9M 2020 Results

October 29th, 2020

verallia

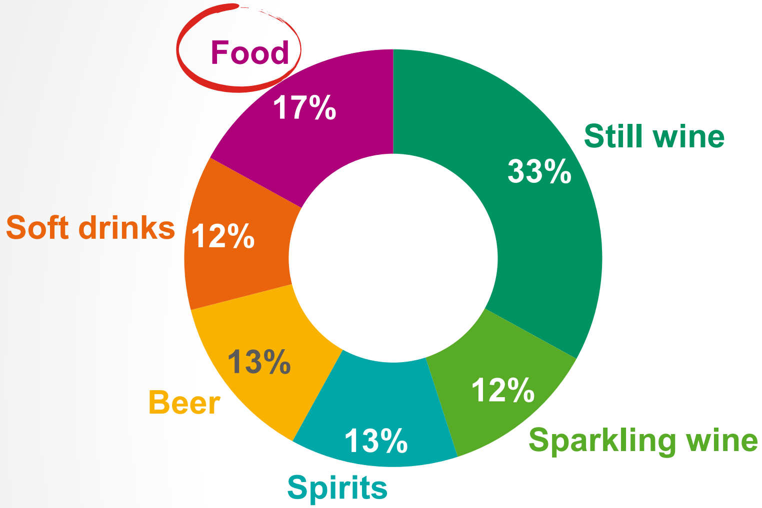
NATHALIE DELBREUVE IS APPOINTED CHIEF FINANCIAL OFFICER

- **Nathalie Delbreuve has been appointed as Chief Financial Officer of the Verallia Group, as of November 2, 2020**
- **Nathalie will oversee the Finance and IT teams**
- **Nathalie will join the Group Executive Committee**

Q3 VOLUMES BETTER THAN ANTICIPATED ENABLING THE GROUP TO UPGRADE ITS 2020 GUIDANCE

Diversified and balanced end-markets

2019 Glass packaging[(1)] sales split by end-market



One of the top 3 leaders in all VRLA countries

#1 in Europe[(2)]
90% of 2019 sales

#2 in Latin America[(3)]
10% of 2019 sales

#3 Globally

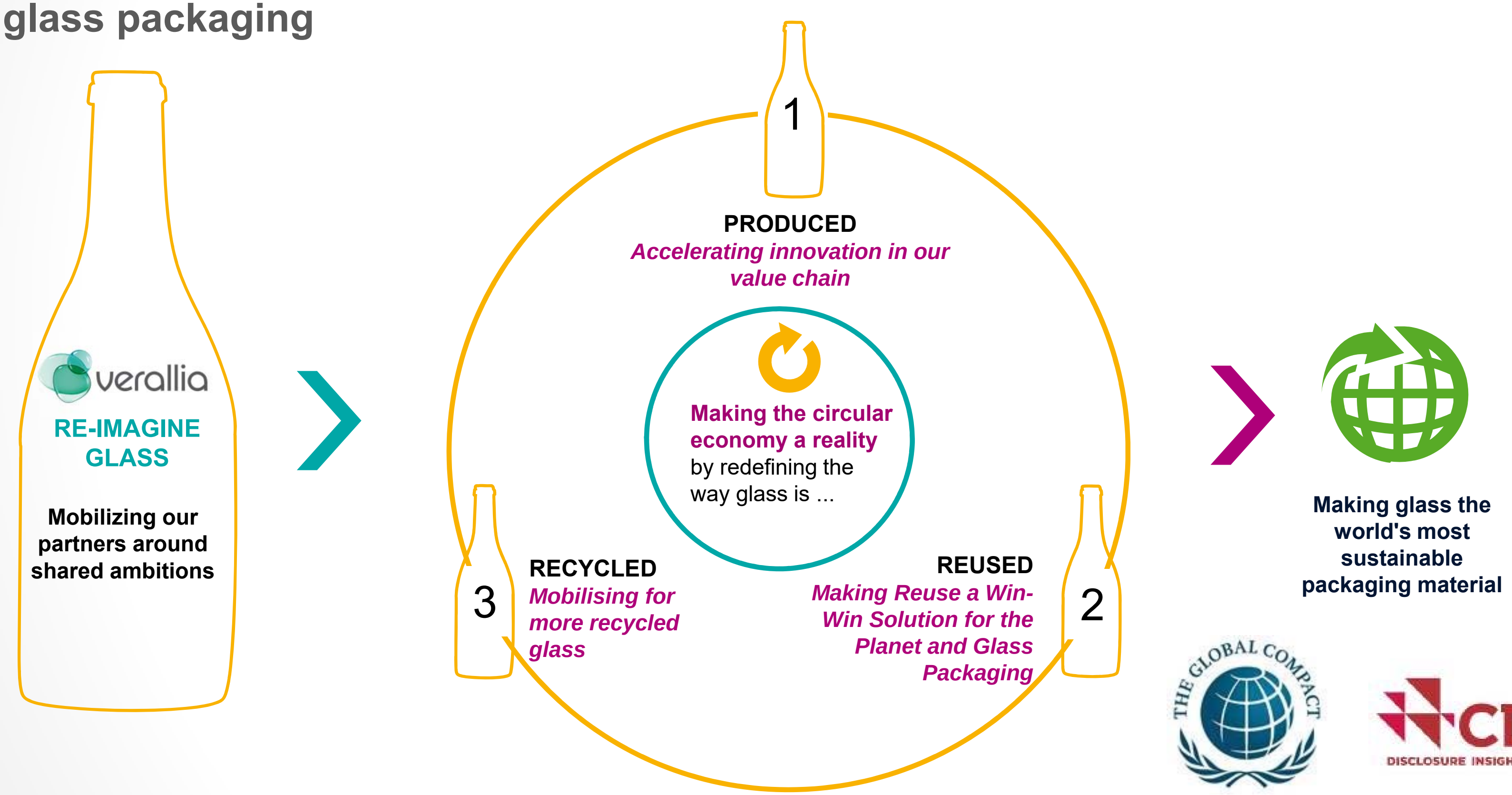
9M 2020 Financial Highlights

- **Revenue**
  - **9M'20 Reported revenue** at **€1,956m, slightly down -1.0%** vs. 9M'19
  - **9M'20 Organic[(4)] growth of +2.3%** (**+0.9% excluding Argentina**) vs. 9M'19
  - **Q3 2020 Reported revenue up +5.3%** to **€681m** (**+8.9% on an organic[(4)] basis**) vs. Q3 2019
- **9M 2020 Adjusted EBITDA at €474m, almost reaching last year's level with a margin of 24.3%**
- **Net debt leverage improved to 2.2x LTM adjusted EBITDA,** compared to 2.7x at end of September 2019
- **2020 guidance upgrade for organic growth and adjusted EBITDA**

Sources: Companies public information, management estimates and Advancy (IPO related study). Please see definitions in the Glossary (Appendices).
Notes: (1) For bottles and jars only (97% of total Verallia sales). (2) Based on 2019 sales; "Europe" using each company's definition and management estimates.
(3) Based on 2019 volumes in Argentina, Brazil and Chile. (4) Revenue growth at constant exchange rates and scope.
The organic growth of the Group excluding Argentina is **+0.9% over the first 9 months 2020 and +8.3% in Q3 2020.**

VERALLIA PURPOSE

- On October 20th, 2020, Verallia announced its **Purpose: "Re-imagine glass for a sustainable future"**
- This purpose encompasses **VRLA's ambition for society &** is **fully integrated into VRLA's long-term strategy**
- The Group expects to collaborate with **all its stakeholders** to **strengthen the circular and virtuous dimension of glass packaging**



TWO NEW INNOVATIVE PRODUCT LAUNCHES

ECO-DESIGNED, REUSABLE WATER BOTTLE BY GOBILAB & VERALLIA

The **Gobi Indoor**

- First reusable water bottle made out of glass that is 100% made in France for each of its component (in VRLA's Lagnieu plant)
- A 3 months usage compensates its production impact

NEW BOTTLE FOR THE NEW SODASTREAM MACHINE

The **SodaStream DUO 1L bottle**

- The new bottle for the new Sodastream machine, glass-and-plastic-bottles compatible
- New machine launched in preview in Switzerland, in various SodaStream countries in 2021
- Verallia is the supplier associated to the launch
- An extra white bottle, manufactured in Cognac

SodaStream Design Registration No. 006364246

AUGMENTED INTELLIGENCE DEPLOYMENT AT VERALLIA

Verallia received the **Augmented Intelligence and Enterprise Trophy** from the RH&M Group*

Some Augmented Intelligence examples at Verallia:

- Automatic furnace control
- Cold end quality inspections in partnership with equipment suppliers
- Ongoing projects at the hot end to control the process

(*) Independent Group, created in 1998, specializes in the training and development of Human Resources Professionals and Management Executives.

9M 2020 Results

1. Financial highlights and key initiatives

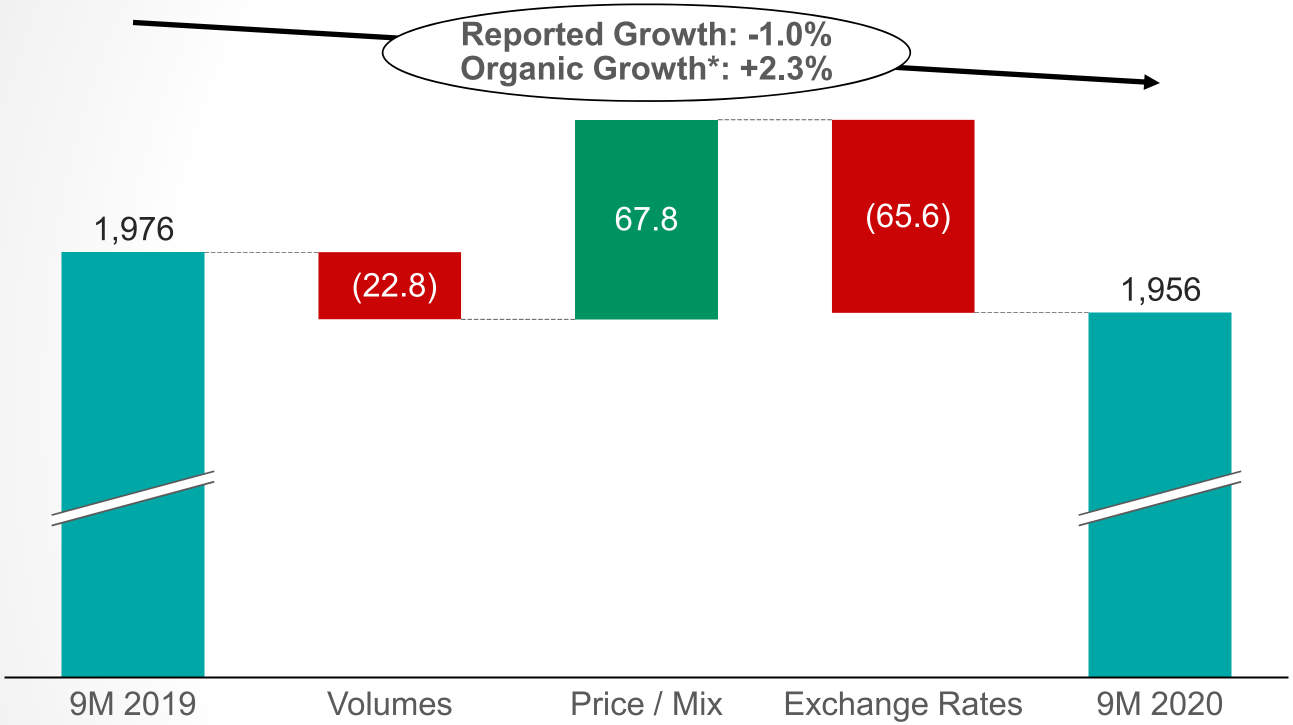
2. Financial results

3. Cash performance

4. Conclusion and outlook

Better than anticipated volumes in Q3, mainly in Latin America, Italy and Iberia

Reported revenue bridge (in €m)



Organic Revenue Δ

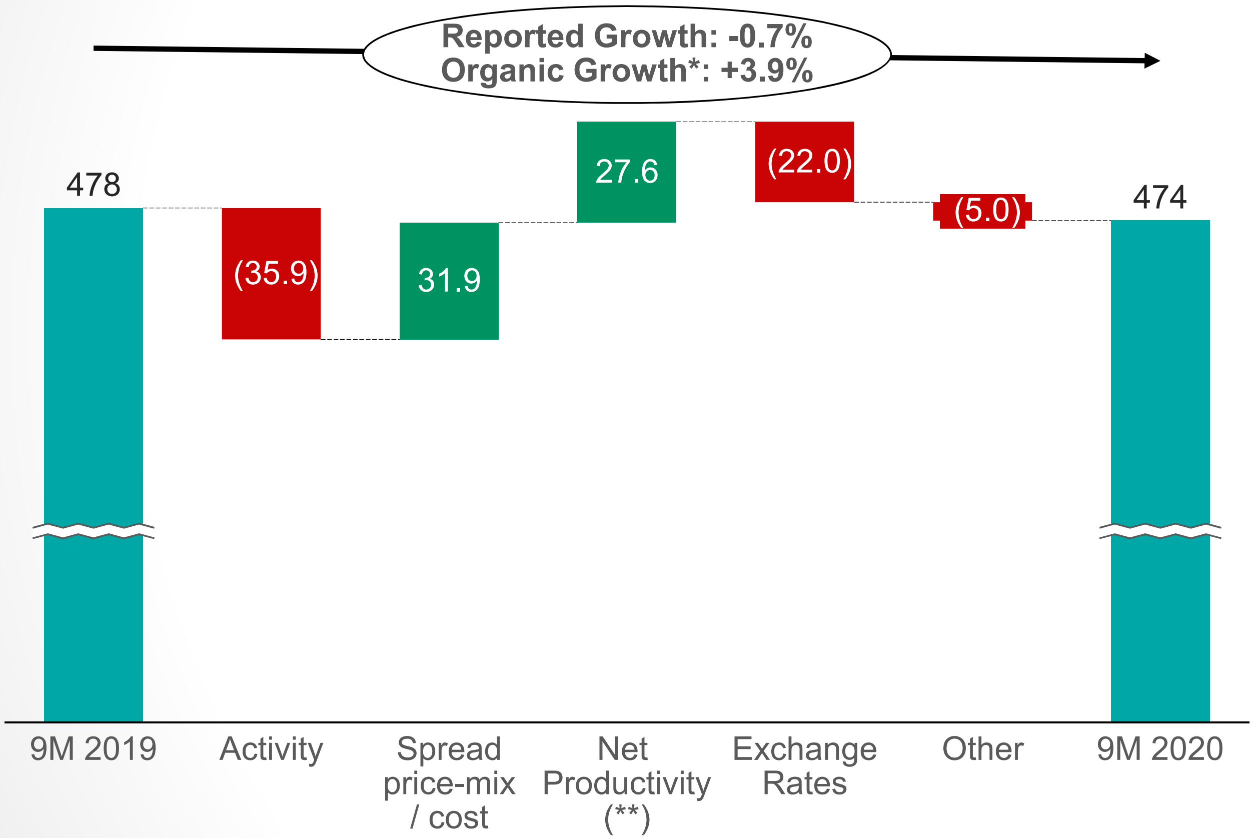
- **Q1: +4.0%** organic* growth
- **Q2: -5.4%** organic* decline, with -7.9% in volumes
- **Q3: +8.9%** organic* growth, with +4.2% in volumes

- **Q3 volumes improvement by geography:**
  - Very dynamic in Latin America
  - Strong in Italy
  - Recovering in Iberia
- **By product family**
  - Jars & NAB still well-oriented
  - Still wine recovering mainly in Italy & Iberia
- **Positive mix in Q3**
- Still **negative exchange rates** impact primarily due to **currency depreciation in Latin America**

(*) Growth at constant exchange rates and scope.
The organic growth of the Group excluding Argentina is **+0.9% over the first 9 months 2020 and +8.3% in Q3 2020.**

Adjusted EBITDA back to last year's level despite COVID-19 and forex

Adjusted EBITDA (in €m)



Adjusted EBITDA margin

9M 2020		9M 2019
24.3%	+8 bps	24.2%

- **Adjusted EBITDA almost stable,** thanks to:
  1. Better than expected volumes in Q3
  2. Positive price-mix/cost spread
  3. PAP on track: €28m net productivity gain (i.e. 2.3% of production cash cost)
- **"Activity": Q3 destocking** linked to planed furnace repairs **mitigated** by Q3 volumes improvement
- **"Exchange Rates":** significant negative impact driven by BRL depreciation as well as continued devaluation of ARS
- **"Other"** includes COVID-19 direct extra-costs of €4.0m and 2019 positive one-offs (such as insurance refund, ..)

(*) Growth at constant exchange rates and scope.
(**) Performance Action Plan ("PAP") impact amounting to **€36m**.

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Continuous deleveraging capabilities

In € million	30/09/2020	30/09/2019
Net Debt	1,358.5	1,627.1
LTM Adjusted EBITDA	611.8	603.2
Net Debt / LTM Adjusted EBITDA	**2.2x**	**2.7x**

- **Steep pace of deleveraging maintained: -0.5x from Sept. 2019 to Sept. 2020**
- **This continuous deleveraging is driven by:**
  - **Increase of LTM adjusted EBITDA**
  - **Strong decrease of net debt**

Verallia's net debt: €1,358 million at September 30, 2020

In € million	Nominal amount or maximum amount drawable	Nominal rate	Final maturity	September 30, 2020
Term Loan A	1,500	Euribor +1.50%	07/10/2024	1,503
Revolving Credit Facility 1	500	Euribor +1.10%	07/10/2024	-
Revolving Credit Facility 2	250	Euribor +1.95%	24/04/2021(*)	-
Commercial Papers (Neu CP)	400			118
Other debt				113
Total borrowings				**1,733**
Cash				(375)
Net Debt				**1,358**

- **Verallia has fully repaid its €200m RCF1 drawdown on September 30, 2020**
- **The decrease of the leverage below 2.5x LTM adjusted EBITDA as of June 30, 2020 allowed Verallia to lower by 25bps the TLA and RCF1 margin. The change in the margin is effective as of August 3rd, 2020**
- **Total available liquidity(**) reaches €1,007m at September 30, 2020**

(*) With a 6-month extension at Verallia's discretion.
(**) Calculated as the Cash + Undrawn Revolving Credit Facilities – Outstanding Commercial Papers.

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Conclusion: Solid Q3 after a resilient H1

- **Volumes increase in Q3, leading to:**
  - **+8.9% organic* growth in Q3**
  - **+2.3% organic* growth over the first 9 months**, despite a Q2 impacted by the COVID-19 (-5.4% organic* decline in Q2)
- **Adjusted EBITDA margin maintained at 24.3% over the first nine months**
- **Further deleveraging to 2.2x LTM adjusted EBITDA after dividends payment (-0.5x vs. end of September 2019)**

(*) Growth at constant exchange rates and scope.
The organic growth of the Group excluding Argentina is **+0.9% over the first 9 months 2020 and +8.3% in Q3 2020.**

2020 GUIDANCE UPGRADE

Despite limited market visibility and uncertain sanitary situation

Q3 volumes performance better than expected ➔ 2020 guidance upgrade*

For the financial year ending 31 December 2020, the Group now anticipates:*

Volumes	Organic Growth	Adjusted EBITDA	Cash Flow**	Leverage***
Slightly below 2019	Slightly positive	Around €590m	Solid	2.2x - 2.3x

(*) **Taking into account the latest developments linked to the COVID-19 pandemic, provided that the situation does not significantly deteriorate further.**
(**) After dividends payment. (***) Net financial debt/adjusted EBITDA ratio.

MID-TERM GUIDANCE AS CONFIRMED IN JULY 2020

	Mid-term (2020-2022F)	
ORGANIC SALES GROWTH(1)	+3-5% CAGR	NO LONGER VALID: • *Negative impact of Covid-19 on sales volumes in 2020* • *Lower expected sales price increase with more moderate inflation in production costs than initially anticipated over the period*
ADJUSTED EBITDA / MARGIN	>25% in 2022	CONFIRMED
RECURRING CAPEX / SALES(2)	ca.8.0% per annum	CONFIRMED
DIVIDEND	Payout ratio >40% with €100m floor	CONFIRMED
NET LEVERAGE (YEAR-END)	2-3x	CONFIRMED

KEY ASSUMPTIONS AT THE TIME OF THE IPO

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

(1) Revenue growth at constant exchange rates and scope.
(2) Excluding capitalization of the right of use associated with the application of IFRS 16.

Appendices

GLOSSARY

- **Activity category:** corresponds to the sum of the volumes variations plus or minus changes in inventories variation.
- **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 non-current 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:** 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 flows and adjusted EBITDA. Cash flows 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.

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 nine months of 2020, the net impact on revenue amounted to **-€5.3m**. The hyperinflation impact has been excluded from Group adjusted EBITDA as shown in the table "Reconciliation of operating profit to adjusted EBITDA".

Reconciliation of operating profit to adjusted EBITDA

In € million	9M 2020	9M 2019
Operating profit	**238.4**	**241.9**
Depreciation and amortisation (i)	207.6	211.9
Restructuring costs (ii)	19.8	2.8
Acquisition, M&A	0.1	0.0
IAS 29 Hyperinflation (Argentina) (iii)	1.7	2.1
Management share ownership plan and associated costs	2.9	6.5
Sao Paulo (Brazil) site closure	0.0	2.0
Others	4.1	10.7
Adjusted EBITDA	**474.4**	**477.8**

(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, including for 2020 those linked to the transformation plan implemented in France.

(ii) Corresponds mainly to the transformation plan in France for 2020.

(iii) The Group applies IAS 29 (Hyperinflation) from the 2nd semester 2018.

Key figures by quarter (1/2)

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%*

In € million	Q2 2020	Q2 2019
Revenue	**629.9**	**696.4**
Reported growth	*-9.6%*	
Organic growth	*-5.4%*	
Adjusted EBITDA	**147.4**	**170.8**
Adjusted EBITDA margin	*23.4%*	*24.5%*

Key figures by quarter (2/2)

In € million	Q3 2020	Q3 2019
Revenue	**681.2**	**647.0**
Reported growth	*+5.3%*	
Organic growth	*+8.9%*	

Adjusted EBITDA	**175.7**	**165.0**
Adjusted EBITDA margin	*25.8%*	*25.5%*

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