VERALLIA

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2019

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in € million)	Notes	30 June 2019	31 December 2018
ASSETS			
Goodwill	9	552.6	552.0
Other intangible assets	10	529.2	559.3
Property, plant and equipment	11	1,256.5	1,199.5
Investments in associates		0.7	0.6
Deferred tax		41.5	43.6
Other non-current assets		39.5	46.4
Non-current assets		**2,420.0**	**2,401.4**
Short-term portion of non-current assets		0.0	0.5
Inventories	13.1	435.7	477.9
Trade receivables and other current assets	13.2	233.1	190.9
Current tax receivables	13	20.9	14.9
Cash and cash equivalents	14	240.8	262.1
Current assets		**930.5**	**946.3**
Total assets		**3,350.5**	**3,347.7**
EQUITY AND LIABILITIES			
Share capital		137.5	137.5
Consolidated reserves		(48.4)	(114.4)
Equity attributable to shareholders		**89.1**	**23.1**
Non-controlling interests		27.4	27.5
Equity		**116.5**	**50.6**
Non-current financial liabilities and derivatives	16	2,023.8	2,139.2
Provisions for pensions and other employee benefits	18	132.1	117.4
Deferred tax		174.1	192.6
Provisions and other non-current financial liabilities	17	40.8	52.8
Non-current liabilities		**2,370.8**	**2,502.0**
Current financial liabilities and derivatives	16	169.0	105.4
Current portion of provisions and other current financial liabilities	17	42.0	41.1
Trade payables	13.3	372.5	408.4
Current tax liabilities	13	25.9	8.6
Other current liabilities	13.3	253.8	231.6
Current liabilities		**863.2**	**795.1**
Total Equity and liabilities		**3,350.5**	**3,347.7**

CONDENSED CONSOLIDATED STATEMENT OF INCOME

(in € million)	Notes	Period ended 30 June	
		2019	2018
Revenue	**5.1**	**1,329.4**	**1,243.5**
Cost of sales	5.2	(1,057.4)	(1,011.7)
Selling, general and administrative expenses	5.2	(77.9)	(76.0)
Acquisition-related items	6.1	(30.8)	(30.9)
Other operating income and expenses	6.2	(4.2)	(11.7)
Operating profit		**159.1**	**113.2**
Net financial income (expense)	**7**	**(54.8)**	**(63.0)**
Profit before tax		**104.3**	**50.2**
Income tax	8	(33.1)	(17.1)
Share of net profit (loss) of associates		0.5	(0.5)
Net profit for the period		**71.7**	**32.6**
Attributable to shareholders of the Company		***67.7***	***27.9***
Attributable to non-controlling interests		*4.0*	*4.7*
Basic earnings per share (in €)	**15.3**	**0.30**	**0.12**
Diluted earnings per share (in €)	**15.3**	**0.30**	**0.12**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € million)	Period ended 30 June 2019	Period ended 30 June 2018
Net profit for the period	**71.7**	**32.6**
Items that may be reclassified to profit or loss		
Translation differences	4.8	(40.2)
Changes in fair value of cash flow hedges	(18.6)	1.3
Deferred tax on items that may subsequently be reclassified to profit or loss	5.0	(0.4)
Total	(8.8)	(39.3)
Items that will not be reclassified to profit or loss		
Remeasurement of the defined benefit liability (asset)	(15.6)	1.2
Deferred tax on items that will not be reclassified to profit or loss	4.2	(0.3)
Total	(11.4)	0.9
Other comprehensive income (loss)	**(20.2)**	**(38.4)**
Total comprehensive income (loss) for the period	**51.5**	**(5.8)**
Attributable to shareholders of the Company	*49.8*	*(5.5)*
Attributable to non-controlling interests	*1.7*	*(0.3)*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in € million)	Notes	Period ended 30 June	
		2019	2018
Net profit for the period		**71.7**	**32.6**
Share of net profit (loss) of associates, net of dividends received		(0.5)	0.5
Depreciation, amortisation and impairment of assets		141.2	145.6
Gains and losses on disposals of assets	6.2	(1.8)	5.6
Interest expense on financial liabilities		39.4	49.9
Gains/losses on net monetary position (IAS 29 - *Hyperinflation*)		3.2	0.0
Unrealised gains and losses on changes in the fair value of derivatives		2.6	0.6
Change in inventories		43.7	18.9
Change in trade receivables, trade payables and other receivables and payables		(66.4)	(39.9)
Current tax expense		41.3	32.4
Taxes paid		(27.2)	(6.8)
Changes in deferred taxes and provisions		(9.2)	(7.0)
Net cash flows from operating activities		**237.9**	**232.4**
Acquisition of property, plant and equipment and intangible assets	4.3	(97.4)	(103.1)
Increase (Decrease) in debt on fixed assets	13	(11.7)	(36.6)
Acquisitions of subsidiaries, net of cash acquired		(1.8)	0.8
Deferred payment related to the acquisition of a subsidiary		0.0	(0.3)
Capital expenditure		**(110.9)**	**(139.2)**
Disposals of property, plant and equipment and intangible assets		2.7	0.4
Sale of equity-accounted securities		0.0	0.0
Disposals		**2.7**	**0.4**
Increase in loans, deposits and short-term borrowings		(1.8)	(4.2)
Reduction in loans, deposits and short-term borrowings		6.5	1.1
Changes in loans and deposits		**4.7**	**(3.1)**
Net cash flows used in investing activities		**(103.5)**	**(141.9)**
Capital increase (reduction)		0.0	0.0
Transactions with shareholders		**0.0**	**0.0**
Capital increases of subsidiaries subscribed by third parties		7.2	5.8
Dividends paid to non-controlling interests by consolidated companies		(3.0)	(3.2)
Transactions with non-controlling interests		**4.2**	**2.6**
Increase (Reduction) in bank overdrafts and other short-term borrowings	16	51.1	70.4
Increase in long-term debt		9.6	20.5
Reduction in long-term debt		(181.9)	(4.2)
Financial interest paid		(37.4)	(40.6)
Change in gross debt		**(158.6)**	**46.1**
Net cash flows from (used in) financing activities		**(154.4)**	**48.7**
Increase (Reduction) in cash and cash equivalents		**(20.0)**	**139.2**
Impact of changes in foreign exchange rates on cash and cash equivalents		(1.2)	(5.4)
Impact of changes in fair value on cash and cash equivalents		0.0	0.0
Cash and cash equivalents at beginning of the period		**262.1**	**220.1**
Cash and cash equivalents at end of the period		**240.8**	**353.9**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € million)	Share capital	Translation reserve	Hedging reserve	Other reserves and retained earnings	Equity attributable to shareholders	Non-controlling interests	Total equity
As of 31 December 2017	**137.5**	**(3.2)**	**1.5**	**(131.5)**	**4.4**	**19.1**	**23.4**
IFRS 9 (transition effect)	0.0	0.0	0.0	3.3	**3.3**	0.1	**3.4**
As of 1 January 2018	**137.5**	**(3.2)**	**1.5**	**(128.2)**	**7.7**	**19.2**	**26.8**
Other comprehensive income (loss)	0.0	(35.1)	1.2	0.5	**(33.4)**	(5.0)	**(38.4)**
Net profit for the period	0.0	0.0	0.0	27.9	**27.9**	4.7	**32.6**
Total comprehensive income (loss) for the period	*0.0*	*(35.1)*	*1.2*	*28.4*	***(5.5)***	*(0.3)*	***(5.8)***
Capital increase	0.0	0.0	0.0	0.0	**0.0**	5.8	**5.8**
Dividends/Distribution of share premium	0.0	0.0	0.0	0.0	**0.0**	(1.3)	**(1.3)**
Share-based compensation	0.0	0.0	0.0	2.2	**2.2**	0.1	**2.3**
Others	0.0	0.0	0.0	(0.3)	**(0.3)**	(0.5)	**(0.8)**
Change in non-controlling interests*	0.0	0.0	0.0	7.6	**7.6**	(7.6)	**0.0**
As of 30 June 2018	**137.5**	**(38.3)**	**2.7**	**(90.2)**	**11.7**	**15.4**	**27.1**

** The change in non-controlling interests mainly concerns the Company mutual fund (FCPE).*

(in € million)	Share capital	Translation reserve	Hedging reserve	Other reserves and retained earnings	Equity attributable to shareholders	Non-controlling interests	Total equity
As of 31 December 2018	**137.5**	**(34.5)**	**(21.2)**	**(58.9)**	**23.1**	**27.5**	**50.6**
Other comprehensive income (loss)	0.0	9.1	(18.1)	(9.0)	**(17.9)**	(2.3)	**(20.2)**
Net profit for the period	0.0	0.0	0.0	67.7	**67.7**	4.0	**71.7**
Total comprehensive income (loss) for the period	*0.0*	*9.1*	*(18.1)*	*58.7*	***49.8***	*1.7*	***51.5***
Capital increase	0.0	0.0	0.0	0.0	**0.0**	7.2	**7.2**
Dividends/Distribution of share premium	0.0	0.0	0.0	0.0	**0.0**	(3.5)	**(3.5)**
Share-based compensation	0.0	0.0	0.0	2.2	**2.2**	0.1	**2.3**
IAS 29 *Hyperinflation*	0.0	0.0	0.0	5.4	**5.4**	3.9	**9.3**
Others	0.0	0.0	0.0	(0.1)	**(0.1)**	0.0	**(0.1)**
Change in non-controlling interests*	0.0	0.0	0.0	8.8	**8.8**	(9.5)	**(0.7)**
As of 30 June 2019	**137.5**	**(25.4)**	**(39.2)**	**16.1**	**89.1**	**27.4**	**116.5**

** The change in non-controlling interests mainly concerns the Company mutual fund (FCPE).*

NOTE 1 - INFORMATION ON THE GROUP

1.1 INCORPORATION AND CREATION

Horizon Holdings was incorporated in France on 22 May 2015, with share capital of 1 euro (€). The company subsequently changed its name to Verallia on 20 June 2019.

Verallia is hereinafter referred to as “the Company”. Unless the context suggests otherwise, the terms “us”, “our”, “the Group” and “the Group Verallia” are used in the present document to refer to Verallia and its subsidiaries.

Verallia is ultimately owned by investment funds managed by subsidiaries of Apollo Global Management LLC (“Apollo”) and Bpifrance (“BPI”), which respectively own around 90% and 10% of the Group.

The Company’s registered office is located at 31 Place des Corolles, Esplanade Nord, 92400 Courbevoie.

1.2 INCORPORATION OF THE GROUP

On 29 October 2015 (the “Acquisition date”), the Company acquired practically all of the packaging businesses and activities of Compagnie de Saint-Gobain (“Acquisition”) via its wholly-owned subsidiary Verallia Packaging (formerly Horizon Holdings III).

1.3 OPERATIONS

With industrial operations in 11 countries, Verallia is the world’s third-largest producer of glass packaging for beverages and food products. In 2018, the Group produced approximately 16 billion bottles and jars. The Group boasts a sound position in Western and Eastern Europe, as well as in Latin America. Its main subsidiaries are located in the following countries: France, Italy, Germany, Spain, Portugal, Argentina and Brazil. Verallia employs approximately 9,750 employees worldwide, spread over 32 glass production sites with a total of 57 furnaces.

NOTE 2 - BASIS OF PREPARATION OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2.1 CONTEXT OF THE PUBLICATION OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The present condensed interim consolidated financial statements (the “interim financial statements”) for the six months ended 30 June 2019 have been prepared for the proposed admission of shares to trading on the French regulated market. They have been established specifically for the purposes of the Registration Document submitted for approval by the French financial markets authority (Autorité des Marchés Financiers – AMF).

2.2 APPLICABLE REPORTING FRAMEWORK

These interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” and must be read in conjunction with the Group’s last consolidated annual financial statements for the years ended 31 December 2018, 2017, and 2016 (the “last annual financial statements”). They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

These interim financial statements were approved by the Group's Chairman on 29 July 2019.

The interim financial statements are presented in millions of euros expressed, with one decimal place, and all amounts are rounded up or down to the nearest million unless otherwise indicated.

The Group applied the following standards, amendments and interpretations as of 1 January 2019:

IFRS 16 *Leases*	1 January 2019
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
Annual improvements to IFRS standards (Cycle 2015-2017)	1 January 2019

These new standards and interpretations did not have a significant impact on the interim financial statements, except for the impact of IFRS 16, which is described in **Note 2.4.** IFRIC 23 has been applied retrospectively without restating comparative periods and only had a presentation impact due to the reclassification of provisions for tax risks as current tax liabilities (**Note 17**).

The Group did not apply the following new standards, amendments and interpretations, which are not yet effective:

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS PUBLISHED BUT NOT YET EFFECTIVE OR EARLY ADOPTED BY THE GROUP	
IFRS 17 *Insurance Contracts*	1 January 2021
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 3 Business Combinations	1 January 2020
Amendments IAS 1 and IAS 8: Definition of "material"	1 January 2020

2.3 JUDGEMENTS AND ESTIMATES

In preparing these interim financial statements, Management relies on judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The material judgements made by Management in applying the Group's accounting policies and the main sources of uncertainty over its estimates are the same as those described in the last annual financial statements, aside from new material judgements relating to the treatment of leases (as lessee), in application of IFRS 16 as described in Note 2.4.

Management's principal judgements and estimates in the preparation of these consolidated financial statements are as follows:

Management's main estimates and judgements	Notes
Measurement of the recoverable value of goodwill and non-current assets	9 & 12
Recoverability of deferred tax assets	8
Measurement of provisions and other financial liabilities	17
Measurement of the value of rights-of-use and lease liabilities	2.4
Measurement of defined benefit obligations and plan assets	18.1
Measurement of put liabilities on non-controlling interests	17

2.4 First-time application of IFRS 16

The Group adopted IFRS 16 *Leases* for the first time on 1 January 2019.

On 13 January 2016, the IASB issued IFRS 16 *Leases*, which was adopted by the European Union on 31 October 2017. IFRS 16 replaces IAS 17 and the corresponding IFRIC and SIC interpretations. For lessees, it removes the different accounting treatments previously applicable to operating leases and finance leases.

Lessees are required to record all agreements (with exemptions) on terms similar to those currently imposed by IAS 17 for finance leases, recognising a lease asset in the form of a right of use representing the right to use the underlying leased asset and a lease liability representing the obligation to pay rent over the term of the lease.

The standard does, however, provide exemptions for short-term arrangements (leases of 12 months or less) and for low-value assets. The Group used both of these exemptions, mostly for leases of small industrial equipment, photocopiers, water fountains and computer equipment.

The Group has applied IFRS 16 using the simplified retrospective method. Under this approach, the cumulative impact of the first-time application of IFRS 16 is recognised in retained earnings at 1 January 2019. Accordingly, comparative periods presented for 2018 have not been adjusted and have been presented in accordance with IAS 17 and its interpretations. The resulting changes in accounting policies are explained in detail below.

The Group records right-of-use assets under property, plant and equipment, on the same line as underlying assets of the same category that it fully owns, and records lease liabilities under Non-current financial liabilities and derivatives and Current financial liabilities and derivatives in its statement of financial position.

2.4.1 Significant accounting principles

IFRS 16 defines a lease as a contract, or component of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group records a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost then, subsequently, at cost less cumulative depreciation and any cumulative impairment losses. The amount may be adjusted following any remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the lease. The discount rate applied corresponds to the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate (based on terms and not on maturities). The Group generally applies the incremental borrowing rate as its discount rate.

The lease liability is subsequently increased by the interest expense and reduced by the amount of rent paid. It is remeasured in the event of a change in future lease payments resulting from a change in an index or a rate used to determine those payments, a new estimate of the amounts expected to be payable under a residual value guarantee, or, where necessary, a reassessment of an option to purchase the underlying asset, to exercise an extension option or non-exercise a termination option (which thus become reasonably certain).

The related deferred taxes were recognised.

2.4.2 Transition

At 1 January 2019, the transition date, lease liabilities classified as operating leases under IAS 17 were measured by taking the value of lease payments due, discounted at a single discount rate for each portfolio of similar leases. These rates are based on the incremental borrowing rate by currency, taking into account the specific economic environment in each country. Moreover, the discount rates were calculated using the residual lease terms (rather than the initial lease terms).

The right-of-use assets are measured at the amount of the lease liability, adjusted for lease payments paid in advance or still due and recognised on the balance sheet as well as any lease incentives received from lessors.

The Group's main leases mainly concern warehouses, offices, forklift trucks and other industrial equipment, and vehicles, as the Group owns nearly all of its tangible assets. Most of these leases involve a fixed lease payment (possibly indexed).

The terms of the warehouses and offices leases vary according to the country.

When assessing the reasonably certainty of renewal or termination options, the Group takes into account:

- the financial conditions for the optional periods (attractive rents),
- with regard to property, their location (strategically situated near Group factories and/or client sites) and any changes in fittings undertaken, and
- in some cases, the Group's operational plans and their impact on the use of a leased asset.

The Group applied the French accounting standards authority board’s position relative to 3-6-9-years commercial leases in France.

The terms of equipment and vehicles leases generally last between three and six years.

As a lessee, the Group has leases on some equipment (mainly forklift trucks) that were previously classified as finance leases under IAS 17. For these finance leases, the book values of the right-of-use asset and the lease liability at 1 January 2019 were determined as being equivalent to those of the underlying leased asset and the lease liability hitherto calculated under IAS 17.

2.4.3 Impacts on the financial statements

2.4.3.1 Impacts of transition

As a result of the transition to IFRS 16, the Group now recognises a right-of-use assets and additional lease liabilities on the balance sheet (in addition to the existing finance leases at 31 December 2018). The impacts of the transition are summarised below:

(in € million)	As of 1 January 2019
Right-of-use assets recorded in “Property, plant and equipment”*	60.0
Lease liabilities recorded in current and non-current “Financial liabilities and derivatives”**	(60.4)
Balance sheet reclassification***	0.4

**This item does not include assets under IAS 17 recognised in the amount of €1.7 million at 31 December 2018.*
*** This item does not include finance lease liabilities under IAS 17 recognised in the amount of €1.9 million at 31 December 2018.*
****Reclassification of accrued expenses related to the staggering of the rent-free period as a reduction in the right-of-use asset.*

To measure the lease liabilities on contracts previously classified as operating leases, the Group discounted the lease payments using the incremental borrowing rate at 1 January 2019. The weighted average rate is 4.02%

The reconciliation between off balance sheet commitments relating to leases recorded in the last annual financial statements and lease liabilities under IFRS 16 is presented as follows:

(in € million)	As of 1 January 2019
Operating lease commitments as of 31 December 2018	46.7
Commitments to purchase services as of 31 December 2018*	3.2
Finance lease liabilities under IAS 17 as of 31 December 2018	1.9
Impact of optional periods not included in off-balance sheet commitments**	16.2
Discounting effect	(8.7)
Exemptions for low-value and short-term leases	(0.6)
Others	3.7
Lease liabilities as of 1 January 2019 under IFRS 16* **	**62.4**

** Off-balance sheet commitments recorded in the notes to the last annual financial statements (**Note 23.1.2** - "Non-cancellable purchase commitments /Services" line, pertaining to logistics platforms).*
*** Mainly attributable to warehouses in Italy.*
**** This item includes finance lease liabilities under IAS 17 recognised in the amount of €1.9 million at 31 December 2018.*

2.4.3.2 Impacts on the financial statements for the period

As a result of the application of IFRS 16 to leases previously classified as operating leases, the Group recorded €53.0 million in right-of-use assets, €54.1 million in lease liabilities, and €0.1 million in deferred tax assets in its accounts at 30 June 2019.

With regard to these leases, the Group also recorded depreciation costs and interest expenses instead of the rents relating to operating leases. It thus recorded €10.2 million in depreciation and €1 million in interest expense in respect of these leases for the six months period ended 30 June 2019.

The impact of IFRS 16 on the information relating to operating segments is provided in **Note 4.3** (Impact on adjusted EBITDA).

2.5 TRANSACTIONS IN FOREIGN CURRENCIES

The methods for translating foreign currency items are described in the last annual financial statements.

The following table summarises the main exchange rates applied to prepare the Group's interim financial statements:

	As of 30 June 2019		As of 31 December 2018		As of 30 June 2018	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
Brazilian real (EUR/BRL)	4.39	4.34	4.43	4.31	4.51	4.14
Argentinian peso (EUR/ARS)*	48.26	46.75	43.13	32.89	33.81	26.06
Russian rouble (EUR/RUB)	71.68	73.73	79.56	74.02	73.26	71.91
Ukrainian hryvnia (EUR/UAH)	29.73	30.41	31.69	32.10	30.52	32.36

**In accordance with IAS 29 all financial information is translated at the closing rate for subsidiaries located in a country considered to be "hyperinflationary".*

As of 1 July 2018, Argentina is considered as a hyperinflationary economy under IAS 29. Consequently, in its last annual financial statements for the year ended 31 December 2018, the Group applied retrospectively the standard IAS 29 for the translation of the accounts of its Argentinian subsidiary, effective 1 January 2018. However, the comparative period for the first half of 2018 included in these interim financial statements hasnot been adjusted.

NOTE 3 - CHANGES IN THE SCOPE OF CONSOLIDATION

3.1 CHANGES IN SCOPE DURING THE FIRST HALF YEAR OF 2019

There was no material change in consolidation scope in the first half year of 2019.

3.2 CHANGES IN SCOPE DURING THE FIRST HALF YEAR OF 2018

Disposal of Alver

In May 2018, the disposal of the Group's subsidiary in Algeria to a local industrialist was finalised for a token price of 600,000 dinars (approximately €4,000). This resulted in a loss of €3.6 million recognised in "Other operating income and expenses" in the year ended 31 December 2018, mainly related to the reclassification of accumulated debit translation adjustments (**Note 6.2**). The subsidiary's property, plant and equipment had been fully impaired in 2017 in the amount of €35 million (**Note 6.2**).

NOTE 4 – SEGMENT INFORMATION

In accordance with IFRS 8, *Operating Segments*, segment reporting must reflect the operating segments for which results are regularly reviewed by the chief operating decision-maker (CODM) in order to make decisions about resources to be allocated to the segments and to assess their performance.

4.1 BASIS FOR SEGMENTATION

In accordance with the provisions of IFRS 8, *Operating Segments*, the Group has identified the following three operating segments corresponding to the geographical areas in which the assets are located:

- **Southern and Western Europe**, including production sites located in France, Italy, Spain, Portugal and Algeria (until May 2018). In this region, Verallia's operations are focused mainly on bottles of still and semi-sparkling wines and spirits containers, market segments characterised by export-driven growth.

- **Northern and Eastern Europe**, including sites located in Germany, Russia, Poland and Ukraine. The Group's activities in Northern and Eastern Europe are focused mainly on beer bottles, particularly in Germany, as well as food jars and bottles, largely for local markets.

- **Latin America**, including sites located in Brazil, Argentina and Chile. The Group's activities in Latin America are focused mainly on bottles for still wines, a market segment dominated by exports, as well as beer bottles, particularly in Brazil.

The above operating segments correspond to the reporting segments in the absence of aggregation by the Group.

This segment information reflects the Group's management organisation set up in view of the prospective IPO and its internal reporting as submitted to the Board of Directors, Verallia's chief operating decision-maker ("CODM"). The implementation of this monitoring system makes it possible to assess the performance of the operating segments, based on adjusted EBITDA, and to decide on the allocation of resources, particularly investments.

4.2 KEY PERFORMANCE INDICATORS

The Group uses the following metrics to assess the performance of the operating segments presented:

- Revenue, corresponding to the revenue presented in the consolidated financial statements.
- Capital expenditure, corresponding to the Group's acquisitions of property, plant and equipment and intangible assets.
- Adjusted EBITDA, a key performance indicator relevant for monitoring the underlying performance of businesses adjusted for certain expenses and/or non-recurring items liable to distort the company's performance.

  Adjusted EBITDA is calculated based on operating profit adjusted for depreciation and amortisation, restructuring costs, acquisition, M&A and IPO costs, hyperinflationary effects, management share ownership plans, disposal-related effects and subsidiary contingencies, closing and carve-out expenses, and other items.

  As it is an aggregate not directly presented in the consolidated statement of income, a reconciliation with the consolidated financial statements prepared under IFRS is presented in accordance with the provisions of IFRS 8:

(in € million)	Notes	Period ended 30 June	
		2019	2018
Net profit for the period		**71.7**	**32.6**
Net financial expense		54.8	63.0
Income tax		33.1	17.1
Share of net profit (loss) of associates		(0.5)	0.5
Operating profit		**159.1**	**113.2**
Depreciation and amortisation	A	141.2	145.6
Restructuring costs	B	1.9	3.8
Acquisitions and M&A costs		0.0	0.0
IAS 29, *Hyperinflation* (Argentina)		(0.3)	0.0
Management equity Plan related costs	C	5.4	2.3
Disposals and risks related to subsidiaries	D	0.0	5.0
Closure project of Agua Branca (Brazil)	E	1.6	0.0
Others	F	4.1	5.5
Adjusted EBITDA		**312.8**	**275.5**

A. Includes depreciation and amortisation of intangible assets and property, plant and equipment (**Note 5.2**), amortisation of intangible assets acquired through business combinations (**Note 6.1**) and impairment of property, plant and equipment (**Note 6.2**).
B. Corresponds to restructuring costs (**Note 6.2**).
C. Corresponds to share-based compensation plans and related costs (**Notes 5.2**).
D. Corresponds mainly to the effects related to the disposal of Alver in May 2018 (**Notes 6.2**).
E. Corresponds mainly to the costs of sales related to the closure of the Agua Branca plant in Brazil.
F. Corresponds to the various other non-recurrent items and notably to the costs incurred in 2019 on the Group's prospective IPO.

Note that the Group does not monitor any segment liability indicators, as debt is managed centrally and not at the level of the three reporting segments.

4.3 SEGMENT INFORMATION

(in € million)	Notes	Period ended 30 June 2019				
		Northern and Eastern Europe	Southern and Western Europe	Latin America	Eliminations	Group Total
Revenue from activities with external customers	5.1	274.7	928.3	126.4	0.0	**1,329.4**
Inter-segment revenue		7.8	27.1	1.3	(36.2)	**0.0**
Total segment revenue		**282.5**	**955.4**	**127.7**	**(36.2)**	**1,329.4**
Adjusted EBITDA	**4.1**	**59.9**	**219.8**	**33.1**	**0.0**	**312.8**
o/w impact of IFRS 16		1.3	9.0	0.6	0.0	**10.8**
Capital expenditure*		**15.7**	**66.3**	**15.4**	**0.0**	**97.4**

*Excluding rights-of-use assets in relation to IFRS 16

(in € million)	Notes	Period ended 30 June 2018				
		Northern and Eastern Europe	Southern and Western Europe	Latin America	Eliminations	Group Total
Revenue from activity with external customers	5.1	252.5	866.1	124.9	0.0	**1,243.5**
Inter-segment revenue		6.9	20.4	0.0	(27.3)	**0.0**
Total segment revenue		**259.4**	**886.5**	**124.9**	**(27.3)**	**1,243.5**
Adjusted EBITDA	**4.1**	**54.0**	**184.4**	**37.0**	**0.0**	**275.5**
Capital expenditure*		**15.6**	**63.9**	**23.6**	**0.0**	**103.1**

*Excluding rights-of-use assets in relation to IFRS 16

4.4 Breakdown of revenue by "end markets"

In accordance with IFRS 8.32, the breakdown of the Group's revenue according to the expected uses of glass packaging (notion of "end market" as defined internally) is set out below:

(in € million)	Period ended 30 June	
	2019	2018
Still wines	451.3	428.9
Sparkling wines	177.4	160.5
Spirits	154.5	141.8
Beers	168.9	151.8
Food	201.8	200.4
Soft drinks	143.0	131.2
Others	32.4	28.9
Revenue	**1,329.4**	**1,243.5**

4.5 Entity-level information

In accordance with IFRS 8.33, the revenue generated in France and internationally is disclosed in **Note 5.1.1.**

In addition, the geographical breakdown of non-current assets other than goodwill, customer relationships and fair value adjustments to property, plant and equipment, as well as financial instruments, deferred tax assets and postemployment benefit assets, is presented below:

(in € million)	30 June 2019	31 December 2018
France	296.7	300.2
Italy	308.1	273.5
Spain	188.9	178.5
Germany	186.7	186.6
Other countries	269.1	253.5
Total	**1,249.5**	**1,192.3**

4.6 Information about the main customers

No customer of the Group individually represented more than 10% of first-half year revenue in 2018 or 2019.

NOTE 5 - ITEMS OF OPERATING INCOME AND EXPENSES

5.1 REVENUE BY COUNTRY OF ORIGIN

(in € million)	Period ended 30 June	
	2019	**2018**
France	427.7	397.8
Italy	249.9	229.7
Spain	202.0	186.7
Germany	201.3	189.9
Other countries	248.5	239.4
Total revenue	**1,329.4**	**1,243.5**

The country of origin is the location of the entity invoicing the sales.

5.2 EXPENSES BY FUNCTION AND BY NATURE

The breakdown of the cost of sales and selling, general and administrative expenses by nature is presented as follows:

(in € million)	Notes	Period ended 30 June	
		2019	**2018**
Raw materials, energy, transport and other production costs		(781.7)	(731.6)
Personnel expenses	**A**	(243.3)	(243.1)
Depreciation and amortisation	**B**	(110.3)	(113.0)
Total costs of sales and selling, general and administrative expenses	**C**	**(1,135.3)**	**(1,087.7)**

A. Personnel expenses include:

- €2.1 million for the period ended at 30 June 2019 and €2.2 million for the period ended at 30 June 2018 in costs related to post-employment benefits (**Notes 18.1 and 18.2**).
- €5.4 million for the period ended at 30 June 2019 and €2.3 million for the period ended at 30 June 2018 in costs related to share-based compensation plans.

B. Includes the amortisation of intangible and depreciation of property, plant and equipment (**Notes 10 and 11**), with the exception of the amortisation of customer relationships recognised in “Acquisition-related items”.

C. Includes research and development expenses of €2.1 million for the period ended at 30 June 2019 and €1.9 million for the period ended at 30 June 2018.

NOTE 6 - OTHER ITEMS OF OPERATING INCOME AND EXPENSES

6.1 ACQUISITION-RELATED ITEMS

Items relating to acquisitions break down as follows and are associated by function with "Selling, general and administrative expenses":

(in € million)	Notes	Period ended 30 June 2019	Period ended 30 June 2018
Acquisition and M&A costs		0.0	0.0
Amortisation of intangible assets acquired through business combinations	A	(30.8)	(30.9)
Acquisition-related items		**(30.8)**	**(30.9)**

A. Represents the amortisation of customer relationships (original gross value of €740 million) over a 12-year useful life.

6.2 OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses break down as follows:

(in € million)	Notes	Period ended 30 June 2019	Period ended 30 June 2018
Gains on disposals of assets	A	2.7	0.0
Reversals of asset impairment		0.1	0.4
Other income		**2.8**	**0.4**
Restructuring costs		(1.9)	(3.8)
Losses on disposals of assets and scrapped assets	B	(1.0)	(5.6)
Impairment of assets		(1.1)	(2.4)
Others	C	(3.0)	(0.3)
Other expenses		**(7.0)**	**(12.1)**
Other expenses - net		**(4.2)**	**(11.7)**

A. In 2019: mostly relating to insurance compensations on asset losses or damages.

B. In 2018: mostly relating to the disposal of Alver.

C. In 2019: mostly relating to external advisors' fees in relation to the Group's plans for an IPO.

NOTE 7 - FINANCIAL INCOME AND EXPENSE

Financial income and expense are presented as follows:

(in € million)	Notes	Period ended 30 June 2019	2018
Interest expense excluding lease liabilities	**A**	(42.1)	(50.8)
Interest expense related to lease liabilities		(1.0)	0.0
Amortisation of debt issuance costs, and other	**B**	(11.1)	(12.7)
Other debt-related gains and losses		2.5	1.7
Financial income from cash and cash equivalents		4.7	1.5
Cost of net debt*		**(47.0)**	**(60.3)**
Refinancing costs	**C**	(2.0)	0.0
Foreign exchange gains and losses	**D**	(1.1)	(1.8)
Net interest expense related to pension plans and other benefits	**18.1**	(0.9)	(0.9)
Profit (loss) on net monetary position in Argentina (IAS 29)	**2.5**	(3.8)	0.0
Net financial income (expense)		**(54.8)**	**(63.0)**

**The cost of net debt includes the interest expense, amortisation of debt issuance costs, commissions, other bank charges, other debt-related gains and losses and financial income from cash and cash equivalents, but excludes refinancing costs.*

A. Mainly includes interest expenses on borrowings (**Note 16**). The decrease is mostly attributable to the refinancing of debt in the second half of 2018 and the partial early repayment of a Term Loan B on 28 March 2019.

B. Mainly includes the amortisation of debt issuance costs and premiums, as well as commissions and other bank charges.

C. Corresponds mostly to the accelerated amortisation of debt issuance costs related to debt repayments.

D. Mainly includes the foreign exchange impact of foreign currency borrowings by Brazilian and Russian subsidiaries, and the effects of changes in currency derivatives.

NOTE 8 - INCOME TAX

The effective tax rate in the first half of 2019 results from the application to profit before tax of the estimated effective rate for the full year.

The income tax expense came to €33.1 million at 30 June 2019 (implying an effective interim tax rate of 32%) compared to €17.1 million at 30 June 2018 (implying an effective interim tax rate of 34%).

NOTE 9 - GOODWILL

The change in the net value of goodwill is presented as follows:

(in € million)	Northern and Eastern Europe	Southern and Western Europe	Latin America	Total
As of 31 December 2018				
Gross amount	99.8	378.5	73.7	552.0
Net amount	**99.8**	**378.5**	**73.7**	**552.0**
Changes during the period				
Translation differences	0.0	0.0	0.6	0.6
Total changes	**0.0**	**0.0**	**0.6**	**0.6**
As of 30 June 2019				
Gross amount	99.8	378.5	74.3	552.6
Net amount	**99.8**	**378.5**	**74.3**	**552.6**

NOTE 10 - OTHER INTANGIBLE ASSETS

Other intangible assets break down as follows:

(in € million)	Customer relationships	Software	Other	Total
As of 31 December 2018				
Gross amount	739.8	21.5	6.4	767.7
Cumulative amortisation and impairment	(196.8)	(10.8)	(0.8)	(208.4)
Net amount	**543.0**	**10.7**	**5.6**	**559.3**
Changes during the period				
Changes in scope and transfers	0.0	1.7	(1.5)	0.2
Acquisitions	0.0	0.2	1.8	2.0
Translation differences	0.4	0.0	0.0	0.4
Amortisation and impairment	(30.8)	(1.7)	(0.2)	(32.7)
Total changes	**(30.4)**	**0.2**	**0.1**	**(30.1)**
As of 30 June 2019				
Gross amount	740.2	23.4	6.7	770.3
Cumulative amortisation and impairment	(227.6)	(12.5)	(1.0)	(241.1)
Net amount	**512.6**	**10.9**	**5.7**	**529.2**

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment break down as follows:

(in € million)	Notes	2019 30 June	2019 1 January
Property, plant and equipment owned by the Group	A	1,203.5	1,197.8
Right-of-use under IFRS 16	B	53.0	61.7
Total net carrying value		**1,256.5**	**1,259.5**

A. The property, plant and equipment owned by the Group break down as follows:

(in € million)	Land	Buildings	Machinery and equipment	Assets in progress	Total
As of 31 December 2018					
Gross amount	64.7	222.4	1,485.4	151.7	1,924.2
Cumulative depreciation and impairment	(0.8)	(67.0)	(654.4)	(2.5)	(724.7)
Net amount	**63.9**	**155.4**	**831.0**	**149.2**	**1,199.5**
IAS 17 reclassification					
Gross amount	0.0	(3.2)	(5.7)	0.0	(8.9)
Cumulative depreciation and impairment	0.0	3.2	4.0	0.0	7.2
Net amount	**0.0**	**0.0**	**(1.7)**	**0.0**	**(1.7)**
As of 1 January 2019					
Gross amount	64.7	219.2	1,479.7	151.7	1,915.3
Cumulative depreciation and impairment	(0.8)	(63.8)	(650.4)	(2.5)	(717.5)
Net amount	**63.9**	**155.4**	**829.3**	**149.2**	**1,197.8**
Changes during the period					
Changes in scope and other	0.0	0.0	0.3	0.0	0.3
Acquisitions	0.0	0.0	16.4	79.0	95.4
Hyperinflation (IAS 29)	0.3	2.9	3.6	0.0	6.8
Disposals	0.0	0.0	(1.0)	0.0	(1.0)
Translation differences	0.2	(0.3)	1.6	1.0	2.5
Depreciation and impairment	0.0	(7.8)	(90.5)	0.0	(98.3)
Transfers	0.0	27.1	66.8	(94.0)	(0.1)
Total changes	**0.5**	**21.9**	**(2.8)**	**(14.0)**	**5.6**
As of 30 June 2019					
Gross amount	65.2	252.1	1,567.4	137.9	2,022.6
Cumulative depreciation and impairment	(0.9)	(74.8)	(740.9)	(2.5)	(819.1)
Net amount	**64.3**	**177.3**	**826.5**	**135.4**	**1,203.5**

B. Right-of-use assets break down as follows:

(in € million)	Building and construction	Machinery and equipment	Other	Total
Net carrying amount as of 1 January 2019	**49.1**	**12.6**	**0.0**	**61.7**
Additions during the period	0.2	2.3	0.0	2.5
Reductions during the period	(0.6)	(0.4)	0.0	(1.0)
Depreciation during the period	(6.2)	(4.1)	(0.0)	(10.2)
Net carrying amount as of 30 June 2019	**42.6**	**10.4**	**0.0**	**53.0**

NOTE 12 - IMPAIRMENT OF GOODWILL AND NON-CURRENT ASSETS

The carrying amounts of goodwill are tested for impairment at least annually and whenever events or changes in circumstances indicate that they may be impaired. Other fixed assets are tested for impairment whenever events or changes in circumstances indicate they may be impaired.

Fixed assets are tested at the level of the corresponding CGUs in general in the respective countries.

Goodwill is tested at the level of groups of CGUs corresponding to the various operating segments, i.e., Southern and Western Europe, Northern and Eastern Europe and Latin America.

At 30 June 2019, as well as at 30 June 2018, there was no triggering event or indication of impairment either in terms of goodwill or other fixed assets.

NOTE 13 - CHANGE IN NET WORKING CAPITAL

The net working capital at 30 June 2019 and 31 December 2018 is presented as follows:

(in € million)	Notes	31 December 2018	Impact of cash flows	Foreign exchange and other	30 June 2019
Inventories	13.1	477.9	(43.7)	1.5	435.7
Operating receivables	13.2	186.2	38.9	0.8	225.9
Operating liabilities	13.3	(543.0)	12.8	2.1	(528.1)
Debts to suppliers of fixed assets		(73.2)	11.7	(0.3)	(61.9)
Operating working capital		**47.9**	**19.7**	**4.1**	**71.6**
Other receivables (non-operating)	13.2	4.7	2.2	0.3	7.2
Other liabilities (non-operating)	13.3	(23.6)	0.4	(13.1)	(36.3)
Current tax assets and liabilities		6.2	(1.9)	(9.2)	(4.9)
Total working capital		**35.2**	**20.4**	**(17.9)**	**37.6**
Change in working capital		**(19.7)**			**2.5**

Reconciliation with the condensed consolidated statement of cash flows:

Changes in inventory	43.7
Changes in trade receivables, trade payables and other receivables/payables	(66.4)
Current tax expense	41.3
Income taxes paid	(27.2)
Increase (Decrease) in debt to suppliers of fixed assets	(11.7)
Total	**(20.4)**

13.1 INVENTORIES

Changes in net inventories are shown below:

(in € million)	30 June 2019			31 December 2018		
	Gross	**Depreciation**	**Net**	**Gross**	**Depreciation**	**Net**
Raw materials	142.4	(15.5)	126.9	141.5	(15.7)	125.8
Inventories of work in progress	4.2	(0.6)	3.6	3.6	(0.8)	2.8
Finished goods	314.0	(8.8)	305.2	356.0	(6.7)	349.3
Total inventories	**460.6**	**(24.9)**	**435.7**	**501.1**	**(23.2)**	**477.9**

13.2 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

(in € million)	Notes	30 June 2019	31 December 2018
Trade receivables and related accounts		**171.7**	**119.4**
Advances to suppliers		2.8	2.9
Prepaid social security contributions		0.7	0.5
Other taxes paid in advance and recoverable (other than income taxes)		26.1	38.1
Other operating receivables	A	24.6	25.2
Other non-trade receivables		7.2	4.8
Other current assets		**61.4**	**71.5**
Trade receivables and other current assets		**233.1**	**190.9**

A. Primarily consists of energy certificates in Italy (Article 39 and "White Certificates").

Impairment of trade receivables breaks down as follows:

(in € million)	30 June 2019	31 December 2018
Opening balance	**8.2**	**11.1**
Additions	1.3	1.6
Reversals	(2.0)	(3.5)
Translation differences	0.1	(0.4)
Disposal of Alver	0.0	(0.6)
Closing balance	**7.5**	**8.2**

The following table shows the aging of trade receivables at 30 June 2019 and 31 December 2018:

(in € million)	30 June 2019	31 December 2018
Accounts receivable not yet due	**159.4**	**103.4**
Accounts receivable past due	**12.2**	**16.0**
Under 30 days	9.3	12.6
Between 30 and 90 days	1.4	1.3
Beyond 90 days	1.6	2.1
Total trade receivables (net amounts)	**171.7**	**119.4**

13.3 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

The Group's trade payables and other current liabilities break down as follows:

(in € million)	30 June 2019	31 December 2018
Trade payables	**372.5**	**408.4**
Customer down payments	7.8	11.7
Debts on fixed assets	61.9	73.3
Grants received	7.3	8.0
Accrued personnel expenses	81.0	88.0
Tax liabilities (other than income tax)	39.5	12.9
Derivative liabilities	28.2	15.5
Other	28.1	22.2
Other current liabilities	**253.8**	**231.6**
Total trade payables and other current liabilities	**626.3**	**640.0**

13.4 FACTORING

The Group has entered into several factoring agreements with third parties in Europe and developing countries. The main factoring programme, in which the majority of receivables from French, Italian, German, Spanish and Portuguese subsidiaries is transferred, was established in 2015, for a total amount of €400 million. It matures in 2022. In accordance with IFRS 9, transferred receivables are derecognised when the factoring agreement transfers the constructive rights to the cash flows and substantially all the associated risks and rewards to the assignee.

(in € million)	30 June 2019	31 December 2018
Assignment of receivables without recourse	381.2	320.7
Assignment of receivables with recourse	13.6	16.2
Total receivables assigned	**394.8**	**336.9**

In accordance with the factoring agreements, in order to cover the risk of dilution, reserves and guarantee accounts are constituted for an amount of approximately 3% of the receivables sold in 2019, compared to 5% in 2018. The amounts recorded in "Other non-current assets" at 30 June 2019 and 31 December 2018 were €13.0 million and €19.3 million, respectively.

NOTE 14 - CASH AND CASH EQUIVALENTS

The balances of cash and cash equivalents are presented as follows:

(in € million)	30 June 2019	31 December 2018
Cash	211.8	214.0
Cash equivalents	29.0	48.1
Total cash and cash equivalents	**240.8**	**262.1**

At 30 June 2019, the Group's cash and cash equivalents consisted mainly of cash in bank accounts and short-term bank deposits in a total amount of €240.8 million (€262.1 million at 31 December 2018).

The Group has access to a portion of the cash held by certain subsidiaries through the payment of dividends or through inter-company loans. However, local constraints may delay or restrict this access, including monetary restrictions in some foreign jurisdictions. The Group's policy is to centralise the liquidity of subsidiaries at Verallia Packaging where possible.

NOTE 15 - EQUITY

15.1 SHARE CAPITAL

At 30 June 2019, the share capital amounted to €137,513,521 and consisted of 229,189,201 ordinary shares with a par value of €0.60.

The share capital is fully owned by Horizon Intermediate Holdings.

15.2 TRANSLATION RESERVE

The change in the Group's translation reserve is primarily attributable to the €9.1 million increase during the first half of 2019, mainly as a result of changes in the closing rate of the Russian rouble and the Brazilian real.

15.3 EARNINGS PER SHARE

15.3.1 Basic earnings per share

The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding:

	Period ended 30 June	
	2019	2018
Group's share of net profit (in € million)	67.7	27.9
Number of shares	229,189,201	229,189,201
Basic earnings per share (€)	**0.30**	**0.12**

15.3.2 Diluted earnings per share

The calculation of diluted earnings per share was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares:

	Period ended 30 June	
	2019	2018
Group's share of net profit (in € million)	67.7	27.9
Diluted number of shares	229,189,201	229,189,201
Diluted earnings per share (€)	**0.30**	**0.12**

The Group has no dilutive instruments conferring equity rights in Verallia SAS.

NOTE 16 - BORROWINGS AND FINANCIAL LIABILITIES

16.1 NET DEBT

Net debt includes all financial liabilities and derivatives on current and non-current financial liabilities, less cash and cash equivalents.

The following table presents changes in net debt:

(in € million)	Notes	30 June 2019	31 December 2018
Non-current financial liabilities and derivatives	16.2	2,023.8	2,139.2
Current financial liabilities and derivatives	16.2	169.0	105.4
Gross debt		**2,192.8**	**2,244.6**
Cash and cash equivalents	14	(240.8)	(262.1)
Net debt		**1,952.0**	**1,982.5**

16.2 CHANGE IN GROSS DEBT

In August 2018, the Group arranged a term loan of €550 million ("Term Loan C"), bearing interest at Euribor + 325 bps (with an interest rate floor at 0%) and maturing in 2025. Using funds from this loan facility combined with available cash, the Group repaid its outstanding secured senior debt of €500 million and unsecured senior debt of €225 million on the coupon payment date (1 August 2018). Under this refinancing arrangement, the revolving credit facility increased from €250 million to €325 million.

The margin on Term Loans B and C is adjusted if the Senior Secured Net Leverage Ratio falls below a certain level. The margin on Term Loan C has decreased to 2.75% since 4 December 2018.

In addition, in June 2018 the Group launched a programme to issue €250 million of "Negotiable European Commercial Paper" (NEU CP), of which €80 million was issued on December 31, 2018 (at an average rate of 0.28%). At 30 June 2019, €126 million has been issued at an average rate of 0.25%.

On 25 March 2019, Verallia made a partial early repayment of the shareholder loan with Horizon Intermediate Holdings for €21.5 million.

On 28 March 2019, the Group proceeded to the voluntary repayment of €150 million of its Term Loan B. The loan initially represented an amount of €1,275 million and was due to mature in October 2022. The nominal amount now stands at €1,125 million.

As of 30 June 2019

(in € million)	*Notes*	*Notional or maximum amount*	*Currency*	*Contractual interest rate*	*Effective interest rate*	*Final maturity*	*Type of facility*	*Deferred expenses and bond premiums*	*Carrying amount as of 30 June 2019*		*Total as of 30 June 2019*
									Non-current	Current	
Revolving credit facility		325.0	EUR	Euribor + 2.50%	2.50%	29/10/2021	Revolving	2.6		-	
Term Loan B (floor 0%)		1,125.0	EUR	Euribor + 2.75%	3.17%	29/10/2022	Maturity	21.7	1,108.3	2.6	1,110.9
Term Loan C (floor 0%)		550.0	EUR	Euribor + 2.75%	2.98%	01/08/2025	Maturity	5.7	544.3	1.2	545.4
Shareholder Loan		257.3	EUR	8.12%	8.12%	28/10/2025	Accruable		262.9		262.9
Lease liabilities									38.9	15.2	54.1
Other borrowings									55.0	6.0	61.0
Total long-term debt									*2,009.4*	*24.9*	*2,034.3*
Financial derivatives									14.4	-	14.4
Total long-term debt and derivative financial instruments									**2,023.8**	**24.9**	**2,048.7**
Negotiable commercial paper (NeuCP)		250.0	EUR							126.0	126.0
Other borrowings										18.1	18.1
Total short-term debt									**-**	**144.1**	**144.1**
Total borrowings									**2,023.8**	**169.0**	**2,192.8**

As of 31 December 2018

(in € million)	*Notes*	*Notional or maximum amount*	*Currency*	*Contractual interest rate*	*Effective interest rate*	*Final maturity*	*Type of facility*	*Deferred expenses and bond premiums*	*Carrying amount as of 31 December 2018*		*Total as of 31 December 2018*
									Non-current	Current	
Revolving credit facility		325.0	EUR	Euribor + 2.50%	2.50%	29/10/2021	Revolving	3.2			
Term Loan B (floor 0%)		1,275.0	EUR	Euribor + 2.75%	3.17%	29/10/2022	Maturity	28.2	1,253.7	3.0	1,256.7
Term Loan C (floor 0%)		550.0	EUR	Euribor + 2.75%	2.98%	01/08/2025	Maturity	6.2	543.8	1.2	545.0
Shareholder Loan		269.8	EUR	8.12%	8.12%	28/10/2025	Accruable		273.7		273.7
Finance lease liabilities									1.2	0.7	1.9
Other borrowings									60.1	7.4	67.5
Total long-term debt									*2,132.5*	*12.3*	*2,144.8*
Financial derivatives									6.7	-	6.7
Total long-term debt and derivative financial instruments									**2,139.2**	**12.3**	**2,151.5**
Negotiable commercial paper (NeuCP)		250.0	EUR							80.0	80.0
Other borrowings										13.1	13.1
Total short-term debt									**-**	**93.1**	**93.1**
Total borrowings									**2,139.2**	**105.4**	**2,244.6**

16.3 THE GROUP'S DEBT STRUCTURE

The Group's portfolio of financial liabilities, after incorporating derivative instruments, breaks down by type of interest rate as follows:

(in € million)	30 June 2019	31 December 2018
Total fixed-rate borrowings	1,990.6	1,894.4
Total variable-rate borrowings	202.2	350.2
Total borrowings	**2,192.8**	**2,244.6**

16.4 DEBT REPAYMENT SCHEDULE

The debt maturity profile of the Group's financial liabilities and derivatives breaks down as follows:

(in € million)	30 June 2019	31 December 2018
Less than one year	169.0	105.4
Between one and two years	0.3	0.3
Between two and five years	1,191.7	1,306.3
More than five years	831.8	832.6
Total borrowings	**2,192.8**	**2,244.6**

Borrowings with a maturity of less than one year primarily consisted of negotiable commercial paper (NeuCP) in the amount of €126 million at 30 June 2019 and €80 million at 31 December 2018.

16.5 CHANGES IN DEBT

The changes in financial liabilities are presented as follows:

(in € million)	31 December 2018	Cash inflows	Cash outflows	Discount effects and other*	Interest expense	Changes in the scope of consolidation	Translation differences	30 June 2019
Non-current financial liabilities and derivatives	**2,139.2**	**6.5**	**(175.8)**	**42.9**	**10.7**	**0.0**	**0.3**	**2,023.8**
Current financial liabilities and derivatives(excluding interest)	100.3	54.2	(15.1)	24.2	1.0	0.0	0.0	164.6
Interest on long-term debt	5.1	0.0	(28.4)	0.0	27.7	0.0	0.0	4.4
Current financial liabilities and derivatives	**105.4**	**54.2**	**(43.5)**	**24.2**	**28.7**	**0.0**	**0.0**	**169.0**
Total financial liabilities	**2,244.6**	**60.7**	**(219.3)**	**67.1**	**39.4**	**0.0**	**0.3**	**2,192.8**

*Mainly consists of lease liabilities in application of IFRS 16

Reconciliation with the consolidated statement of cash flows

Increase (Decrease) in bank overdrafts and other short-term borrowings	51.1	
Increase in long-term debt	9.6	
Decrease in long-term debt		(181.9)
Financial interest paid		(37.4)
Total	**60.7**	**(219.3)**

NB: On the statement of financial position, the current portion of long-term debt (due under one year) is presented under current liabilities, whereas the cash flow statement does not distinguish current from non-current items.

NOTE 17– PROVISIONS AND OTHER NON-CURRENT FINANCIAL LIABILITIES

The change in provisions over the first half year of 2019 is analysed as follows:

(in € millions)	Provisions for claims, litigation and other	Provisions for environmental risks	Provisions for restructuring and employee benefit expenses	Provisions for risks relating to associates	Other risks	Total Provisions	Liabilities relating to investments	Total provisions and other liabilities
As of 31 December 2018								
Current portion	2.5	0.6	10.0	0.0	28.0	41.1	0.0	41.1
Non-current portion	18.8	9.6	0.9	3.1	4.6	37.0	15.8	52.8
Total Provisions	**21.3**	**10.2**	**10.9**	**3.1**	**32.6**	**78.1**	**15.8**	**93.9**
Changes during the period								
Additions	1.9	0.5	1.2	0.0	4.7	8.3	0.0	8.3
Reversals (unused)	(2.2)	0.0	(1.4)	0.0	(0.1)	(3.7)	0.0	(3.7)
Reversals (used)	(0.4)	(0.1)	(0.7)	0.0	(4.2)	(5.4)	0.0	(5.4)
Other (reclassifications and translation differences)	(10.7)	0.0	0.0	(0.4)	0.5	(10.6)	0.3	(10.3)
Total changes	**(11.4)**	**0.4**	**(0.9)**	**(0.4)**	**0.9**	**(11.4)**	**0.3**	**(11.1)**
As of 30 June 2019								
Current portion	3.1	1.1	9.2	0.0	28.6	42.0	0.0	42.0
Non-current portion	6.7	9.6	0.8	2.8	4.7	24.6	16.2	40.8
Total Provisions	**9.8**	**10.7**	**10.0**	**2.8**	**33.3**	**66.6**	**16.2**	**82.8**

There was no material change compared to 31 December 2018.

The €11.1 million reduction during the first half of 2019 primarily results from the reclassification of provisions for tax risks as current tax liabilities, in application of IFRIC 23.

Provisions for other risks mainly concern the provision relating to the Group's deficit with respect to its C02 allowances during the period in respect of phase III (2013-2020) of the European Emission Trading System Directive, amended by Directive 29/2009/EC.

Measurement of the provision takes into account the price of forward purchases made by the Group and the spot price at the closing date for the balance not covered by forward purchases. At 30 June 2019, the provision amounts to €28 million.

NOTE 18 - PROVISIONS FOR PENSIONS AND OTHER EMPLOYEE BENEFITS

Provisions for pensions and other employee benefits break down as follows:

(in € million)	Notes	30 June 2019	31 December 2018
Annuities payable to plan beneficiaries		88.3	77.3
Flat-rate compensation		34.4	31.5
Post-employment medical benefits		6.1	5.4
Provisions for pensions and other liabilities	**18.1**	**128.8**	**114.2**
Other long-term benefits	18.2	3.3	3.2
Provisions for pensions and other employee benefits		**132.1**	**117.4**

18.1 Pension liabilities and other post-employment benefits liabilities

18.1.1 Main economic and financial assumptions used to measure defined benefit obligations and plan assets

Pension liabilities and other post-employment benefit liabilities are calculated on an actuarial basis using the projected unit credit method applied to estimated final salaries.

Rate assumptions

Assumptions about mortality, staff turnover and salary growth take into account economic conditions and population trends in each country.

Discount rates are established by region depending on the bond yields of investment-grade companies at the yearend. The discount rates used for the Group’s main plans are as follows:

(In %)	30 June 2019	31 December 2018
Discount rate	0.8%	1.6%
Salary increases including long-term inflation	1.8% - 2.5%	1.8% - 2.5%
Long-term inflation rate	1.8%	1.8%

18.1.2 Changes in pensions liabilities and other post-employment benefit liabilities

The following table shows the Group's pension and other post-employment benefit plan obligations and the corresponding plan assets:

(in € million)	Notes	30 June 2019	31 December 2018
Provisions for pensions and other post-employment benefit liabilities	18	128.8	114.2
Pension plan surpluses		(2.8)	(2.8)
Net pension liabilities and other post-employment benefits liabilities		**126.0**	**111.4**

18.2 Other long-term benefits

At 30 June 2019, provisions for other long-term employee benefits primarily included long-service awards payable by subsidiaries in France amounting to €1.7 million (€1.6 million at 31 December 2018) and bonuses amounting to €1.4 million in Germany (€1.4 million at 31 December 2018).

Defined benefit obligations are generally calculated on an actuarial basis according to the same method as for pension liabilities.

NOTE 19 – FINANCIAL INSTRUMENTS

Classification and fair value measurement

Financial assets and liabilities are classified as follows:

(in € million)	Notes	As of 30 June 2019 – Accounting categories: Amortised cost	Fair value through other comprehensive income - equity instruments	Fair value through other comprehensive income - debt instruments	Mandatorily at fair value through profit or loss	Fair value - hedging instruments	Carrying amount	Fair value measurement based on: Level 1: prices quoted on active markets	Level 2: significant observable inputs	Level 3: significant non-observable inputs	Total financial liabilities at fair value
Equity investments - non Group			3.4				3.4			3.4	3.4
Loans, deposits and receipts		33.2					33.2		33.2		33.2
Trade receivables and related accounts (excluding current tax receivables)	13.2	219.3		13.6			232.9		232.9		232.9
Derivative instruments hedging financial risk					0.0		0.0		0.0		0.0
Derivative instruments hedging operating risk(*)	13.2					0.3	0.3		0.3		0.3
Cash and cash equivalents	14	211.8			29.0		240.8	217.1	23.7		240.8
Total financial assets		**464.3**	**3.4**	**13.6**	**29.0**	**0.3**	**510.6**	**217.1**	**290.1**	**3.4**	**510.6**
Term Loan B and revolving credit facility (unused)	*16*	(1,110.9)					(1,110.9)		(1,125.0)		(1,125.0)
Term Loan C	*16*	(545.4)					(545.4)		(550.7)		(550.7)
Shareholder Loan	*16*	(262.9)					(262.9)		(262.9)		(262.9)
Lease liabilities	*16*	(54.1)					(54.1)		(54.1)		(54.1)
Other long-term liabilities	*16*	(53.0)		(8.0)			(61.0)		(61.0)		(61.0)
Total long-term debt		(2,026.3)	0.0	(8.0)	0.0	0.0	(2,034.3)	0.0	(2,053.7)	0.0	(2,053.7)
Derivative instruments hedging financial risk (**)						(14.4)	(14.4)		(14.4)		(14.4)
Total long-term debt and derivative financial instruments		**(2,026.3)**	**0.0**	**(8.0)**	**0.0**	**(14.4)**	**(2,048.7)**	**0.0**	**(2,068.1)**	**0.0**	**(2,068.1)**
Negotiable commercial paper (NeuCP)	*16*	(126.0)					(126.0)		(126.0)		(126.0)
Other short-term liabilities	*16*	(12.5)		(5.6)			(18.1)		(18.1)		(18.1)
Total short-term debt		***(138.5)***	***0.0***	***(5.6)***	***0.0***	***0.0***	***(144.1)***	***0.0***	***(144.1)***	***0.0***	***(144.1)***
Derivative instruments hedging operating risk(*)	13.3					(28.2)	(28.2)		(28.2)		(28.2)
Trade payables and related accounts	13.3	(372.5)					(372.5)		(372.5)		(372.5)
Other payables and accrued liabilities	13.3	(225.6)					(225.6)		(225.6)		(225.6)
Total financial liabilities		**(2,762.9)**	**0.0**	**(13.6)**	**0.0**	**(42.6)**	**(2,819.1)**	**0.0**	**(2,838.4)**	**0.0**	**(2,838.4)**
Total		**(2,298.5)**	**3.4**	**0.0**	**29.0**	**(42.3)**	**(2,308.6)**	**217.1**	**(2,548.3)**	**3.4**	**(2,327.8)**

(*) All commodity swaps are designated as cash flow hedges

(**) Interest rate swaps (payer fixed/receiver variable) taken out by the Group are designated as cash flow hedges.

(in € million)	Notes	As of 31 December 2018 — Accounting categories: Amortised cost	Fair value via other comprehensive income - equity securities	Fair value via other comprehensive income - debt instruments	Mandatorily at fair value through profit or loss	Fair value – hedging instruments	Carrying amount	Fair value measurement based on: Level 1: prices quoted on active markets	Level 2: significant observable inputs	Level 3: significant non-observable inputs	Total financial liabilities at fair value
Equity investments - non Group			2.4				2.4			2.4	2.4
Loans, deposits and receipts		40.2					40.2		40.2		40.2
Trade receivables and related accounts (excluding current tax receivables)	13.2	174.4		16.3			190.7		190.7		190.7
Derivative instruments hedging financial risk					1.5		1.5		1.5		1.5
Derivative instruments hedging operating risk(*)	13.2					0.2	0.2		0.2		0.2
Cash and cash equivalents	14	214.0			48.1		262.1	225.2	36.9		262.1
Total financial assets		**428.7**	**2.4**	**16.3**	**49.6**	**0.2**	**497.2**	**225.2**	**269.6**	**2.4**	**497.2**
Term Loan B and revolving credit facility (unused)	*16*	(1,256.7)					(1,256.7)		(1,243.9)		(1,243.9)
Term Loan C	*16*	(545.0)					(545.0)		(539.3)		(539.3)
Shareholder Loan	*16*	(273.7)					(273.7)		(273.7)		(273.7)
Finance lease liabilities	*16*	(1.9)					(1.9)		(1.9)		(1.9)
Other long-term benefits	*16*	(58.8)		(8.7)			(67.5)		(67.5)		(67.5)
Total long-term debt		(2,136.1)	0.0	(8.7)	0.0	0.0	(2,144.8)	0.0	(2,126.4)	0.0	(2,126.4)
Derivative instruments hedging financial risk (**)						(6.7)	(6.7)		(6.7)		(6.7)
Total long-term debt and derivative financial instruments		**(2,136.1)**	**0.0**	**(8.7)**	**0.0**	**(6.7)**	**(2,151.5)**	**0.0**	**(2,133.1)**	**0.0**	**(2,133.1)**
Negotiable commercial paper (NeuCP)	*16*	(80.0)					(80.0)		(80.0)		(80.0)
Other short-term liabilities	*16*	(5.5)		(7.6)			(13.1)		(13.1)		(13.1)
Total short-term debt		**(85.5)**	**0.0**	**(7.6)**	**0.0**	**0.0**	**(93.1)**	**0.0**	**(93.1)**	**0.0**	**(93.1)**
Derivative instruments hedging operating risk(*)	13.3					(15.5)	(15.5)		(15.5)		(15.5)
Trade payables and related accounts	13.3	(408.4)					(408.4)		(408.4)		(408.4)
Other payables and accrued liabilities	13.3	(216.1)					(216.1)		(216.1)		(216.1)
Total financial liabilities		**(2,846.1)**	**0.0**	**(16.3)**	**0.0**	**(22.2)**	**(2,884.6)**	**0.0**	**(2,866.2)**	**0.0**	**(2,866.2)**
Total		**(2,417.4)**	**2.4**	**0.0**	**49.6**	**(22.0)**	**(2,387.4)**	**225.2**	**(2,596.6)**	**2.4**	**(2,369.0)**

(*) All commodity swaps are designated as cash flow hedges

(**) Interest rate swaps (payer fixed/receiver variable) taken out by the Group are designated as cash flow hedges.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

Fair value is based on market inputs and commonly used measurement models, and may be confirmed in the case of complex instruments by reference to values quoted by independent financial institutions.

NOTE 20 – RELATED PARTIES

There was no material change in terms of transactions with related parties compared to those reported in the last annual financial statements.

NOTE 21 - CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET COMMITMENTS

There was no material change compared to 31 December 2018.

NOTE 22 - SUBSEQUENT EVENTS

Upon the decision of the sole Shareholder on 25 July 2019, Verallia made a partial early repayment of the shareholder loan to Horizon Intermediate Holdings, for a total amount of €16.0 million, on that date.