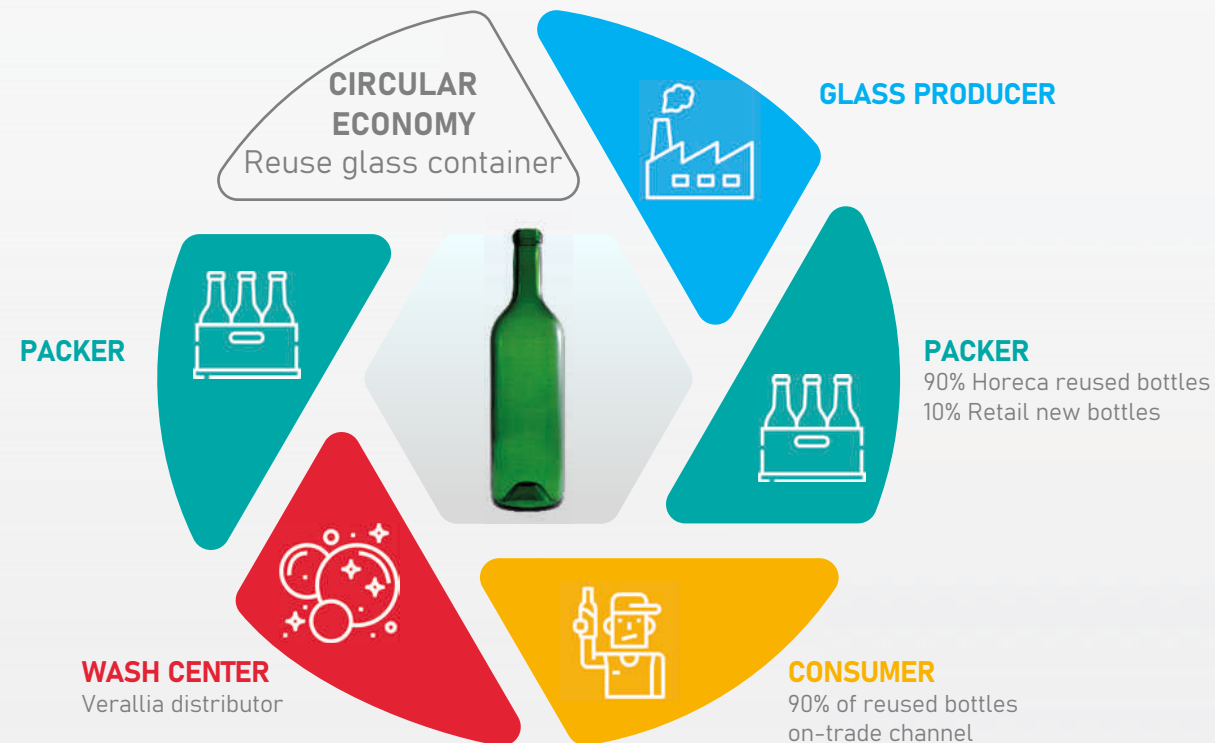
- +7.5 MILLION VIEWS
- 6.5 MILLION PEOPLE REACHED
- 13 MILLION IMPACTS
- 196K INTERACTIONS

**Promote glass benefits to end consumers**

# CIRCULAR ECONOMY: REUSED CIDER BOTTLES IN THE BASQUE REGION

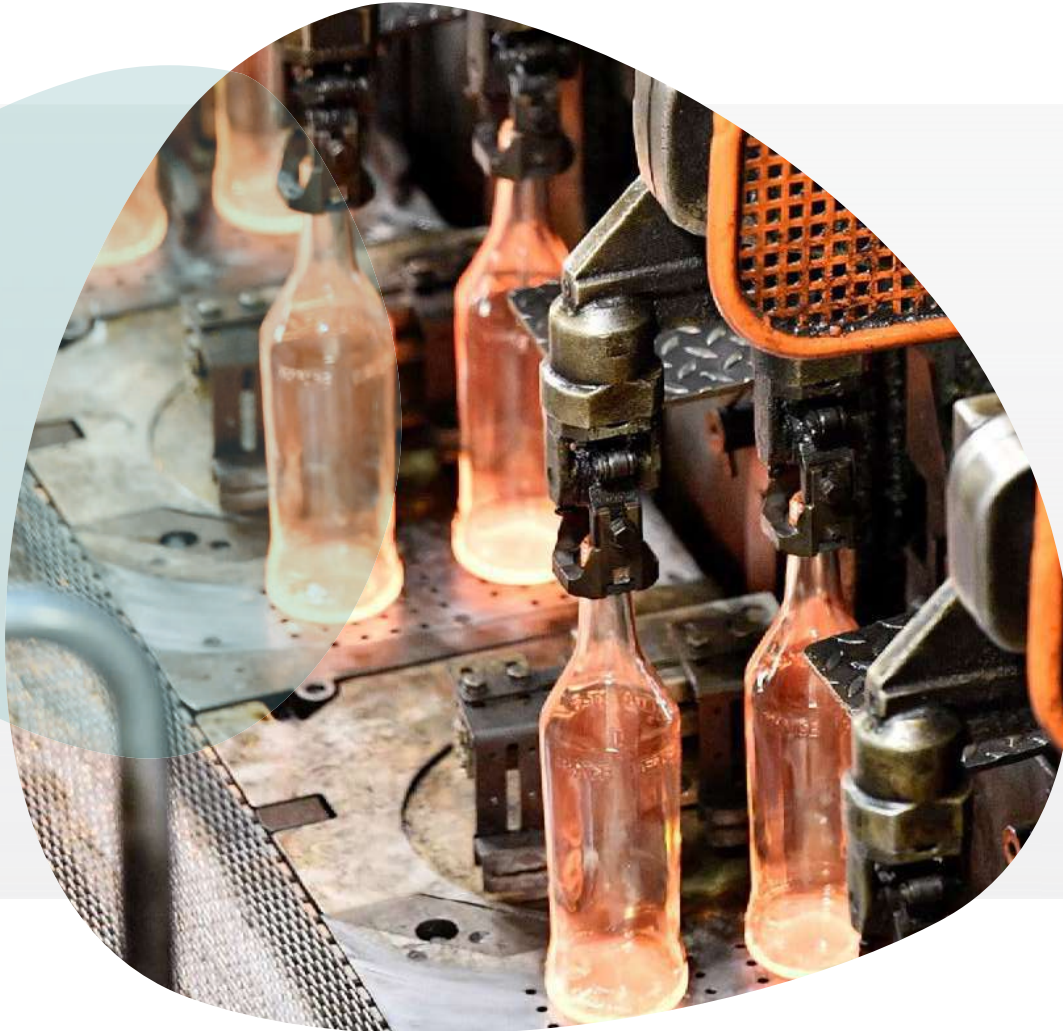
## A SINGLE BOTTLE REUSED AT EACH CIDER PRODUCER

- Reuse is the most sustainable practice in local markets that use the same bottle
- Every year 12 million liters of Basque cider are consumed: 90% of them are packaged in reusable glass bottles (on-trade channel)
- Verallia has chosen a distributor in the area with a washing center to be able to sell new and reused bottles to the customers
- More information in this video (3 mn) 



Contributing to the circular economy by supporting reuse where it makes sense



**5****NORTHERN AND EASTERN EUROPE  
SEGMENT OVERVIEW**

**Hugues  
DENISSEL**  
Head of Northern  
and Eastern Europe<sup>(1)</sup>



**Dirk  
BISSEL**  
Head of Northern  
and Eastern Europe<sup>(2)</sup>

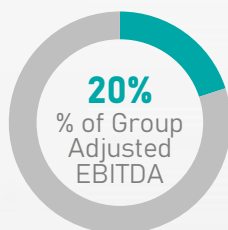
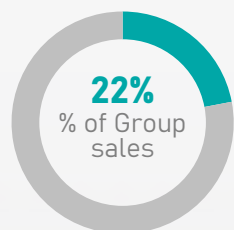
Notes: (1) Until 2<sup>nd</sup> of November 2021.  
(2) From 2<sup>nd</sup> of November 2021.

# NORTHERN AND EASTERN EUROPE (NEE) BUSINESS OVERVIEW



## KEY FIGURES

- Sales: **€554m**
- Adjusted EBITDA: **€127m**
- Adjusted EBITDA margin: **23%**



## KEY END MARKETS

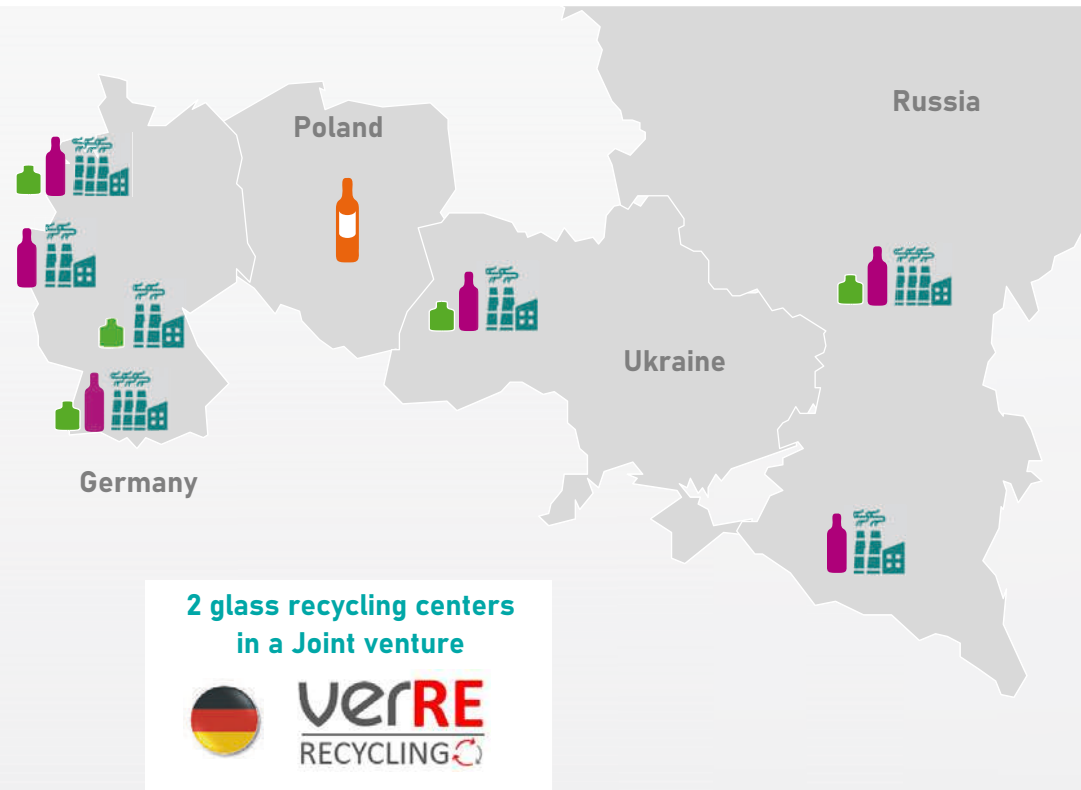
NAB	FOOD	SPIRITS	BEER

## GRANULAR INDUSTRIAL FOOTPRINT WITH HIGH CUSTOMER REACH

**7**  
glass plants

**17**  
furnaces

**ca 1.4mT**  
2020 volumes sold



Glass plants (incl. # of furnaces) Bottles Jars Decoration site

Source: Company.

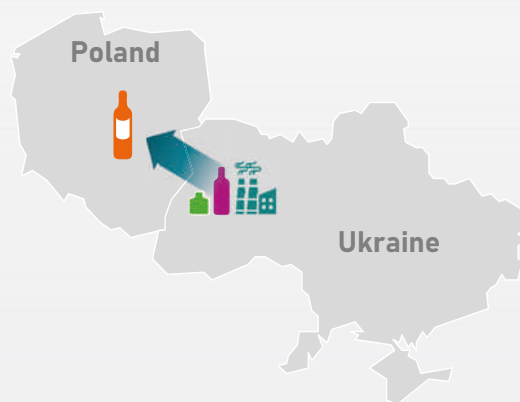
# PREMIUM SPIRIT STRATEGY: ADDING PRODUCT AND SERVICE VALUE

## PROVIDING A ONE-STOP SHOP OFFER



- Strong synergies between extra flint glass production from Ukraine and high technology decoration from Poland:
  - Simplified customer service (unique offer / unique contact)
  - Shortened lead-time from order to delivery (speed to market)
  - Broadened product range (up to 3-liter bottle) thanks to Verallia Ukraine's 2019 EXF tall / heavy bottles capacity investment

From 37.5cl to 3L



## INVESTING IN HIGH-END DECORATION TECHNOLOGY

- Hot-stamping (hot-foil application on painted bottles) – premium trend (€1.2 average price per bottle)
- From manual process to full industrialization – investment in 2020 to address upcoming growing demand



### Projected volumes

	2019	2020	2021	2022	2023	2024
Units in K	21	35	350	750	1,500	1,800



Leveraging our Eastern European footprint and capabilities to support premium spirit market growth





# WEIGHT REDUCTION OF STILL WINE BOTTLES

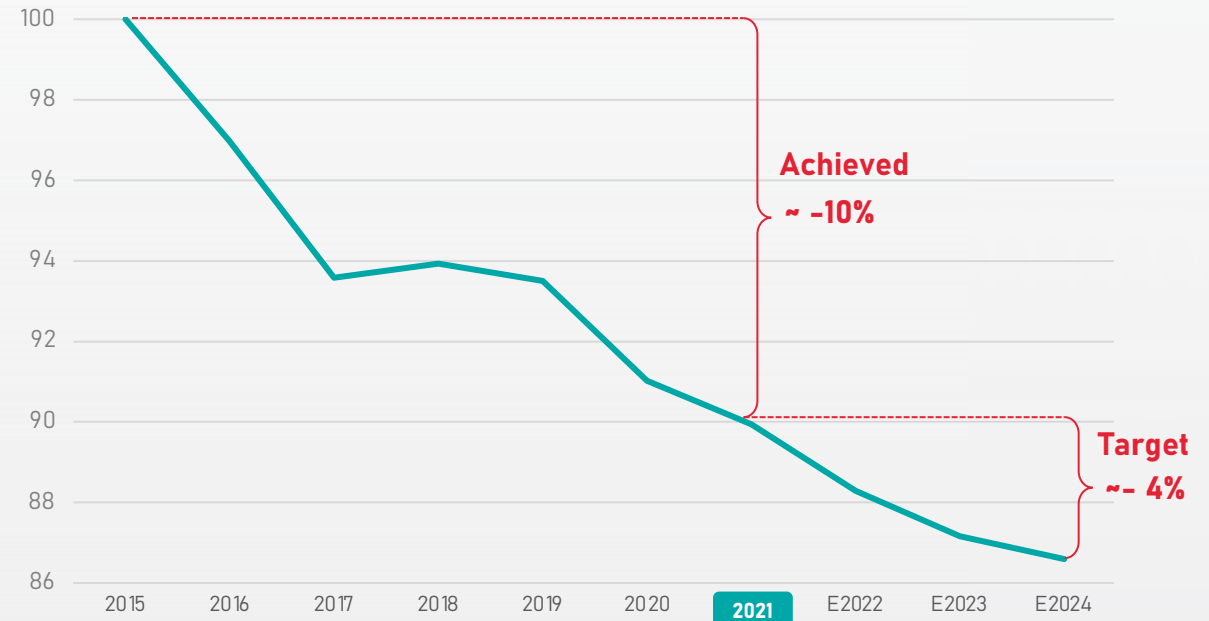
## LIGHT-WEIGHTING TRENDS AND ACTIONS

- Verallia is the leading manufacturer for light weight standard wine bottles in Germany
- Market asks for more weight reduction with the background of CO<sub>2</sub> footprint: >40,000 tons CO<sub>2</sub> already saved since 2015 (scope 1 & 2)
- Verallia Germany has a very good track record over the last five years (>-10% for total wine portfolio)
- Design optimization
- Improved production capabilities



## AVERAGE ARTICLE WEIGHT (STILL WINE)

(100 basis in 2015)



**Verallia Germany is leading the trend toward lightweight wine bottles**



# GERMAN REUSE MARKET IS STRONG AND KEEPS GROWING

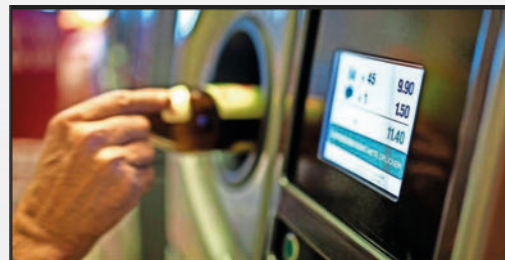
## LONGSTANDING FEATURE OF THE GERMAN MARKET

- Reuse has been a **major feature of the German glass packaging market** for decades, especially for bottles (>30% of volumes)
- Particularly strong in certain end markets such as **beer** (~80% share) and **mineral water** (~20% share) in **both** on- and off-trade



## GROWING TREND TOWARDS REUSE

- Trend towards further reuse** in Germany, mainly fuelled by **consumer demand** (sustainability concerns)
- Existing legislation already asks for a **much-increased reuse rate** for all packaging substrates



## A POSITIVE FOR GLASS MAKERS

- Reuse trends **fully in line with Verallia's Purpose**, putting sustainability at the heart of our strategy
- Growing sustainability concerns driving increase in reuse typically **supportive for glass volumes** (share gains vs less environmentally-friendly materials)



## REUSE GAINING GROUND IN NEW END MARKETS

- Opens up new business opportunities for glass in mineral water: glass share of total market increased from ~15% in 2017 to ~20% in 2021
- Growing trends towards reuse in **end markets not historically keen on reuse** (e.g. juices, dairy, food products like tea, coffee, nuts, cereals)



**A longstanding feature of the German beverage packaging market, reuse is still on the rise**



# VERALLIA GERMANY IS A WELL-ESTABLISHED PARTNER FOR REUSE

## RETRO

- New Verallia “Sud” bottle 0,33l sold more than 50 Mio pcs in 12 months
- **Swingtop bottles** come back more and more (Verallia proposing added value services mounting closures)

## ELEGANCE

- New “N-Range” Pool bottles with modern look for **GDB, the world’s largest returnable pool association with > 200 affiliates** for which Verallia is one of the biggest suppliers
- Verallia is the exclusive development partner for large players in the **mineral water** market for new individual range of reuse bottles

## STANDARDIZATION

- GEMEMA: **new Pool initiative** by Bitburger, Krombacher, Radeberger and Warsteiner (together **accounting for over 30% of the beer market**)
- Initial focus on typical Northern German long neck bottle 0,33l
- Verallia is one of the key partners in the launch of the pool

## SEGMENT-SPECIFIC TRENDS

- Trend to reuse in **Dairy** products in Germany (milk, cream, yoghurt) for which Verallia supplies new and historical formats to leading German Dairy producers
- **Juice**: Verallia is a **historical partner of VdF pool system** (German juice manufacturers association) celebrating 50<sup>th</sup> anniversary in 2021 with over 1bn bottles sold



Verallia actively supports the reuse market; H1 2021: already 6 new reuse product introductions for beverages



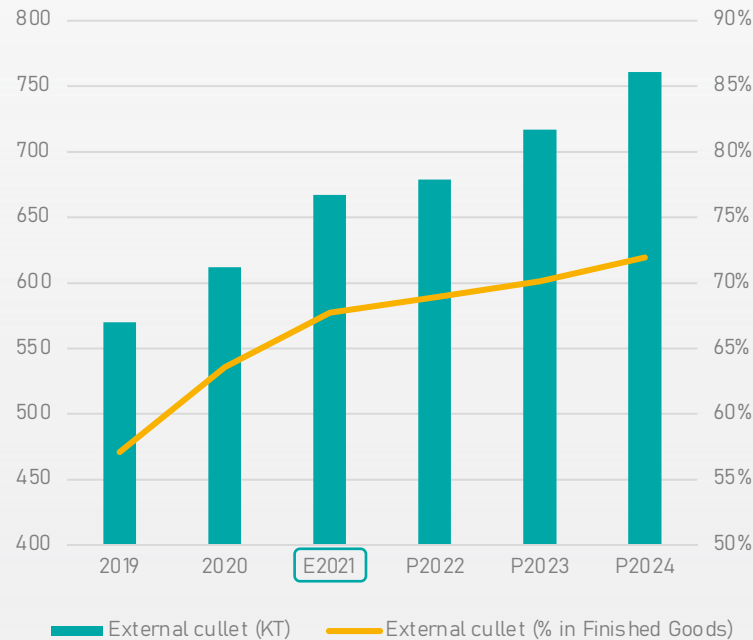
# SECURING SUSTAINABLE ACCESS TO CULLET SUPPLY

## ALREADY DONE (2021)

- *Verre Recycling* JV (Verallia + Remondis) established July 1<sup>st</sup>, 2021
- Covers ca 50% of our cullet needs in Germany
- Defined volume growth per year
- Pricing according to price adjustment formula

## ON-GOING (2021-2023)

- Industrial capacity increase in the South by 50%
- Improvement of quality of cullet



## UNDER STUDY (2022-2024)

- Increase in capacity of *Verre Recycling* JV's Northern plant
- Expanding Long Term Agreement and Price Adjustment Formula to other cullet sources
- Close the loop upstream up to customers licensing waste collection

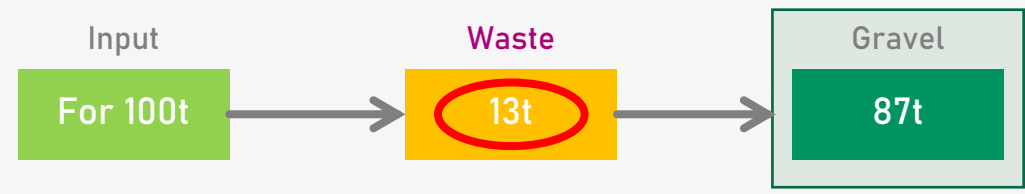


**Strategic move to secure long-term access to cullet**

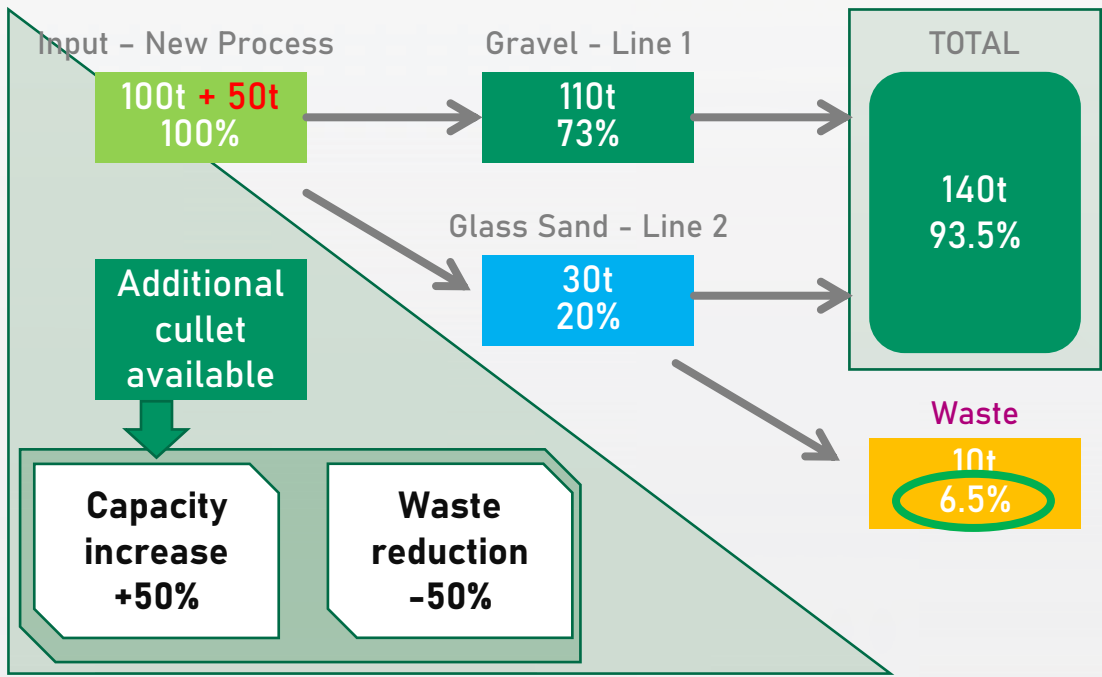


# MAXIMIZING USAGE IN GLASS

OLD



NEW



**We are also maximizing cullet usage through glass sand technology innovations**

## LARGE SCALE GLASS SAND CAPACITY

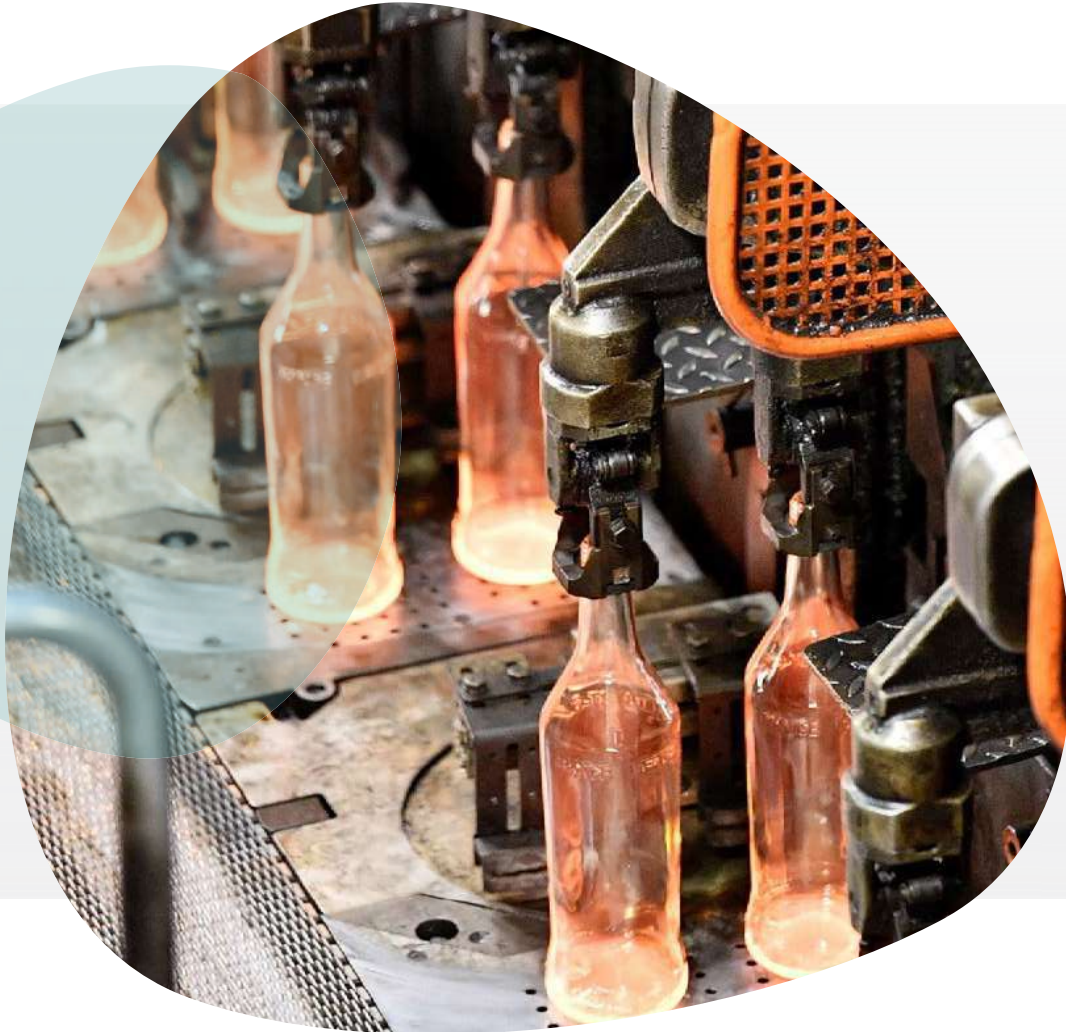
- New State-of-the-Art sorting process
- Increasing total capacity
- Decreasing waste by 50%

## MAXIMIZING POSSIBLE INPUT IN FURNACE

- Reduced impurities to increase use of Cullet: Ceramics ground to dust size Organics removed
- Enhanced colour separation and purity, increased usage in all colours, include white glass







5

## LATAM SEGMENT OVERVIEW



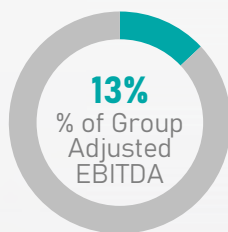
**Quintin  
TESTA DOMINGUEZ**  
Head of  
Latin America

# LATAM BUSINESS OVERVIEW



## KEY FIGURES 2020

- Sales: **€237m**
- Adjusted EBITDA: **€80m**
- Adjusted EBITDA margin: **34%**



## KEY END MARKETS



BEER



STILL WINE



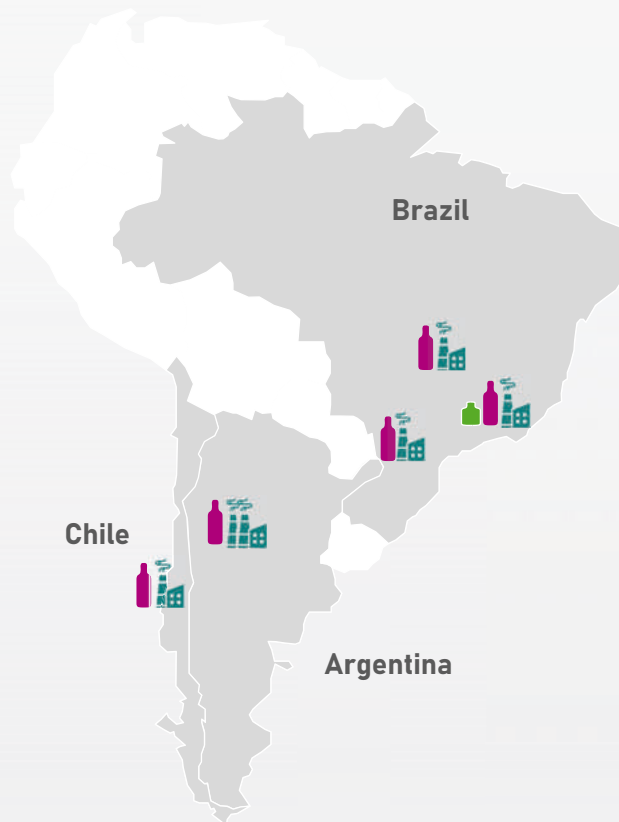
GRUPO PENALOR

## STRONG PRESENCE ACROSS 3 COUNTRIES

**5**  
glass plants

**6**  
furnaces

ca **655kt**  
2020 volumes sold



Glass plants (incl. # of furnaces)



Bottles



Jars



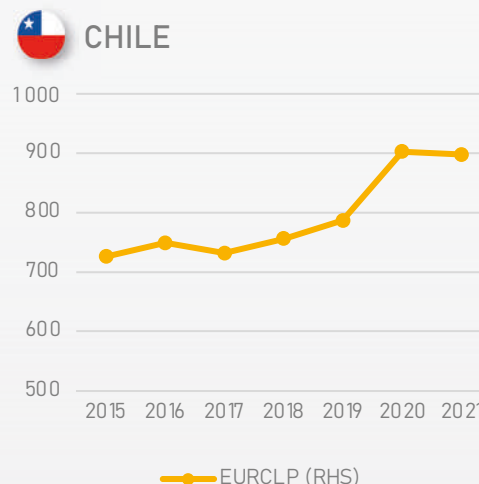
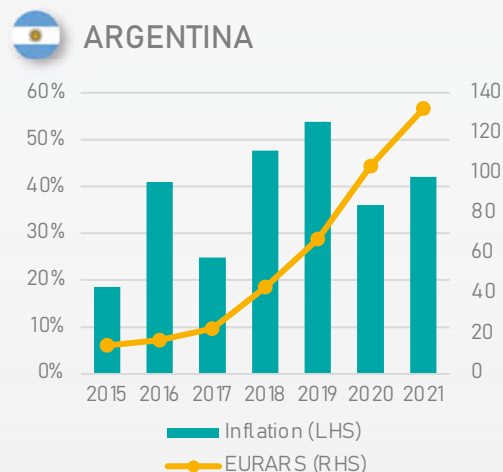
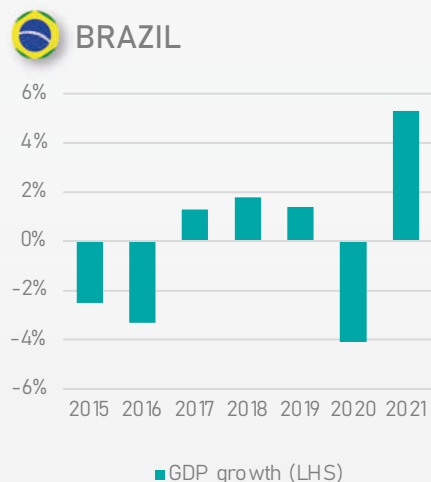
Decoration site

Source: Company.

# LATAM BUSINESS ENVIRONMENT AND PERFORMANCE



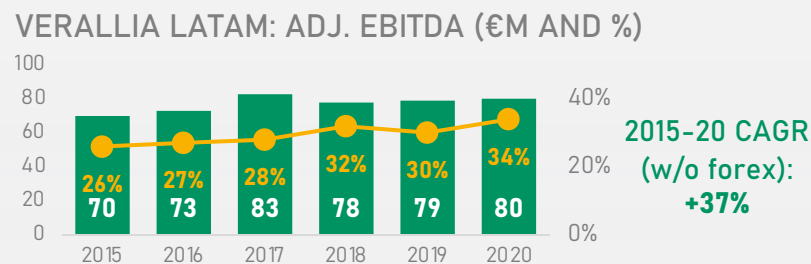
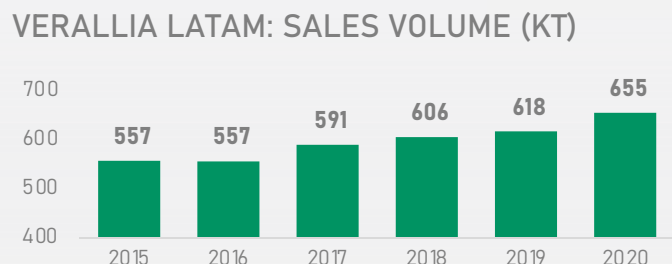
## MACROECONOMIC ENVIRONMENT (GDP, INFLATION, FX)



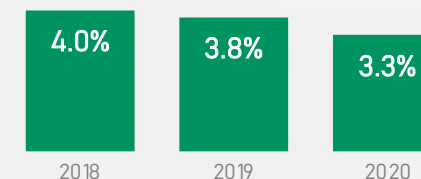
## BUSINESS FUNDAMENTALS AND STRATEGY

- **Strong and experienced team**
- **Leading on Wine** market in the region and leveraging capacity additions on **fast-growing Beer market in Brazil** (with Jacutinga 1 & 2)
- Strong presence with local and global customers
- Intimacy and support to customers to keep commercial spread
- **Operational excellence driving our results:**
  - EHS and quality
  - Efficiency (yield)
  - PAP
  - Service (OTIF >95%)

## VOLUME AND ADJ. EBITDA GROWTH



### NET PAP IMPACT (% OF CASH COST BASE)



**LATAM is achieving excellent results on all business criteria despite a volatile and challenging environment**

Note: all information excluding IVN.

# MARKET OVERVIEW



## VERALLIA'S STRATEGIC FOCUS IN LATIN AMERICA

VERALLIA HAS A DIFFERENTIATED STRATEGY AND END MARKET FOCUS IN LATIN AMERICA:

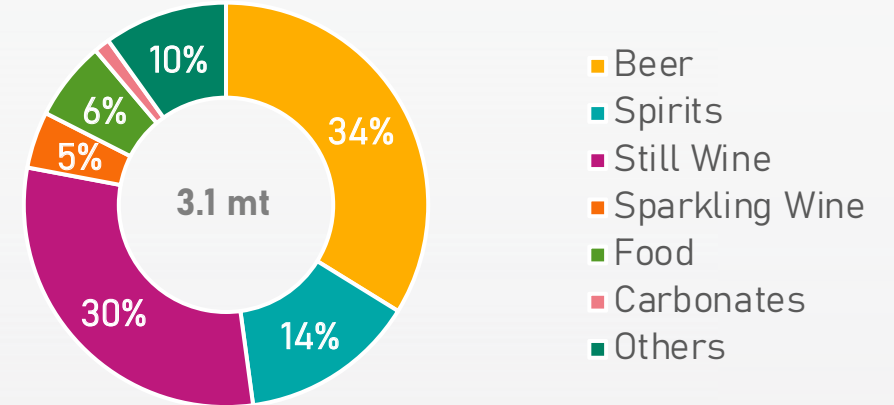
- Focus on **wine end market in Argentina and Chile** with a strong leadership position
- Addressing **all segments in Brazil**, with a strong focus on the large, fast-growing **beer** and **wine** end markets

## MARKET TRENDS IN BRAZIL

- Beer and Wine are the largest contributors to market growth
- Beer** is the largest end market following the **one way** and **localization** trends
- Wine** market is driven by the **rapid increase in Brazilian consumption** (2.1 to 2.7 L per capita in the last 2 years)



## LATIN AMERICA GLASS MARKET (2021 EST.)



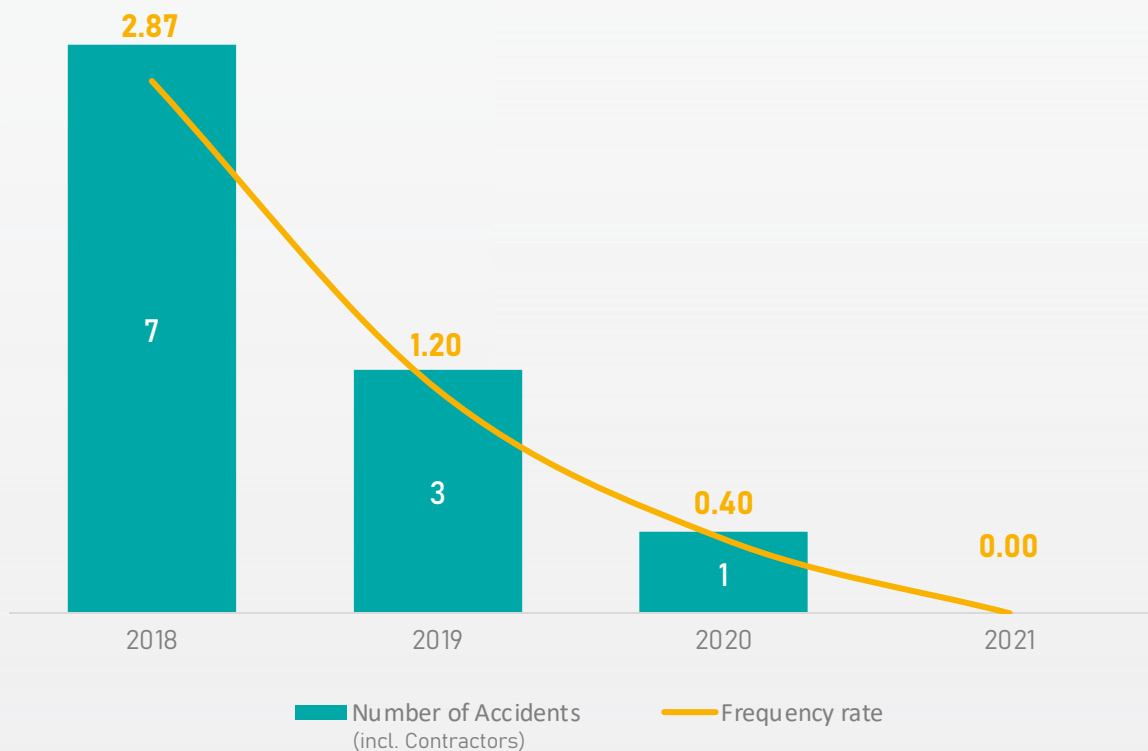
## MARKET TRENDS IN ARGENTINA AND CHILE

- Wine market growth in Argentina and Chile is driven by sustained export growth, with local consumption holding up well despite a difficult macro environment
- Wine** consumption in **Argentina** increases (19.7 to 21.0 L per capita in the last 2 years)
- Wine** export from **Chile** growing by +6% CAGR (21-24)



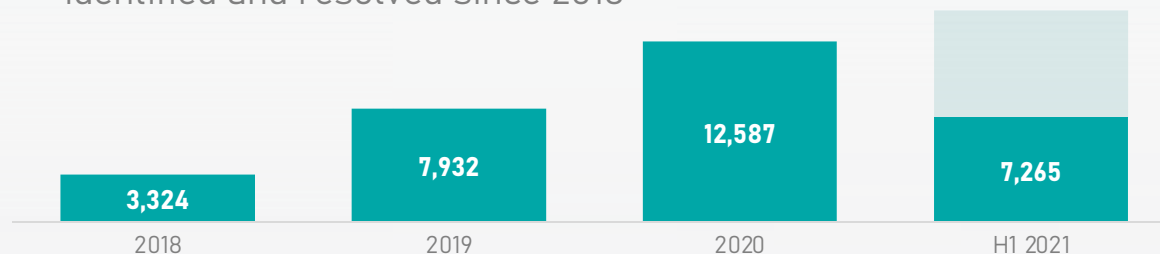
# A SAFE PLACE TO WORK IS OUR PRIORITY

## LTM ACCIDENTS - VERALLIA EMPLOYEES & CONTRACTORS



## SAFETY IS OUR #1 PRIORITY

- 31,108 Unsafe Situations (equipment and behaviors) identified and resolved since 2018



## TRAIN AND USE RCA SYSTEMATICALLY

- Group Environment, Health & Safety (EHS) standards and 4 cardinal rules (ca 30 hours of training per employee per year)

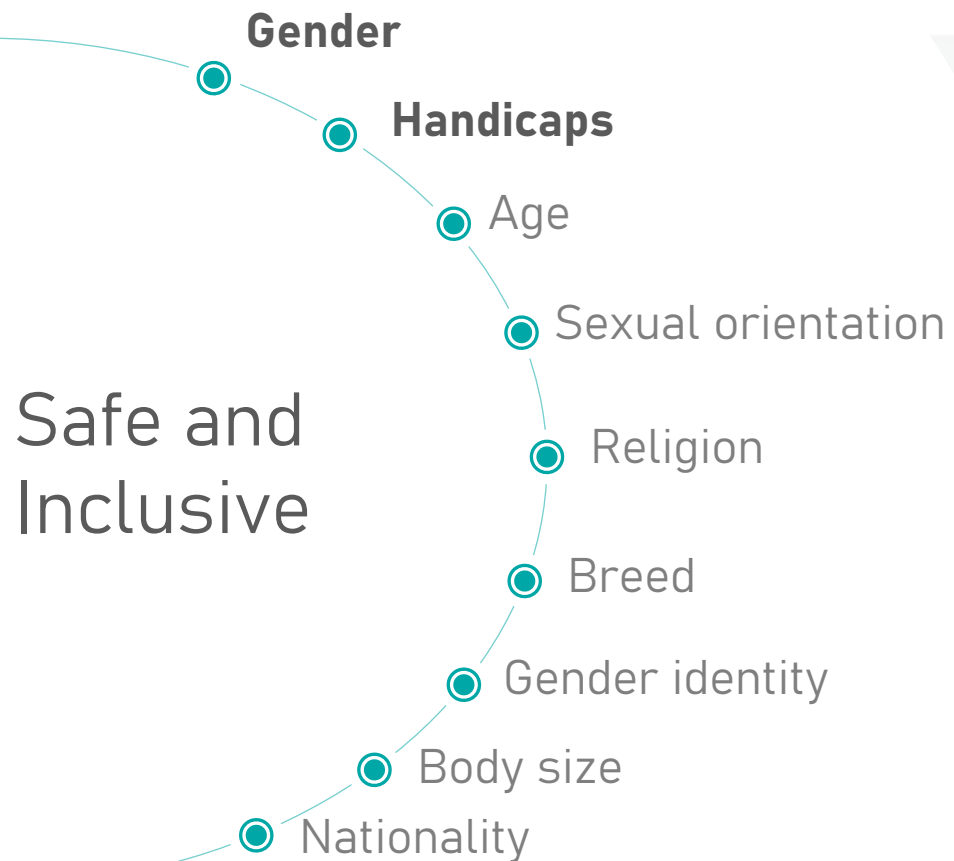


**Zero accident is achievable, and achieved in LATAM**

Frequency rate = all accidents occurred for every 1 million hours worked.



# DIVERSITY- FOCUS ON LATAM'S PROJECT



## OBJECTIVE

Ensuring that Verallia **is a safe and inclusive workplace**, free from prejudice and discrimination, providing opportunities for all people in all LATAM units, and encouraging **each person to be who they really are**, performing 100% of their potential



# DIVERSITY PROJECT – LATAM



## 1ST QUARTER ACTIONS

- Dedicated lecture for all women. Theme: “The importance of emotional intelligence for the high performance of women”
- Sponsorship for the event related to the month of women called “Between Women and Wines”. Open event for all employees
- Career acceleration – promote 7 women to Cadre
- Training grid: new specific training on the topic for all employees

## COMMUNICATION ACTIONS IN PROGRESS

- Internal Newsletter:
  - Article: “Pride, The women of Verallia”
  - Kids: stories, games for children and Family about diversity
- Children's Day: Sending diversity history books encouraging family reading

## TRAINING PROGRAM NEXT ACTIONS

- Lecture on diversity and inclusion for Managers
- Women Career Path
- Women Networking Program





# EXTERNAL CULLET USAGE GROWTH IN BRAZIL

## CHALLENGES

- Recycling habits
- Almost **75% of glass goes to land-field**

## ACTIONS TO DEVELOP CULLET COLLECTION

### CULLET COLLECTION WITH BEER DISTRIBUTION

- Implement collection points in distribution centers
- Develop cullet collecting routes in main bars
- Target of an average of 2T/month/bar
- First pilot expected in 2021/2022 with +/-100 bars

### 1,000 COLLECTION BOXES

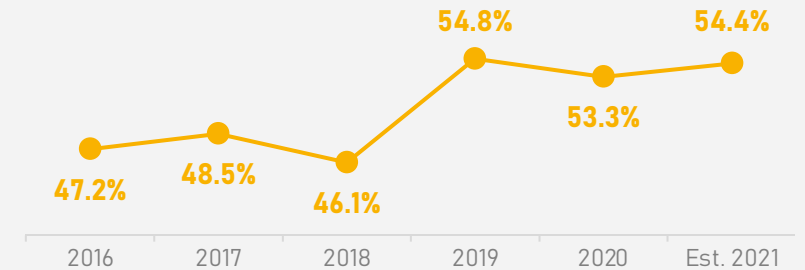
- Located in parks & large condominiums
- Target of 2T/month/box and 24,000T/year in 2025
- First pilot with 50-100 boxes in 2021/2022

### SUPPORT AN ENVIRONMENTAL EDUCATION

- Develop a dedicated educative content for schools

## VERALLIA BRAZIL: EXTERNAL CULLET USAGE

External Cullet per TVB



**Verallia Brazil focuses on increasing collection as it is the current bottleneck in the cullet chain**



# UPCOMING STRATEGIC INVESTMENTS IN BRAZIL

## JACUTINGA – 2<sup>ND</sup> FURNACE (FJA2)

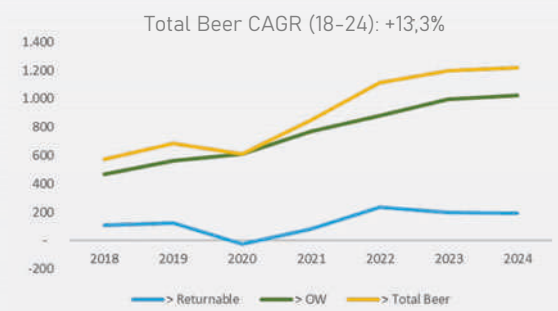
### PROJECT OVERVIEW

- Add capacity in FJA2 to grow across the **Beer** market in Brazil
- Focus on Long runs beer productions – Increase in capacity for Emerald Green bottles (mostly one way)
- Extra capacity will be allocated among a broad range of customers

### KEY FIGURES (TARGET)

- **Capex:** €60m
- **Completion date:** December 2022
- **Incremental capacity:** + 120 kT

## BEER MARKET IN GLASS - VOLUME (KT)



## NEW FURNACE (SITE TBD)

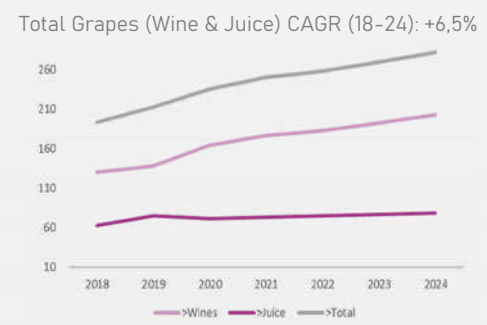
### PROJECT OVERVIEW

- Add capacity to grow across the **Wine** market in Brazil with a focus on green and flint colors Green and Flint for the customers of the South of Brazil
- Extra capacity will be allocated among our traditional customers supporting their growth and replacing glass packaging imports

### KEY FIGURES (TARGET)

- **Capex:** €80m
- **Completion date:** December 2023
- **Incremental capacity:** + ca 120 kT (TBC)

## WINE / GRAPES MARKET IN GLASS - VOLUME (KT)



**We are investing in the fastest-growing segments of the dynamic Brazilian market**





6

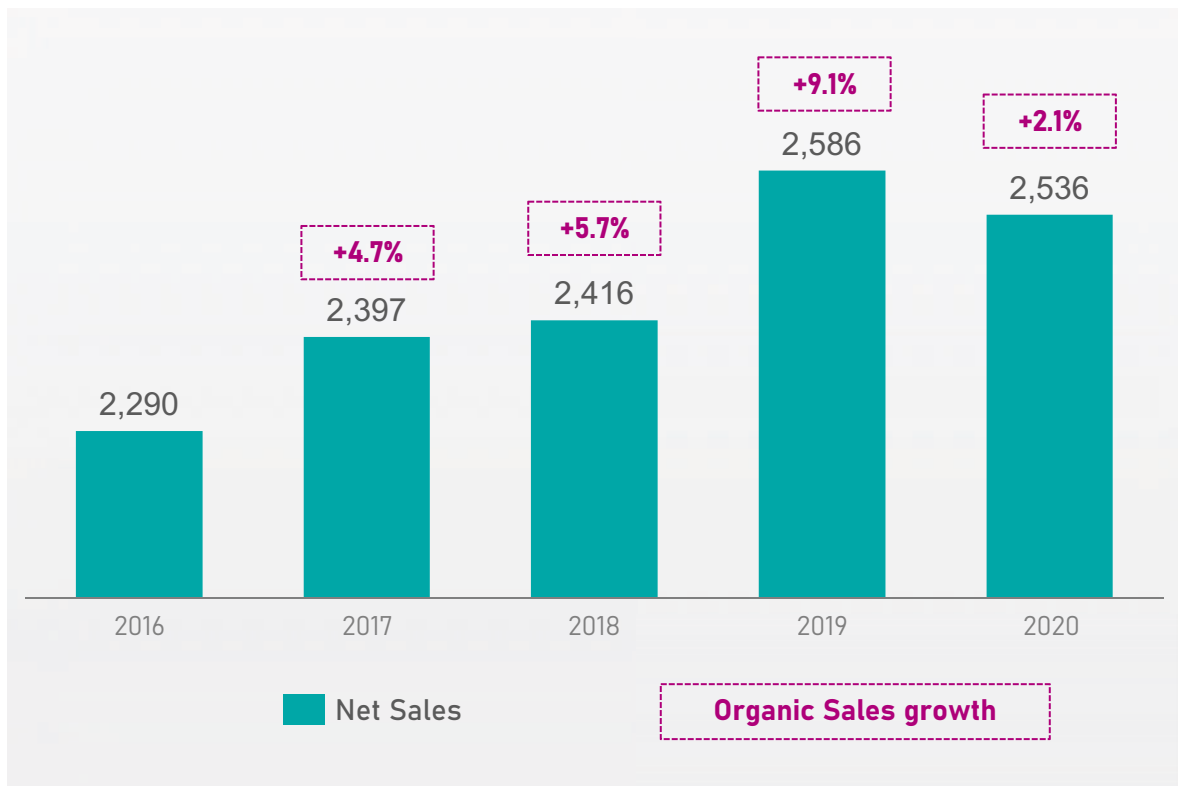
## FINANCIAL OVERVIEW & MID-TERM GUIDANCE



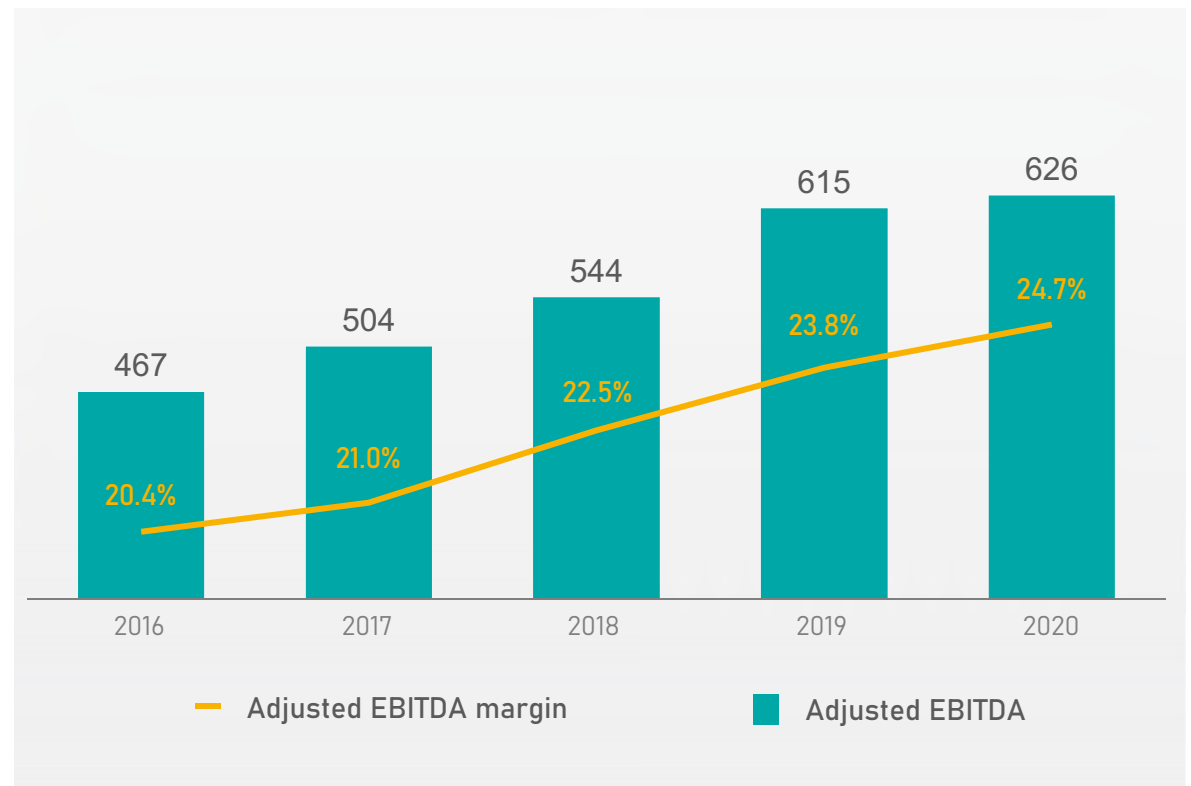
Nathalie  
**DELBREUVE**  
CFO

# STRONG TOP LINE CONTRIBUTING TO SUSTAINED ADJUSTED EBITDA GROWTH & MARGIN IMPROVEMENT

**SUSTAINED ORGANIC SALES GROWTH (€M):**  
**+7.4% PA OVER 2016-20<sup>(1)</sup> DESPITE COVID**



**ADJUSTED EBITDA GROWTH (€M):**  
**+7.6% PA OVER 2016-2020 DESPITE COVID & ADJ. EBITDA MARGIN**  
**INCREASED MORE THAN +1 PT PA OVER 2016-2020**



(1) The organic sales CAGR over 2016 – 2020 excluding Argentina is +4.0%.



# OUR THREE KEY FINANCIAL PERFORMANCE IMPROVEMENT DRIVERS AND OUTLOOK ASSUMPTIONS

## A SUSTAINED VOLUME GROWTH

- Market expected to grow out of 2020 trough at a rate at least equal to last 5 years (+2.1%)
- Volume growth supported by increasing consumer concerns about packaging sustainability, glass gaining share over other substrates in selected end markets (eg NAB, food)
- Additional contribution from new furnace openings

## B POSITIVE PRICE COST SPREAD

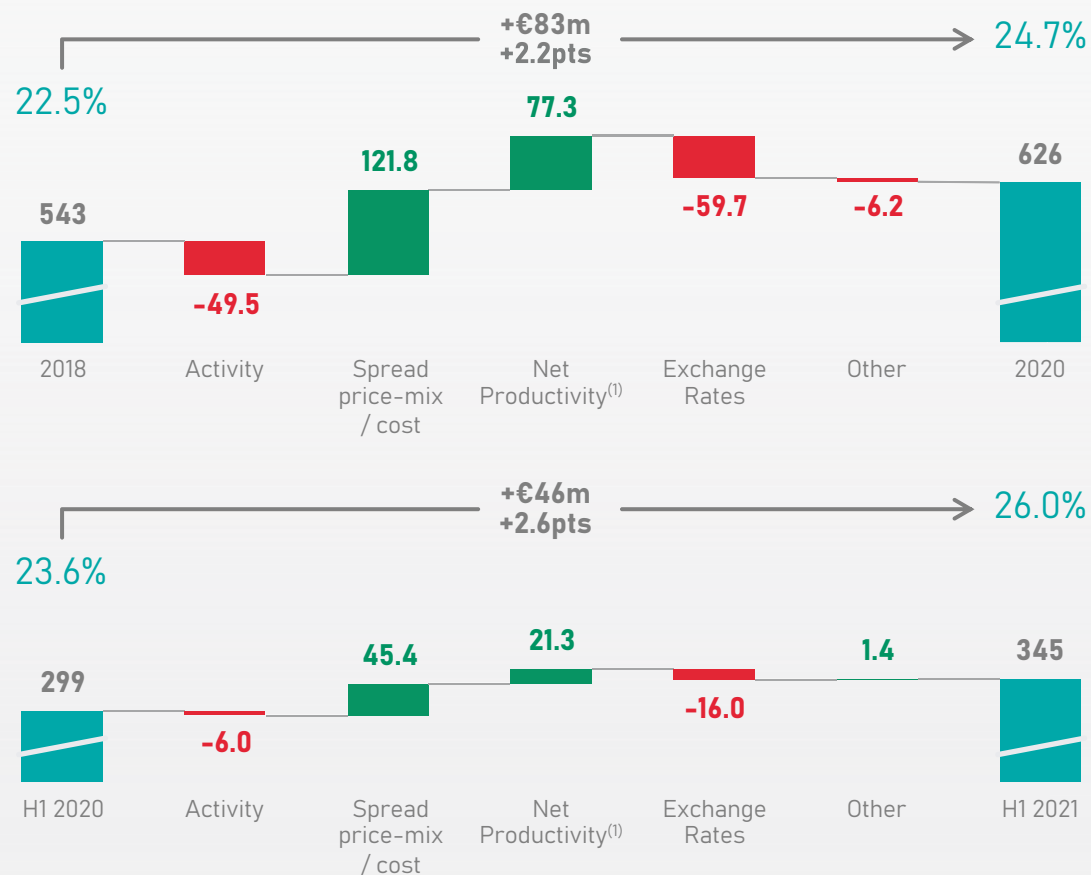
- Continued strict policy of preserving a positive price/cost spread across segments
- Prices still benefiting from Value Based Pricing initiatives
- Continued purchasing and hedging policy reducing exposure to commodity price volatility and providing visibility on cost base inflation

## C OPERATIONAL EXCELLENCE DEPLOYMENT

- Continued focus on operational improvement process – continuous target of net Performance Action Plan (PAP) reaching at least 2% of production cash costs savings
- Still a key pillar of our adjusted EBITDA growth strategy as the one directly under our control

# LEADING TO SUSTAINED ADJ. EBITDA GROWTH & MARGIN IMPROVEMENT

## ADJUSTED EBITDA (IN €M AND % OF SALES)



### Activity / Operating leverage resilience & destocking

- Positive organic growth every year despite the Covid pandemic in 2020: **+9.1% in 2019, +2.1% in 2020 and +7.7% in H1 2021** with volumes going back to pre-Covid levels
- Negative destocking impact not expected to recur beyond 2021

### Positive price-mix / cost spread

- Price increases offsetting cost inflation
- Value-added pricing and positive mix contribution

### Net PAP

- >€35m delivered each year even in 2020 (Covid) and €21m in H1 2021  
 → >2% production cash production cost reduction

### FX and Others

- Adverse FX effects on adjusted EBITDA more than offset by organic adjusted EBITDA performance

**IPO guidance on Adjusted EBITDA margin (>25%) achieved one year in advance**

(1) Performance Action Plan ("PAP") impact amounting to €91,7m for the period 2018 to 2020 and to €22m for H1 2021. Source: Company.

# DISCIPLINED AND DYNAMIC RISK HEDGING POLICY

## ENERGY

- **Disciplined fuel, gas and electricity hedging policy** limiting energy cost volatility in Western Europe and levelling market bursts
  - **Hedging horizon: next 3 years** for a target of 85% of our needs
  - Progressive hedging during year N with targeted hedge rates in October year N of: **100% of target in year N+1, 50% in year N+2, 25% in year N+3**
  - Use of Take-Profit and Stop-Loss levels

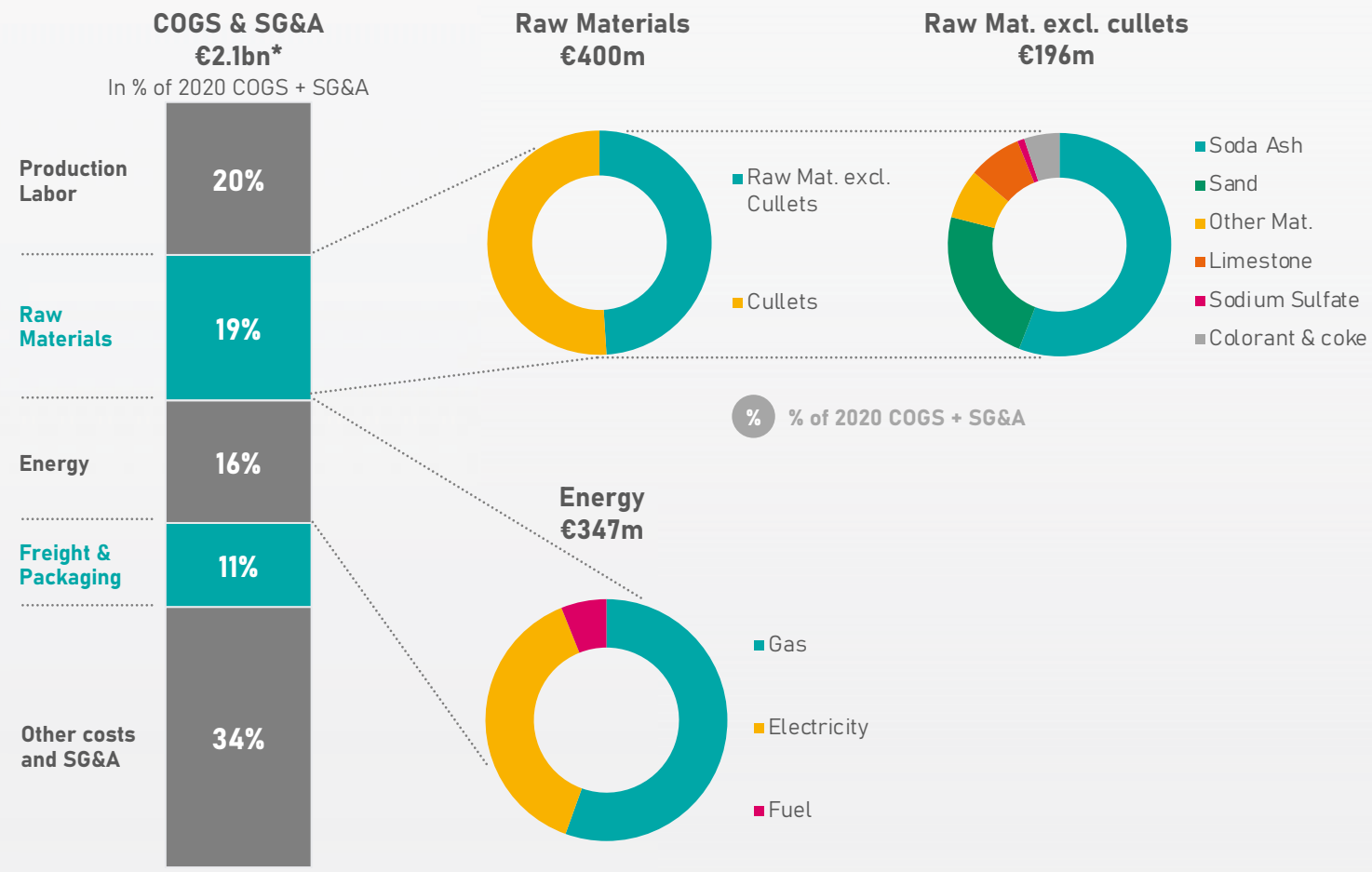
## CO<sub>2</sub>

- **Disciplined carbon emission quotas hedging policy in Western Europe**
  - **Hedging horizon: next 3 years**
  - Phase IV (2021-2030): **€55m** carbon quotas forward purchases in view of expected annual deficit during Phase IV
  - Forward purchases during year N with targeted deficit hedge rates in **October year N of: 100% in year N+1, 75% in year N+2, 50% in year N+3**

## EXCHANGE RATES

- **Very limited transactional FX risk** with ca 2% of the Group's receivables / payables exposed
- **Strict hedging policy applied** with targeted hedge rates of:
  - **100% for all firm commitments**
  - 75% for budgeted cash flows over a 12-month rolling period (subject to specific local regulations)

# EFFICIENT AND RESPONSIBLE PURCHASING STRATEGY



- **External cullet share exceeding total of other raw material volume** reflects increase in external cullet usage
- **Energy hedging policy** applied to gas, electricity and fuel
- **Security of supply and high purchasing performance** notably supported by:
  - long term partnership with Minerals / Chemical international suppliers and key local providers
  - multi-year supply visibility for Capex and corresponding bundling approach
  - opportunist purchase approach developed for Molds and Equipment in low-cost countries
- **Procurement Process efficiency** based on:
  - matrix organization (central / local) offering agility to adapt purchasing strategy (global / country)
  - professional purchasers / standardized practices
  - responsible purchasing practices deployed in all countries covering CSR risk and CO<sub>2</sub> Scope 3 aspects

**Visibility and contained volatility on our cost base**

(\* ) Including depreciation.

# FROM ADJUSTED EBITDA TO NET INCOME AND EARNINGS PER SHARE

## Historical P&L summary (€m)

€m	2018	2019	2020	H1 20	H1 21
Sales	2,416	2,586	2,536	1,275	1,328
% growth	-	7.0%	-1.9%	-	4.2%
Adjusted EBITDA	543	615	626	299	345
Margin (%)	22.5%	23.8%	24.7%	23.4%	26.0%
D&A	-298	-284	-276	-140	-136
Adjustments	-24	-36	-33	-25	-1
Operating profit	221	295	316	134	207
Financial income / (expenses)	-147	-116	-46	-20	-32
Income tax	-24	-54	-62	-35	-44
Current tax	-58	-71	-73	-40	-62
Share of net income of non-core business associates	-2	-1	1	0	1
Net income	49	125	210	79	133
Earning per share		1.00	1.67		
Earning per share excluding PPA (*)		1.36	2.04		
<b>Adjustments</b>	<b>24</b>	<b>36</b>	<b>33</b>	<b>25</b>	<b>1</b>
Restructuring costs	7	3	20	19	-3
Acquisition and other transaction related costs	0	-2	0	0	0
Hyperinflation (IAS 29)	3	2	3	1	-1
Management equity Plan related costs	6	12	6	2	4
Disposals and risks related to subsidiaries	-9	0	0	0	0
Fabe (Brazil) closure project Carve-out costs	11	2	0	0	0
Other	6	20	4	3	0

- 1
- 2
- 3
- 4

- 1 Depreciation & Amortization (D&A)** includes ca €720m customer relationship recorded in 2015 and amortized on a straight-line basis over 12 years (€60m pa)
- 2 EBITDA Adjustments** in 2020 mainly include restructuring costs from France Transformation Plan and 2019 IPO related costs
- 3 Financial income / (expenses)** includes interest cost, financing fee amortization and one-off items; interest cost down consistently but offset in 2018 & 2019 by one-off costs related to the refinancing prior to the IPO
- 4 Income tax:** effective tax rate going down from 30% in 2019 to 27% going forward. 2020 income tax positively impacted by patent box retroactive effect in Italy (about +4pts)

**Steady improvement in Net income and EPS excl. PPA > €2 in 2020**

(\*) PPA = amortization expense of the customer relationships, booked at the time of the acquisition of the glass packaging division of Saint-Gobain in 2015, for €0.37 in 2020 and €0.36 in 2019 (amount net of tax).



# KEY DRIVERS FOR STRONG AND STEADY CASH-FLOW



## ADJUSTED EBITDA

- High adjusted EBITDA margin level
- Improving year-on-year from sustained volume growth, positive spread and operational excellence deployment
- Adjusted EBITDA margin > 25% in 2021, one year before IPO guidance



## SMART CAPEX

- Overall 10% of sales invested every year
- Recurring Capex maintained at 8% of sales
- Targeted strategic investments:
  - additional capacity in growing markets / countries
  - specific investments to reduce our CO<sub>2</sub> emissions in line with our ESG roadmap

**Cash conversion around 60% on average**



## DISCIPLINED WORKING CAPITAL MANAGEMENT

- Supply chain action plan to optimize inventory levels and quality, whilst improving service (OTIF)
- Large customer base mitigating risk
- Tight overdue management

# VERY STRONG CASH-FLOW GENERATION

In €m	FY 2019	FY 2020
Adjusted EBITDA	615.2	625.7
Total Capex	252.5	250.5
<b>Cash conversion</b>	<b>59.0%</b>	<b>60.0%</b>
Change in operating working capital	45.7	67.0
<i>of which Capex WCR</i>	<i>19.3</i>	<i>2.8</i>
<b>Operating Cash-Flow</b>	<b>408.4</b>	<b>442.1</b>
Other operating impact	-42.7	-29.6
Interest paid & other financing costs	-86.6	-36.7
Cash Tax	-59.1	-60.2
<b>Free Cash-Flow</b>	<b>220.0</b>	<b>315.7</b>

- Growth in adjusted EBITDA
- High level of **cash conversion**
- Significant improvement in **operating working capital** requirement
  - Stocks @ extremely low level
  - Overdues well-managed and stable
- **Other operating impact** = IFRS 16 for €18m and adjustments to EBITDA with a cash effect (Covid costs in 2020 and IPO costs mainly in 2019)
- **Interest paid and other financing costs cash out** reduced in 2020 thanks to pre-IPO loan restructuring and lower TLA interests (deleveraging triggered TLA ratchets: -25bps in July 2020 and -25bps in July 2021)
- **Cash Tax:** effective tax rate 27% with positive one-off in 2020 due to retro-active patent box in Italy

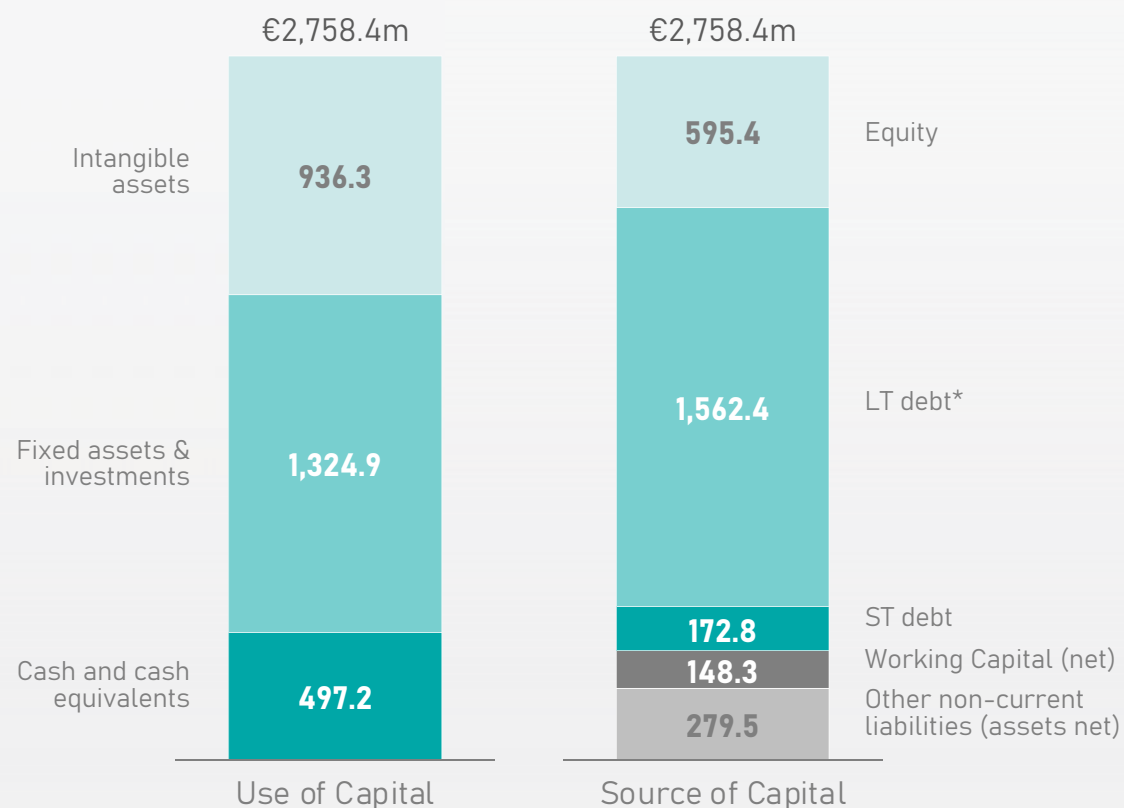
**High conversion of operating cash-flow into free cash-flow**

Source: Company.

Note: Cash conversion = (Adjusted EBITDA-Capex) / Adjusted EBITDA.

# ROBUST BALANCE SHEET

## SIMPLIFIED BALANCE SHEET STRUCTURE AS OF 30-JUNE 2021



- **High quality tangible assets, representing ca 40% of total assets**

- Average Capex of 9.8% of sales in the past 5 years (2016-20)
- New furnace being built in our Jacutinga plant in Brazil (start of production end of 2022)

- **Enhanced capital structure post IPO**

- Equity of €595m at the end of June 2021 vs €578m in 2020, €419m in 2019 and €50m in 2018
- Net gearing of 2.2x in 2020 vs 3.8x in 2019 and 34.2x in 2018

- **ROCE**

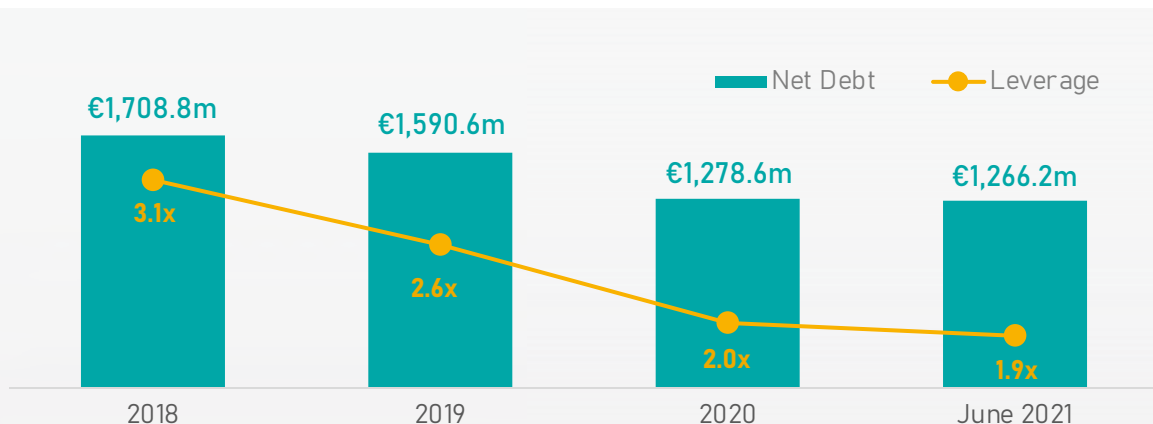
- After-tax ROCE above 20% (excluding goodwill and asset step-ups from the 2015 Saint-Gobain spin-off)
- Regular increase driven by mix of rising adjusted EBITDA and capital employed well under control (fixed assets & working capital)

**Business model supported by a high-quality asset base and robust balance sheet**

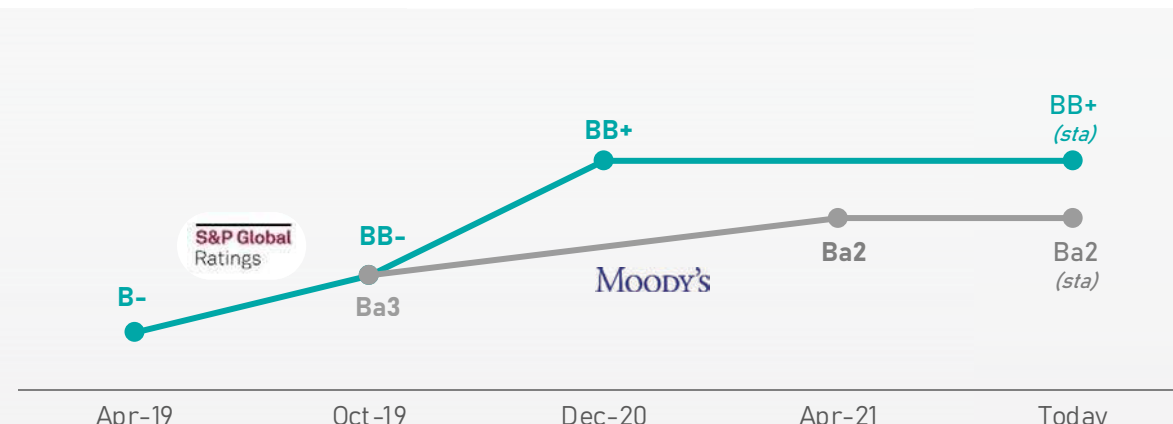
Source: Company.  
\*Non-current portion of LT Debt.

# CONTINUOUS DELEVERAGING AND STRONG CREDIT PROFILE

## STRONG DELEVERAGING PROFILE



## CORPORATE RATING TRAJECTORY



- **Significant deleveraging** over the last two years, reaching 1.9x as of June 30<sup>th</sup> 2021 (versus 3.1x as of December 2018) as a result of strong cash generation and improving EBITDA and after share buy-backs for €109m in H1 2021
- Highly **comfortable liquidity\* level**: €847.9m as of June 30<sup>th</sup>, 2021
- Multiple **credit rating upgrades** since April 2019. Currently BB+ - Sta / Ba2 - Sta following deleveraging and progressive exit of Apollo as shareholder

**Trajectory towards further credit rating upgrades**

Source: Company.  
 \* Calculated as Cash + Undrawn Revolving Credit Facilities – Outstanding Commercial Papers.

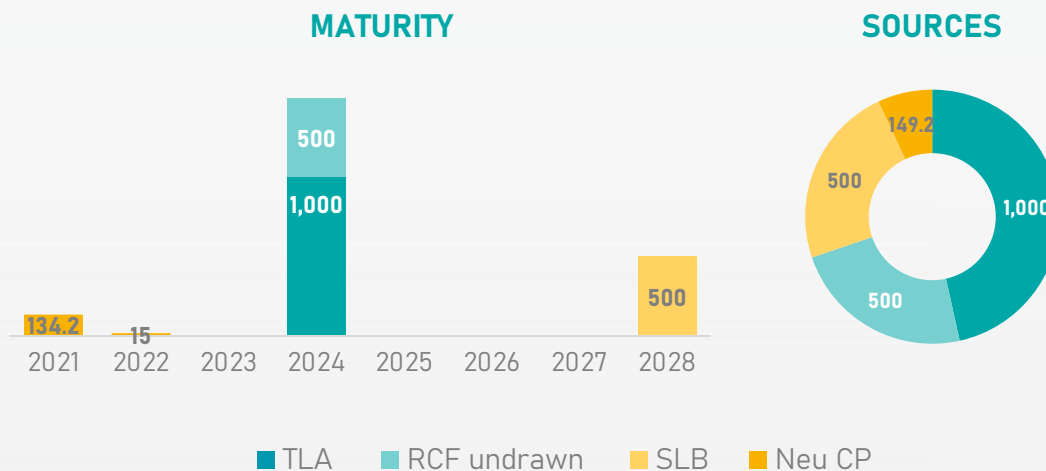
# DIVERSIFICATION OF FUNDING AND LENGTHENING OF MATURITIES

## SOURCES OF FUNDING

€M	NOMINAL AMOUNT	MATURITY	NOMINAL RATE	30 JUNE 2021
Sustainable Linked Bond (SLB)	500.0	May 2028	1.625%	496.8
Term Loan A (TLA)	1,000.0	October 2024	Euribor+1.50%**	993.9
Revolving Credit Facility (RCF)	500.0	October 2024	Euribor+1.10%***	-
Neu CP	400.0			149.2
Other debt				123.5
<b>Total borrowings</b>				<b>1,763.4</b>
Cash				(497.2)
<b>Net Debt</b>				<b>1,266.2</b>

*Factoring non recourse (off Balance Sheet): €357.3 m*

## DEBT\* PROFILE (€M)



- **Diversifying sources of funding:** first step in May 2021 into the deep EUR bond markets with a successful inaugural Sustainability Linked Bond:
  - €500m with a maturity in May 2028
  - KPI's fully aligned with our ESG strategy reinforcing our commitment to sustainability (KPI #1: CO<sub>2</sub> emissions, KPI#2: external cullet usage)
- **Lengthening debt maturity profile** anchoring new points in the debt maturity curve
- **Highly competitive cost of financing** below 2% all included (pre-tax)

Source: Company.

Notes: \*excluding Other Debt; \*\*1.25% as of August 2021; \*\*\*0.85% as of August 2021.



## KEY FINANCIAL TAKEAWAYS

- 1 Proven financial performance since IPO**  
**Positive organic growth** despite pandemic, IPO mid-term targets met one year in advance
- 2 Straightforward business model relying primarily upon self-help initiatives**  
**Positive spread** (value-based pricing, hedging) and **PAP** (>2% of production cash cost base) well under control
- 3 Sustained cash flow generation**  
Mix of high cash conversion, working capital control and financial/tax expense rationalization; ability to finance ESG plan whilst pursuing deleveraging
- 4 Solid and efficient balance sheet**  
Low leverage (1.9x vs 3.1x as of YE18), high liquidity, diversified financing sources, rating upgrades and high ROCE (>20%)
- 5 Supportive environment for new mid-term (2024) guidance**  
Supportive demand environment, adjusted EBITDA margin expected above 25% in 2021 (from 22.5% in 2018), upcoming capacity additions, continued self-help measures (spread, PAP), increased bottom line visibility

# MID TERM FINANCIAL GUIDANCE (2022-2023-2024)

	2022-2023-2024	ASSUMPTIONS
<b>ORGANIC SALES GROWTH<sup>(1)</sup></b>	<b>+4-6% CAGR</b>	From ca half volume and half price/mix Moderate inflation in raw material and energy costs after 2022
<b>ADJ. EBITDA MARGIN</b>	<b>28%-30% in 2024</b>	Positive price/cost spread Net PAP > 2% of production cash cost (i.e. > €35m per annum)
<b>CUM. FREE CASH FLOW<sup>(2)</sup></b>	<b>ca €900m over 3 years</b>	Recurring and strategic capex @ ca 10% of sales, including CO <sub>2</sub> -related capex and 3 new furnaces by 2024
<b>EARNINGS PER SHARE (excl. PPA<sup>(3)</sup>)</b>	<b>ca €3 in 2024</b>	Average cost of financing (pre-tax) @ ca 2% Effective tax rate @ ca 27%
<b>SHAREHOLDER RETURN POLICY</b>	<b>Dividend / share growth &gt; 10% per annum + Accretive share buy-backs</b>	Net income growth > 10% per annum Investment grade trajectory (leverage < 2x)

Notes: (1) At constant FX and excluding changes in perimeter.  
 (2) Defined as the Operating Cash Flow - Other operating impact - Interest paid & other financing costs - Cash Tax.  
 (3) Earnings excl. amortization expense for customer relations (PPA) recognized upon the acquisition from Saint-Gobain, of ca €0.38 / share (net of taxes).



7

## CONCLUSION



**Michel  
GIANNUZZI**  
Chairman and CEO

# OUR WINNING STRATEGY FOR A PROFITABLE, INCLUSIVE AND DURABLE GROWTH



1

Pursue disciplined growth (incl. strategic investments)

**2022-2023-2024 ORGANIC SALES GROWTH**  
+4-6% CAGR



2

Increase operational excellence

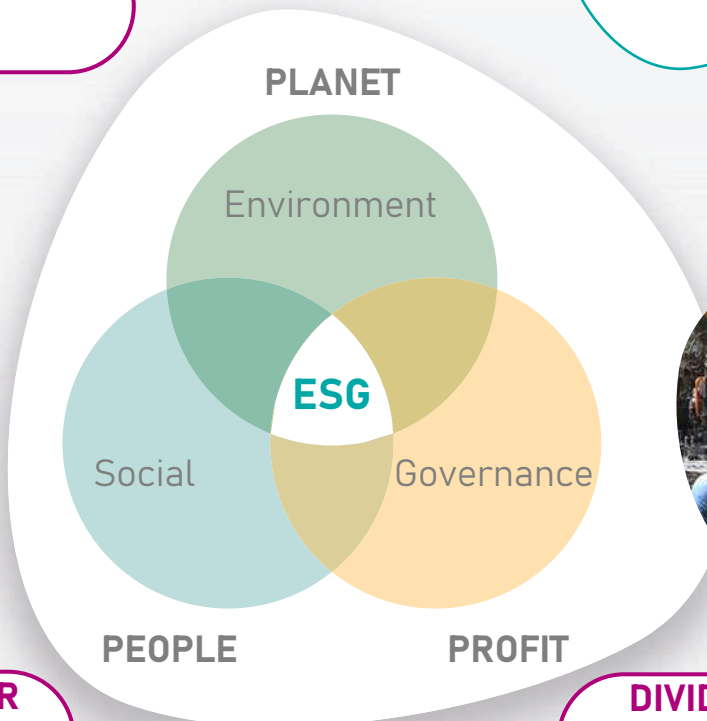
**2024 ADJ. EBITDA MARGIN**  
28% - 30%



4

Anchor a strong entrepreneurial culture

**2024 EARNINGS PER SHARE (excl. PPA)**  
ca €3 / share



3

Invest wisely for a sustainable future

**CUM. FREE CASH FLOW**  
ca €900m over 3 years



**DIVIDEND / SHARE GROWTH**  
> 10% per annum



# THANK YOU FOR YOUR ATTENTION

“

Re-imagine **glass**  
for a sustainable  
future

PEOPLE PLANET PROFIT





CAPITAL  
MARKETS  
DAY **2021**  
October 7

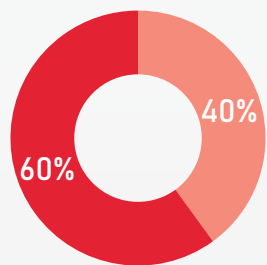


## APPENDICES

# VERALLIA COMPLIES WITH THE RECOMMENDATIONS SET OUT IN THE AFEP-MEDEF CODE\*

12 members and 2 non-voting observers

## NATIONALITY



■ Foreigner ■ French

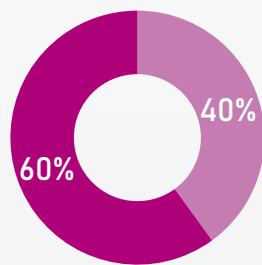


Nationalities:

French, American, Swiss, Spanish and Brazilian (without taking into account employees' representatives)



## INDEPENDENCE



■ Non independent ■ Independent

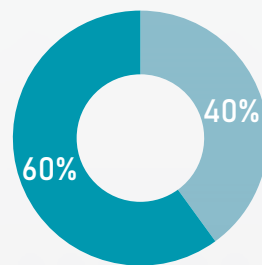


As at Dec. 31<sup>st</sup>, 2020,

independent members represent 40% of the members of the Board of Directors

(without taking into account employees' representatives)

## DIVERSITY



■ Men ■ Women



As at Dec. 31<sup>st</sup>, 2020,

women represent 40% of the members of the Board of Directors (without taking into account employees' representatives)

## BACKGROUND SKILLS



## BOARD TRAINING



Verallia integration program (including site visit)

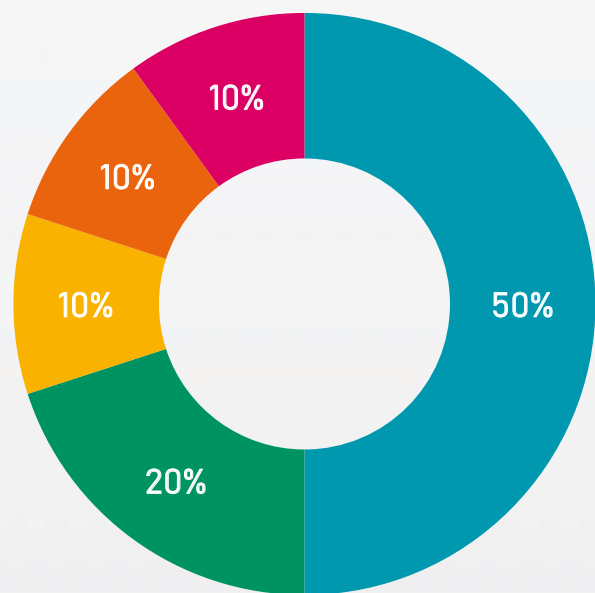


Specific trainings for Board members who are employee-representatives

**In 2020, 7 plenary meetings/global attendance rate: 88%**

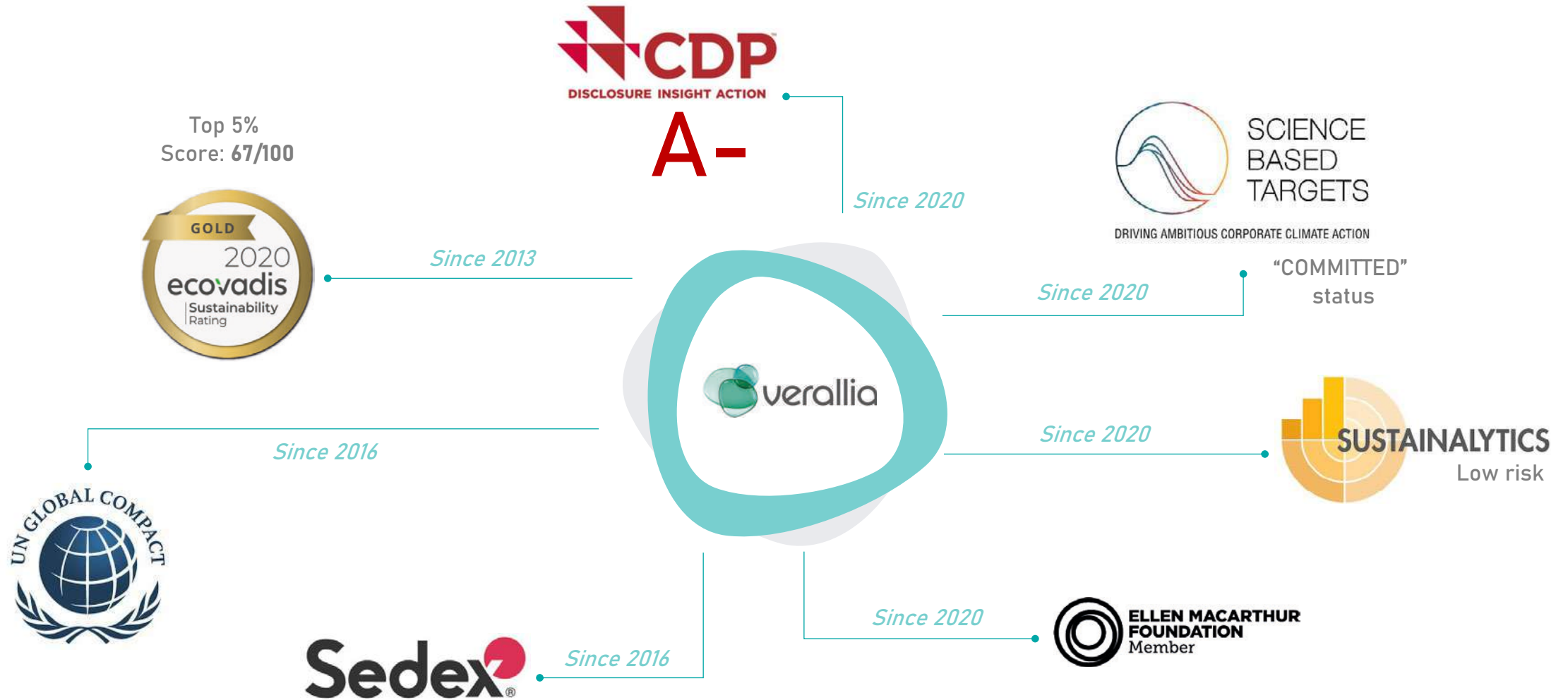
\* Except for Directors' mandate terms related to Verallia's recent IPO.

## LONG TERM INCENTIVE PLANS

WEIGHT OF ALL  
PERFORMANCE CRITERIAPERFORMANCE  
CRITERIA2021-2022 PLAN  
OBJECTIVES2021-2023 PLAN  
OBJECTIVES




Performance Criterion	2021-2022 Plan Objectives	2021-2023 Plan Objectives
<b>Theoretical Value Creation</b>	<ul style="list-style-type: none"> <li>Between 0% and 50% if objective is achieved</li> <li>Can reach 60% in case of over performance</li> </ul>	Increase between 2020 and 2022 of [8 x Adj. EBITDA – Net Debt] before dividend payments and/or shares buy-backs
<b>Total Shareholder Return</b>	<ul style="list-style-type: none"> <li>0% if objective is not achieved</li> <li>20% if objective is (over)achieved</li> </ul>	VRLA TSR >= SBF120 TSR between 2020 and 2022
<b>Return On Capital Employed</b>	<ul style="list-style-type: none"> <li>0% if objective is not achieved</li> <li>10% if objective is (over)achieved</li> </ul>	ROCE >= 21%
<b>CO<sub>2</sub> emissions reduction</b>	<ul style="list-style-type: none"> <li>0% if objective is not achieved</li> <li>10% if objective is (over)achieved</li> </ul>	CO <sub>2</sub> emissions <= 484 kg CO <sub>2</sub> /ton of good glass in 2022
<b>Gender equality</b>	<ul style="list-style-type: none"> <li>0% if objective is not achieved</li> <li>10% if objective is (over)achieved</li> </ul>	Gender equality index (as defined by French law) >= 66 on Dec 31 <sup>st</sup> , 2022

# LATEST RATINGS AND PARTNERSHIPS



# VERALLIA ESG GOALS

## OUR PURPOSE: RE-IMAGINE GLASS FOR A SUSTAINABLE FUTURE

OUR COMMITMENTS	ALIGNMENT UN SDGS	OUR GOALS	PERFORMANCE INDICATORS	2018	2019	2020	2025 TARGETS
Enhance the circularity of glass packaging		Enable the increase cullet collection by 7 pts	% of domestic used glass collected in Verallia's countries in Europe	76%	76% (2018 figure)	N/A (2019 figure)	83%
		Increase the rate of use of external cullet by 10 pts	Rate of external cullet usage in our glass production sites	47%	49%	51.6%	59%
		Expand viable Reuse business models	Test a pilot to validate the business model	N/A	N/A	N/A	At least 1 pilot in France
Significantly reduce our CO <sub>2</sub> emissions across our operations		Reduce our absolute CO <sub>2</sub> emissions (scopes 1 & 2) by 27.5% by 2030 vs 2019, in line with Science Based Targets	Tons of CO <sub>2</sub> emitted (scopes 1 & 2)	3,045 k (scope 2 location-based <sup>(1)</sup> )	3,090 k	2,941 k	2,626 k
		Revert the trend by reducing average weight of our standard and non-returnable bottles and jars by 3%	Alpha index (= weight / volume <sup>0.8</sup> as per NF-H35077 norm)	15.9	16	16	15.5
		Plant 100,000 trees per year	100,000 trees planted	0	100,000	100,000	700,000
		And offset all professional travels emissions every year	Number of certified carbon credits	0	30,910	30,910	TBD > total CO <sub>2</sub> emissions linked to professional travels
Provide a safe and inclusive place to work		Aim for "zero accident" every year	TF2 (= all accidents / million hours worked)	4.8	5.5	4.6	< 2
		Increase gender equality in all Verallia countries by 15 pts	Gender equality index (as defined by French law)	N/A	60	70	75
		Favour insertion of disabled people by doubling the ratio of disabled employees	% of disabled people (according to national definitions)		3%	3.3%	6%
		Encourage employees shareholding ownership	% of Verallia share capital held by employees (directly or through FCPE)		2.6%	3.3%	5%

(1) For Scope 2 CO<sub>2</sub> emissions, "Market-based" will be the calculation method to follow our commitments. Definitions from GHG standard protocol. Market-based method = based on GHG emissions emitted by the generators from which Verallia contractually purchases electricity bundled with contractual instruments, or contractual instruments on their own. "Location-based" method was used until 2019 = based on average energy generation emission factors for defined geographic locations, including local, subnational, or national boundaries. 2019 Scope 2 "location-based" = 487,825 tons, "market-based" = 610,653 tons.