PRESS RELEASE

2020 first quarter results

Good start of the year with limited impact from the COVID-19 epidemic: 1.9% growth in reported revenue Organic revenue growth of 4.0% 23.5% adjusted EBITDA margin, up 103 basis points

Paris, April 28, 2020

Highlights

- **1.9% growth in reported revenue amounting to €645m** compared to Q1 2019
- **Sustained organic revenue growth of 4.0%** compared to Q1 2019
- **Adjusted EBITDA growth reaching €151m,** up 6.5% compared to Q1 2019 (+9.6% at constant exchange rates and scope)
- **Improvement in adjusted EBITDA margin at 23.5%**, up 103 basis points compared to Q1 2019
- **Reduction in net debt leverage to 2.5x** adjusted EBITDA for the last 12 months, compared to 2.6x as of December 31, 2019
- **Withdrawal of the 2020 guidance** due to the limited visibility linked to the COVID-19 epidemic
- **Proposal to pay a dividend per share of €0.85**, **with payment in cash or in new shares**[(1)]

(1) At shareholder's option, subject to the June 10, 2020 Annual General Meeting's approval.

"Verallia reports good results for the first quarter of 2020 with an increase in sales and an improvement in profitability, despite the impact of the COVID-19 epidemic on March sales. From the onset of the current health crisis, we were very prompt in our response to ensure the safety of our employees and guarantee business continuity for our customers by keeping all our production sites up and running. I wish to acknowledge and warmly thank all of our employees for their commitment and their spontaneous acts of solidarity. Even though it is now inevitable that this crisis will have a significant impact on the results for the next quarter and the year 2020, our financial strength and our resilient profile will enable us to address the situation with equanimity." commented **Michel Giannuzzi**, Chairman and CEO Verallia.

Adaptation plans to address the COVID-19 epidemic

Verallia reiterates that, from the outset of the COVID-19 crisis, all necessary measures have been undertaken to guarantee the safety and health of its employees worldwide and to ensure business continuity. Adaptation plans have been implemented at Group and country level to ensure the following priorities are met:

- **Employee safety**
  Verallia immediately put in place all required health precautionary measures to prevent the spread of the virus at its production sites. In addition, remote work has been swiftly rolled out in all possible cases.

- **Business continuity and production**
  As a key supplier to the food industry, the Group has managed to maintain all of its production sites running, adapting its production volumes, and thus to serve its customers to the fullest extent possible. In Northern Europe, Italy and Iberia, the plants continued to operate at a sustained level. France and Latin America have been more affected.

2020 first quarter results

In the first quarter of the year, Verallia recorded a **revenue** of **€645m**, compared to €633m in the first quarter of 2019, an **increase of 1.9% on a reported basis**.
The impact of the **exchange rates variation** was -2.1% over the first quarter (-€13m), primarily linked to the currency depreciation in Latin America, which was considerably more pronounced during the month of March.

At **constant exchange rates and scope**, revenue increased by **4.0%** during the first quarter of the year (and by 2.0% excluding Argentina), with a deceleration in March: organic growth at the end of February amounted to +5.9% while it decreased to +0.4% in March, the initial impacts of the COVID-19 crisis only being felt at the end of the quarter. The activity evolution has been slightly negative (-€2.7m) on the quarter despite volumes sold showing a small increase. This can be explained by the higher decline in French sales, where the selling prices and the sales mix are higher than the Group's average.
The Group estimates that close to two-thirds of its consolidated sales are exposed to the off-trade channel, while one-third to the on-trade channel. This percentage varies quite significantly depending on the country and product family.

By segment:

- <u>In Southern and Western Europe</u>, demand levels remained dynamic, particularly for food jars and beer bottles. Italy and Iberia posted positive growth over the quarter. At the beginning of the quarter, activities in France were affected by the national strikes related to the pension reform and by a decline in demand from customers exporting to China. This decline became more pronounced from mid-March onwards due to COVID-19 impact.

- The Northern and Eastern Europe region was driven by the food jars and mineral water markets. Germany, Ukraine and Russia showed positive organic growth in Q1.
- In Latin America, all countries reported positive growth for the quarter. The situation took a downturn from mid-March onwards, particularly in Brazil which is going through a challenging political and health context.

In terms of pricing policy at Group level, sales price increases were more moderate at the start of the year than the previous year and in line with expectations. The weight of Argentina, that is in hyperinflation, is noticeable as the price / mix impact amounted to €11m over the quarter.

Adjusted EBITDA grew by **6.5%** (+9.6% at constant exchange rates and scope) in the first quarter amounting to **€151m**. Despite a slightly negative activity impact, the adjusted EBITDA improved thanks to a positive *spread*[1] and a net reduction in cash production costs (Performance Action Plan, PAP) of €8m in the first quarter of 2020. The first operational impacts related to COVID-19 remain insignificant at the end of March. The **adjusted EBITDA margin** increased by 103 basis points to **23.5%**.

During the first quarter of the year, Verallia continued its **deleveraging**. Net debt thus reached **€1,574m** at the end of March 2020, i.e. **2.5x adjusted EBITDA for the last 12 months**, compared to 2.6x as of December 31, 2019. This leverage ratio remains well below the maximum leverage ratio set out in Verallia's Group financing documentation, which is at 5.0x adjusted EBITDA. On March 20, 2020, the Group drew €200m from its €500m Revolving Credit Facility ahead of the upcoming maturities of its "Neu Commercial Papers", the market of which is currently closed for non-investment grade companies in France. In addition, Verallia continues to benefit from strong liquidity[2] of €528m as of March 31, 2020.

In order to reinforce its liquidity, **Verallia successfully set up an additional €250m Revolving Credit line** with a one-year maturity, extendable by six months at the Group's discretion, on April 24, 2020. The syndicate of banks that participated to this new source of financing includes Banco Santander, BNP Paribas, CACIB, CIC, Commerzbank, La Banque Postale, Rabobank and Société Générale.

Verallia: united and responsible

Given its financial strength and its resilience, Verallia does not intend to apply for the financial support offered by the French government (public loans or guarantees, deferrals of tax or social charges payments,…) in order to allow businesses that need them the most to benefit from those financial measures. Only after having used employees' holidays, banked hours or *RTT* (reduction of working hours) to the highest extent possible did Verallia implement partial unemployment measures, in the most responsible and restricted manner possible.

The management recognizes the remarkable commitment and responsiveness of all the Group's employees, as well as the teams' spontaneous movements of solidarity towards the local communities where the production sites are located, such as donations of hospital equipment, hydroalcoholic gels, protective clothing or masks.

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[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] Calculated as the Cash + Undrawn Revolving Credit Facility - Outstanding Commercial Papers.

In addition, Michel Giannuzzi, Verallia's CEO, has decided to contribute to the Group's collective effort by foregoing his 2020 variable compensation, which represents 50% of his total annual compensation. All other Executive Committee members also participate in this joint effort by renouncing 15% of their total annual compensation. This amount will be dedicated to additional donations at local level.

Outlook

In this critical context associated with the COVID-19 epidemic, and as announced in the press release of April 7, the Group considers that its financial guidance for 2020 is no longer valid, given the uncertainty resulting from the depth of the crisis.

Verallia expects a significant impact of the COVID-19 crisis on its activities in the second quarter of 2020, resulting in a significant drop in sales volumes. However, the scale and complexity of this unprecedented health crisis together with the uncertainties concerning the end of such crisis do not, to date, enable the Group to precisely quantify the impact on customers and its activities for the year 2020.

In order to address this situation, Verallia is implementing measures to variabilize costs, to follow very accurately cash and supply chain, and proactively manage all investments. Recurring investments will be maintained at around 8% of annual consolidated revenue, which will be lower than expected, thus leading to an absolute amount of recurring investments lower than forecast. The building of the two strategic investments (construction of a new furnace with two production lines at the Villa Poma site in Italy and at the Azuqueca site in Spain) will be completed by the end of the year and their start-up will take place depending on market needs.

2020 Annual General Shareholders' Meeting and 2019 dividend

Verallia's Board of Directors met on Tuesday, April 28, 2020 and has taken a decision regarding the organization of the 2020 Annual General Shareholders' Meeting, which was confirmed for Wednesday, June 10, 2020.

In the context of an exceptional health crisis, and in accordance with the provisions set out in ordinance 2020-321 of March 25, 2020, it was decided to hold this Annual General Shareholders' Meeting in **closed session**, with the meeting being webcast on Verallia's website: www.verallia.com.

Shareholders are thereby invited to cast their vote remotely (via the secure Voteaccess website or using a paper form), and to submit their questions in writing in accordance with the procedures which will be detailed in the notice of meeting.

The Board of Directors will submit for shareholder approval at the Annual General Shareholders' Meeting the payment of a dividend of **€0.85 per share**, with an option, for each shareholder, between the payment in cash or new shares, to be paid out on July 9, 2020.

An analysts' conference call will be held on Tuesday, April 28, 2020 at 6:00 pm (CET) via an audio webcast service (live and replay) and the results presentation will be available on www.verallia.com.

Financial calendar

- 10 June 2020: Annual General Shareholders' Meeting.
- 30 July 2020: financial 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.*

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

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APPENDICES

Key figures during the first quarter

In € million	Q1 2020	Q1 2019
Revenue	**644.8**	**632.9**
Reported growth	*+1.9%*	
Organic growth	*+4.0%*	

Adjusted EBITDA	**151.3**	**142.0**
Adjusted EBITDA margin	*23.5%*	*22.4%*

Net debt as of 31 March (i)	**1,574.1**	**1,790.7**
Last twelve months adjusted EBITDA (ii)	**624.5**	**580.6**
Net debt / last twelve months adjusted EBITDA	*2.5x*	*3.1x*

(i) Excluding the shareholder loan between Verallia SA and Horizon Intermediate Holdings, its former parent company for 2019.
(ii) Q1 2019 LTM Adjusted EBITDA including IFRS16 impact of €5m in Q1 2019 and estimated €15m for the 9 months of 2018, calculated based on a €20m 2019 full year impact.

Evolution of revenue per nature in € million during the first quarter

In € million	
Revenue Q1 2019	**632.9**
Activity contribution	*-2.7*
Price / Mix	*+27.7*
Exchange rates	*-13.3*
Revenue Q1 2020	**644.8**

Evolution of adjusted EBITDA per nature in € million during the first quarter

In € million	
Adjusted EBITDA Q1 2019 (i)	**142.0**
Activity contribution	*-4.1*
Spread Price / Cost	*+11.7*
Net productivity (ii)	*+7.9*
Exchange rates	*-4.3*
Other	*-2.0*
Adjusted EBITDA Q1 2020 (i)	**151.3**

(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") of €13m partly offset by -€5m of industrial variances.

Reconciliation of operating profit to adjusted EBITDA

In € million	Q1 2020	Q1 2019
Operating profit	**79.5**	**65.5**
Depreciation and amortisation (i)	70.0	69.3
Restructuring costs	0.5	0.8
Acquisition, M&A	0.0	0.1
IAS 29 Hyperinflation (Argentina) (ii)	0.2	0.2
Management share ownership plan and associated costs	1.0	3.7
Disposals and subsidiaries risks	0.0	0.0
Sao Paulo (Brazil) site closure	0.0	0.7
Other	0.1	1.7
Adjusted EBITDA	**151.3**	**142.0**

(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) from the 2nd semester 2018.

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 the first quarter of 2020, the net impact on revenue amounted to -€0.5m. The hyperinflation impact has been excluded from Group adjusted EBITDA as shown in the table "Reconciliation of operating profit to adjusted EBITDA".

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. Besides the impact of the current health crisis, these risks and uncertainties include those discussed or identified under Chapter 3 "Facteurs de Risques" in the Registration Document 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.

This press release includes only summary information and does not purport to be comprehensive.