PRESS RELEASE

2019 Annual Results

Strong organic revenue growth of 9.1%
Adjusted EBITDA at €615m leading to 23.8% margin
Positive outlook for 2020 and confirmation of medium-term objectives

Paris, 20 February 2020

Highlights

- **Sustained growth in revenue of 7.0% to €2,586m** compared to 2018
- **Strong 9.1% organic revenue growth**(1) compared to 2018, in line with guidance between +8% and +10%
- **Substantial growth in adjusted EBITDA to €615m,** in line with guidance above €610m (up 13.2% compared to 2018 and up 16.0% at constant exchange rates and scope)
- **Significant improvement in adjusted EBITDA margin** at **23.8%** (up 130 bps compared to 2018)
- **Net income more than doubled to €125m** compared to €49m in 2018
- **Reduction in net debt to €1,591m at the end of 2019** i.e. **2.6x** adjusted EBITDA
- Proposal to pay a **dividend per share of €0.85**(2), in line with the €100m announced at the time of the IPO
- **Positive outlook for 2020 and confirmation of medium-term objectives**

(1) Revenue growth at constant exchange rates and scope. Measures referred to as being calculated at constant exchange rates are intended to present the relevant information at constant exchange rates between the two comparable periods (applying the previous period's exchange rates to the current period's figures).
(2) Subject to the June 10, 2020 Annual General Meeting's approval.

"The 2019 results, fully in line with our expectations, mark an important milestone in the life of Verallia recently listed on the stock market. The Group recorded strong and profitable growth as planned in all the regions it operates in. The Group's profitability has also increased significantly as the result of the implementation of its three main improvement drivers: volume growth, inflation spread management and the Performance Action Plan. Verallia has proven once more its significant deleveraging capability derived from its strong cash generation. The Group has a positive outlook on 2020 backed by the addition of new capacities in a growing market and confirms its medium-term objectives announced at the time of the IPO," said **Michel Giannuzzi**, CEO of Verallia.

Revenue

Revenue breakdown by region

In € million	2018	2019	% Change	Organic growth (i)
Southern and Western Europe	1,648.9	1,753.7	6.4%	6.5%
Northern and Eastern Europe	520.9	567.6	9.0%	7.6%
Latin America	246.0	264.6	7.5%	29.4%
Group Total	**2,415.8**	**2,585.9**	**7.0%**	**9.1%**

(i) Revenue growth at constant exchange rates and scope. Measures referred to as being calculated at constant exchange rates are intended to present the relevant information at constant exchange rates between the two comparable periods (applying the previous period's exchange rates to the current period's figures).

The year 2019 saw a strong increase in revenue amounting to €2,586m, representing **reported growth of 7.0%** compared to the previous year.
The **currency effect** was -1.9% over the year, mainly linked to the depreciation of the peso in a hyper-inflationary environment in Argentina.
At **constant exchange rates and scope** revenue increased by **9.1%** (and 7.2% excluding Argentina) reflecting sales growth in all regions and the impact of sales price increases to pass on the rise in the cost of energy and raw materials. In addition, the mix improved slightly thanks to the continued implementation of the value-based pricing policy.

Revenue breakdown by region:

- In Southern and Western Europe (SWE comprising France, Spain, Portugal and Italy) revenue grew by 6.4% on a reported basis and 6.5% at constant exchange rates and scope, the small difference corresponds mainly to the effects related to the disposal of Alver (Algeria) in May 2018. All the countries in the region contributed towards this strong growth in revenue, associated with a general rise in prices. All product segments grew strongly, particularly the beer, spirits and sparkling wine.
- In Northern and Eastern Europe (NEE comprising Germany, Russia, Ukraine and Poland) reported revenue increased by 9.0%; changes in exchange rates and scope had a positive impact of 1.3% mainly due to the appreciation of the Ukrainian hryvnia and the Russian ruble. Volume growth was driven by a solid recovery in Russia and by the dynamism of the beer and still wine markets in Germany. The sales price increases materialised as anticipated over the year to compensate for the rise in costs.
- In Latin America (comprising Brazil, Argentina and Chile) revenue grew by 7.5%, dampened by the depreciation of the region's currencies, mainly the Argentine peso. At constant exchange rates and scope, Latin America reported strong growth of 29.4% (and 12.4% excluding Argentina), driven mainly by selling price increases, particularly in Argentina where the pricing policy remains very dynamic in a highly inflationary environment. Volumes grew strongly thanks to the good sales momentum for still wines, beer and soft drinks in Brazil, the successful opening of the new plant in Jacutinga (State of Minas Gerais in Brazil) during the first half of 2019 and the good performance in Argentina.

Adjusted EBITDA

Breakdown of adjusted EBITDA by region

In € million	2018	2019
Southern and Western Europe		
Adjusted EBITDA (i)	356.5	411.5
Adjusted EBITDA margin	*21.6%*	*23.5%*
Northern and Eastern Europe		
Adjusted EBITDA (i)	110.2	124.9
Adjusted EBITDA margin	*21.1%*	*22.0%*
Latin America		
Adjusted EBITDA (i)	76.7	78.8
Adjusted EBITDA margin	*31.2%*	*29.8%*
Group Total		
Adjusted EBITDA (i)	**543.3**	**615.2**
Adjusted EBITDA margin	***22.5%***	***23.8%***

(i) Adjusted EBITDA is calculated based on operating profit adjusted for depreciation, amortisation and impairment, restructuring costs, acquisition and M&A costs, hyperinflationary effects, management share ownership plans, subsidiary disposal-related effects and contingencies, plant closure costs and other items.

Adjusted EBITDA showed sharp growth of 13.2% (16.0% at constant exchange rates and scope) reaching **€615m**. This strong performance, driven by Verallia's three strategic pillars, is mainly the result of the sales price increases implemented in order to offset inflation in the price of raw materials and energy leading to a positive spread[1] at Group level and in each region. The continued roll out of the value-based pricing policy has also led to an improvement of the product mix[2]. Operational leverage linked to the sustained growth in volumes was offset, however, by the significant destocking that took place since the start of the year to support this strong growth. Finally, the third pillar, the Performance Action Plan (PAP) drove a net reduction in cash production costs of €41m.
The impact of the implementation of IFRS 16 on adjusted EBITDA amounted to €20m in 2019, in line with previous estimates.
Adjusted EBITDA margin also increased by 130 basis point, including 78 basis point related to the application of IFRS 16, reaching **23.8%.**

Adjusted EBITDA breakdown by region:

- Southern and Western Europe recorded an adjusted EBITDA of €412m and a margin of 23.5% compared to 21.6 % in 2018. This sharp increase is mainly due to the rise in sales volumes within

[1] The spread represents the difference between (i) the increase in sales prices and mix applied by the Group after passing on to these prices the increase in its production costs and (ii) the increase in its production costs. The spread is positive when the increase in sales prices applied by the Group is greater than the increase in its production costs. The increase in production costs is recorded by the Group at constant production volumes and before production gap and the impact of the Performance Action Plan (PAP).
[2] When excluding foreign currency transaction and translation effects and changes in perimeter, variations in revenue are primarily the result of changes in volumes sold or the price/mix effect. The price/mix effect is the result of a change in selling prices for the same product sold to the same customer ("pure price" effect) or a change in the customer mix (sale of the same article to different customers at different prices) or a change in the product mix (sale of different articles at different prices).

the region, a positive spread on sales as well as an improvement in industrial performance leading to an increase in the adjusted EBITDA margin in Southern and Western Europe of 184 basis points.

- In Northern and Eastern Europe adjusted EBITDA amounted to €125m, increasing its margin to 22.0% compared to 21.1% in 2018. This increase was mainly led by sales volumes growth in the area, a positive spread on sales as well as an improvement in industrial performance, resulting in an increase of the adjusted EBITDA margin in Northern and Eastern Europe of 87 basis points.
- In Latin America adjusted EBITDA amounted to €79m, representing an increase of 2.8% for a margin of 29.8% compared to 31.2% in 2018. The decline in the margin percentage was mainly due to the dilutive impact of the sharp price increases implemented during the year. The significant depreciation of the Argentine peso and, to a lesser extent, the Brazilian real, also had a substantial impact on this decline. Adjusted EBITDA increased in value as a result of higher volumes, higher selling prices aimed at limiting the impact of high inflation in this region, as well as the overall improvement in industrial performance.

Net income amounted to €125m and hence more than doubled compared to the €49m reported in 2018. This increase is partly due to the significant improvement in the Group's profitability, which was reflected in particular by a 13.2% increase in adjusted EBITDA. In addition, the strong decrease in net finance costs results from the refinancing operations carried out during the second half of 2018, a reduction in gross debt of €217m in 2019 and the refinancing on attractive terms and conditions at the time of the IPO.

Capital expenditure amounted to €253m, including €207m of recurring investments (namely 8% of consolidated revenue) and €46m of strategic investments, mainly relating to the completion of the investment in Brazil for the construction of a new facility in Jacutinga (State of Minas Gerais) as well as part of the construction works taking place in Italy (new furnace in Villa Poma) and in Spain (new furnace in Azuqueca). Regarding the two strategic investments in Villa Poma and Azuqueca mentioned above, almost all of the cash out payment will take place in the first half of 2020, with a startup planned at the same time.

Operating cash flow came in higher at €408m versus €301m in 2018, driven by the sharp growth in adjusted EBITDA and a significant improvement in operating working capital requirement despite the strong increase in revenue.

At its meeting today, the Verallia Board of Directors decided to propose the payment of a **dividend of €0.85 per share** in cash for the 2019 financial year, corresponding to an overall amount of €100m, as announced during the IPO. This amount will be subject to approval of the General Shareholders' meeting to be held on June 10, 2020.

Composition of the Board of Directors – Directors representing the employees

The two directors representing Group employees on the Board of Directors have been appointed in accordance with the by-laws provisions: Dieter Müller has been appointed by the European Works Council and Sylvain Artigau has been elected by the employees of the Group's French companies.

Strong capacity to deleverage

During 2019, Verallia proved once again its strong capacity to **deleverage**. Net debt reached €1,591m at the end of December 2019, i.e. 2.6x 2019 adjusted EBITDA, compared to €1,709m as of December 31, 2018, i.e. 3.1x 2018 adjusted EBITDA, excluding shareholder loan. In addition, Verallia continues to benefit from strong liquidity of €531m as of December 31, 2019 (see glossary).
The **cash conversion** percentage remained at a high level of 59%.

2020 Outlook

Verallia has a positive outlook for the year 2020 and the Group is entering this new year with confidence.

The Group aims to pursue the implementation of its profitable growth strategy and has thus set a target of **organic revenue growth[3]** for 2020 from **3% to 5%**, in line with the 2020-2022 outlook announced during the IPO. This increase will be driven in particular by the growth of Verallia's diversified end-markets and regions. Selling price increases will be more moderate, in line with lower costs' inflation. Finally, the Performance Action Plan should bear fruit as expected, through a 2% reduction in cash production costs[4].

Verallia therefore targets an **adjusted EBITDA[5] above €650m** in 2020 compared to €615m in 2019.

The Group confirms **recurrent investments[6] amounting to 8%** of its annual consolidated revenue. Two additional strategic projects will come to life in 2020: the construction of a new furnace with two production lines at the Villa Poma site in Italy and at the Azuqueca site in Spain. By integrating these additional investments, the **total amount of investments** will be around **€270m**, compared to €253m in 2019.

Given its strong capacity to deleverage, the Group aims to reach a **net financial debt/adjusted EBITDA ratio of around 2.2x** at December 31, 2020, namely a reduction in leverage of around 0.4x compared to end of 2019 post dividend.

Confirmation of the 2020-2022 outlook

Verallia also reaffirms its financial objectives by 2022. Therefore over the 2020-2022 period assuming, above all, moderate inflation in raw materials and energy costs and an effective tax rate going down from 30% to 26%, the Group aims to achieve the following:

- A consolidated revenue organic growth[3] at a compound annual growth rate (CAGR) of between 3% and 5%, based on (i) growth in demand in the markets in which the Group operates, (ii) ongoing improvement to the mix due to *premiumisation* trends in its product range and (iii) an increase in the Group's selling prices to reflect inflation in production costs. The Group also expects to benefit from past and future investments to increase its production capacity;
- An adjusted EBITDA[5] margin exceeding 25% in 2022, mainly due to (i) the growth in sales volumes and the improvement in associated operating leverage, (ii) the continuation of its dynamic pricing policy aimed at offsetting cost increases and (iii) the ongoing implementation of the performance action plan and the reduction of production costs;
- The continuation of its disciplined investment policy aimed at maintaining recurring capex[6] at around 8% of consolidated annual revenue;
- A net financial debt/adjusted EBITDA[5] ratio of between 2x and 3x;
- An annual dividend payout ratio exceeding 40% of consolidated net income, with an annual amount of at least €100m, subject to approval by Verallia's General Shareholders' meeting.

[3] At constant exchange rates and constant scope.
[4] Production costs excluding commercial, general and administrative costs, transport costs, depreciation and amortisation and provisions for claims
[5] Excluding the impact of the management share ownership plan set up as part of the IPO.
[6] Excluding capitalization of the right of use associated with the application of IFRS 16.

About Verallia - Verallia is the leading European and the third largest producer globally of glass containers for food and beverages, and offers innovative, customized and environmentally-friendly solutions.
The Group posted €2.6 billion in revenue and produced 16 billion bottles and jars in 2019. Verallia employs around 10,000 people and comprises 32 glass production facilities in 11 countries.
Verallia is listed on compartment A of the regulated market of Euronext Paris (Ticker: VRLA – ISIN: FR0013447729) and is included in the following indices: SBF 120, CAC Mid 60, CAC Mid & Small et CAC All-Tradable. For more information: www.verallia.com

Verallia's consolidated financial statements for the financial year ended December 31, 2019 have been approved by the Board of Directors on February 20, 2020. Audit procedures are being finalized.

An analysts' conference call will be held on Friday, February 21, 2020 at 11:00 am (CET) via an audio webcast service (live and replay) and the results presentation will be available on www.verallia.com

Financial calendar

- 28 April 2020: financial results for Q1 2020 - *Press release after market close and conference call the same evening.*
- 10 June 2020: Annual General Shareholders' Meeting.
- 30 July 2020: results for H1 2020 - *Press release after market close and presentation/ conference call the following morning.*
- 29 October 2020: financial results for Q3 2020 - *Press release after market close and conference call the same evening.*

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APPENDICES

Annual Figures

In € million	2018	2019
Revenue	**2,415.8**	**2,585.9**
of which Southern and Western Europe	1,648.9	1,753.7
of which Northern and Eastern Europe	520.9	567.6
of which Latin America	246.0	264.6
Cost of sales	(1,973.2)	(2,043.6)
Selling, general and administrative expenses	(144.7)	(170.8)
Acquisition-related items	(61.8)	(59.4)
Other operating revenue and expenses	(14.9)	(17.0)
Operating income	**221.2**	**295.1**
Net financial income (expense)	(146.8)	(115.9)
Profit (loss) before tax	**74.4**	**179.2**
Income tax	(24.2)	(53.8)
Share of net profit (loss) of associates	(1.7)	(0.7)
Net profit (loss) for the year	**48.5**	**124.6**
Adjusted EBITDA (i)	**543.3**	**615.2**
Adjusted EBITDA margin	*22.5%*	*23.8%*
of which Southern and Western Europe	356.5	411.5
Southern and Western Europe margin	*21.6%*	*23.5%*
of which Northern and Eastern Europe	110.2	124.9
Northern and Eastern Europe margin	*21.1%*	*22.0%*
of which Latin America	76.7	78.8
Latin America margin	*31.2%*	*29.8%*
Total Capex (ii)	**225.0**	**252.5**
Cash conversion (iii)	58.6%	59.0%
Change in operating working capital	(17.9)	45.7
Operating cash flow (iv)	**300.5**	**408.4**
Strategic investments (v)	**26.4**	**45.8**
Recurring investments (vi)	**198.6**	**206.7**

(i) Adjusted EBITDA is calculated based on operating profit adjusted for depreciation, amortisation and impairment, restructuring costs, acquisition and M&A costs, hyperinflationary effects, management share ownership plans, subsidiary disposal-related effects and contingencies, plant closure costs and other items.
(ii) Capex (capital expenditure) represents purchases of property, plant and equipment and intangible assets necessary to maintain the value of an asset and/or adapt to market demand or to environmental and health and safety constraints, or to increase the Group's capacity. It excludes the purchase of securities.
(iii) Cash conversion represents adjusted EBITDA less capex, divided by adjusted EBITDA.
(iv) Operating cash flow represents adjusted EBITDA less capex, plus changes in operating working capital including changes in payables of fixed assets.
(v) Strategic investments correspond to acquisitions of strategic assets that significantly enhance the Group's capacity or its scope (for example, the acquisition of plants or similar facilities, greenfield or brownfield investments), including the building of additional new furnaces.
(vi) Recurring capex represents acquisitions of property, plant and equipment and intangible assets necessary to maintain the value of an asset and/or adapt to market demands and to environmental, health and safety requirements. It mainly includes furnace renovation and maintenance of IS machines.

Evolution of revenue per nature in € million during 2019

In € million	
Revenue 2018	**2,415.8**
Activity contribution	*+73.1*
Price/Mix	*+146.5*
Exchange rates	*-46.6*
Other	*-2.8*
Revenue 2019	**2,585.9**

Evolution of adjusted EBITDA per nature in € million during 2019

In € million	
2018 Adjusted EBITDA (i)	**543.3**
Activity contribution	*+2.2*
Price/Mix	*+112.5*
Cost inflation	*-65.4*
Net productivity (ii)	*+40.6*
Exchange rates	*-14.9*
Other	*-3.1*
2019 Adjusted EBITDA (i)	**615.2**

(i) Adjusted EBITDA is calculated based on operating profit adjusted for depreciation, amortisation and impairment, restructuring costs, acquisition and M&A costs, hyperinflationary effects, management share ownership plans, subsidiary disposal-related effects and contingencies, plant closure costs and other items.
(ii) Performance Action Plan ("PAP") impact amounting to €44m partly offset by (€3m) of industrial variances.

Reconciliation of Operating income to adjusted EBITDA

In € million	2018	2019
Operating income	**221.2**	**295.1**
Depreciation and amortization (i)	298.2	283.5
Restructuring costs	7.2	2.9
Acquisition and M&A costs	0.2	(2.1)
IAS 29 Hyperinflation (Argentina) (ii)	2.5	1.6
Management share ownership plan and associated costs	5.7	11.5
Disposal and subsidiary risks (iii)	(8.8)	0.0
Sao Paulo (Brazil) site closure (iv)	11.4	2.4
Other (v)	5.8	20.3
Adjusted EBITDA	**543.3**	**615.2**

(i) Includes depreciation and amortisation of intangible assets and property, plant and equipment, amortisation of intangible assets acquired through business combinations and impairment of property, plant and equipment.
(ii) The Group applies IAS 29 (Hyperinflation) to its Argentina operations for the years ended December 31, 2018 and 2019.
(iii) Corresponds mainly to the effects related to the disposals of IVN and Alver.
(iv) Corresponds to the closure of Sao Paulo plant.
(v) In 2019, mainly corresponds to the one time €7m past service costs following the amendment of the French national mechanical glass manufacturing industries collective agreement and the €10m costs incurred as part of the IPO project.

Reconciliation of Cash conversion to adjusted EBITDA

In € million	2018	2019
Adjusted EBITDA	**543.3**	**615.2**
Capex	(225.0)	(252.5)
Cash flows	**318.3**	**362.7**
Cash conversion	**58.6%**	**59.0%**

Adjusted EBITDA and Cash conversion are alternative performance indicators within the meaning of AMF position n° 2015-12.

Adjusted EBITDA and Cash conversion are not standardized accounting measures that meets a single generally accepted definition by IFRS standards. They must not be considered as a substitute for operating income, net income and cash flow from operating activities which are measures defined by IFRS, or as a measure of liquidity. Other issuers may calculate adjusted EBITDA and Cash conversion differently from the definition used by the Group.

Impact of IFRS 16 "Leases"

Verallia has applied IFRS 16 since January 1, 2019 using the simplified retrospective transition method. IFRS 16 (Leases) eliminates the distinction between operating and finance leases and requires the lessee to recognize an asset (the right to use the leased asset) and a financial liability to pay lease payments, subject to minor exceptions.

As a result of the adoption of IFRS 16, as of December 31, 2019, right of use assets were recognized for €52 million and an additional financial liability was recorded for €53 million.

In the income statement, IFRS 16 leads to a reduction in lease expenses recorded under adjusted EBITDA of €20 million, and an increase in depreciation & amortization of non-current assets and finance costs.

The impact on net income attributable to owners of the Company is not material.

IAS 29: Hyperinflation in Argentina

Since the second half of 2018, the Group has applied IAS 29 in Argentina. The adoption of IAS 29 requires the restatement of non-monetary assets and liabilities and of the income statement to reflect changes in purchasing power in the local currency, leading to a gain or loss on the net monetary position included in the finance costs.

Financial information of the Argentinian subsidiary is converted into euros using the closing exchange rate for the relevant period.

In 2019, the net impact on revenue amounted to €(3.1)m. The hyperinflation impact has been excluded from Group adjusted EBITDA as shown in the table "Reconciliation of operating profit to adjusted EBITDA".

Consolidated Profit and Loss

(in € million)	Year ended 31 December	
	2018	2019
Revenue	2,415.8	2,585.9
Cost of sales	(1,973.2)	(2,043.6)
Selling, general and administrative expenses	(144.7)	(170.8)
Acquisition-related items	(61.8)	(59.4)
Other operating income and expenses	(14.9)	(17.0)
Operating profit	221.2	295.1
Net financial income (expense)	(146.8)	(115.9)
Profit (loss) before tax	74.4	179.2
Income tax	(24.2)	(53.8)
Share of net profit (loss) of associates	(1.7)	(0.7)
Net profit (loss) for the year	48.5	124.6
Attributable to shareholders of the Company	***41.1***	***115.6***
Attributable to non-controlling interests	*7.4*	*9.0*
Basic earnings per share *(in €)*	0.18	1.00
Diluted earnings per share *(in €)*	0.18	1.00

Consolidated Balance Sheet

(in € million)	31 December 2018	31 December 2019
ASSETS		
Goodwill	552.0	550.9
Other intangible assets	559.3	499.2
Property, plant and equipment	1,199.5	1,299.3
Investments in associates	0.6	0.6
Deferred tax	43.6	42.3
Other non-current assets	46.4	37.5
Non-current assets	**2,401.4**	**2,429.8**
Short-term portion of non-current assets	0.5	-
Inventories	477.9	455.2
Trade receivables and other current assets	190.9	178.9
Current tax receivables	14.9	21.0
Cash and cash equivalents	262.1	219.2
Current assets	**946.3**	**874.3**
Total Assets	**3,347.7**	**3,304.1**
EQUITY & LIABILITIES		
Share capital	137.5	400.2
Consolidated reserves	(114.4)	(14.0)
Equity attributable to shareholders	**23.1**	**386.2**
Non controlling interests	27.5	33.4
Equity	**50.6**	**419.6**
Non-current financial liabilities and derivatives	2,139.2	1,584.0
Provisions for pensions and other employee benefits	117.4	133.0
Deferred tax	192.6	166.6
Provisions and other non-current financial liabilities	52.8	43.1
Non-current liabilities	**2,502.0**	**1,926.7**
Current financial liabilities and derivatives	105.4	225.9
Current portion of provisions and other current financial liabilities	41.1	51.9
Trade payables	408.4	383.6
Current tax liabilities	8.6	19.3
Other current liabilities	231.6	277.1
Current liabilities	**795.1**	**957.8**
Total Equity and Liabilities	**3,347.7**	**3,304.1**

Consolidated Cash Flow Statement

(in € million)	Year ended 31 December	
	2018	**2019**
Net profit (loss) for the year	48.5	124.6
Share of net profit of associates, net of dividends received	1.7	0.7
Depreciation, amortisation and impairment of assets	301.8	283.5
Gains and losses on disposals of assets	6.6	(1.4)
Interest expense on financial liabilities	92.3	68.8
Unrealised gains and losses on changes	-	(1.6)
Gain/loss on net monetary position (IAS 29, *Hyperinflation*)	0.7	5.8
Unrealised gains and losses on changes in the fair value of derivatives	(0.5)	(2.9)
Change in inventories	(27.7)	19.7
Change in trade receivables, trade payables and other receivables and payables	8.1	(13.9)
Current tax expense	57.8	71.0
Taxes paid	(38.9)	(59.1)
Changes in deferred taxes and provisions	(21.1)	1.6
Net cash flows from operating activities	429.3	496.8
Acquisition of property, plant and equipment and intangible assets	(225.0)	(252.5)
Increase (decrease) in debt on fixed assets	(5.6)	19.3
Acquisitions of subsidiaries, net of cash acquired	-	(0.5)
Deferred payment related to the acquisition of a subsidiary	-	-
Capital expenditure	**(230.6)**	**(233.7)**
Disposals of property, plant and equipment and intangible assets	-	3.7
Sale of equity-accounted securities	14.0	-
Disposals	**14.0**	**3.7**
Increase in loans, deposits and short-term borrowings	(3.8)	(5.7)
Reduction in loans, deposits and short-term borrowings	0.4	13.7
Changes in loans and deposits	**(3.4)**	**8.0**
Net cash flows from (used in) investing activities	(220.0)	(222.0)
Capital increase (reduction)	-	-
Transactions with shareholders	**-**	**-**
Capital increases of subsidiaries subscribed by third parties	5.8	7.2
Dividends paid to non-controlling interests by consolidated companies	(2.5)	(6.9)
Transactions with non-controlling interests	**3.3**	**0.3**
Increase (reduction) in bank overdrafts and other short-term borrowings	67.5	106.4
Increase in long-term debt	607.9	1,538.5
Reduction in long-term debt	(741.4)	(1,891.0)
Financial interest paid	(99.8)	(70.4)
Change in gross debt	**(165.8)**	**(316.5)**
Net cash flows from (used in) financing activities	(162.5)	(316.2)
Increase (reduction) in cash and cash equivalents	46.8	(41.4)
Impact of changes in foreign exchange rates on cash and cash equivalents	(4.7)	(1.5)
Impact of changes in fair value on cash and cash equivalents	-	-
Opening cash and cash equivalents	220.1	262.1
Closing cash and cash equivalents	262.1	219.2

GLOSSARY

Organic growth: corresponds to revenue growth at constant exchange rates and scope. Revenue growth at constant exchange rates is calculated by applying the average exchange rates of the comparative period to revenue for the current period of each Group entity, expressed in its reporting currency.

Adjusted EBITDA: This is a non-IFRS financial measure. It is an indicator for monitoring the underlying performance of businesses adjusted for certain expenses and/or non-recurring items liable to distort the company's performance. The Adjusted EBITDA is calculated based on operating profit adjusted for depreciation, amortisation and impairment, restructuring costs, acquisition and M&A costs, hyperinflationary effects, management share ownership plans, subsidiary disposal-related effects and contingencies, plant closure costs and other items.

Capex: Short for "capital expenditure", this represents purchases of property, plant and equipment and intangible assets necessary to maintain the value of an asset and/or adapt to market demand or to environmental and health and safety constraints, or to increase the Group's capacity. It excludes the purchase of securities.

Recurring capex: Recurring Capex represent acquisitions of property, plant and equipment and intangible assets necessary to maintain the value of an asset and/or adapt to market demands and to environmental, health and safety requirements. It mainly includes furnace renovation and maintenance of IS machines.

Strategic investments: Capex corresponds to acquisitions of strategic assets that significantly enhance the Group's capacity or its scope (for example, the acquisition of plants or similar facilities, greenfield or brownfield investments), including the building of additional new furnaces.

Cash conversion: refers to the ratio between cash flow and adjusted EBITDA. Cash flow refers to adjusted EBITDA less Capex.

The segment Southern and Western Europe comprises production plants located in France, Spain, Portugal and Italy. It is also denominated as "SWE".

The segment Northern and Eastern Europe comprises production plants located in Germany, Russia, Ukraine and Poland. It is also denominated as "NEE".

The segment Latin America comprises production plants located in Brazil, Argentina and Chile.

Liquidity: Calculated as the Cash + Undrawn Revolving Credit Facility - Outstanding Commercial Papers.

Disclaimer

Certain information included in this press release are not historical facts but are 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 Registration Document dated 4 September 2019, approved by the AMF under number I. 19-031 and available on the Company's website (www.verallia.com) and the AMF's website (www.amf-france.org). These forward-looking information and statements are not guarantees of future performances.

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