PRESS RELEASE

9M 2020 results

- **+2.3% Revenue growth at constant exchange rates and scope**
- **Adjusted EBITDA at last year's level with a 24.3% margin**
- **Further deleveraging achieving a 2.2x net debt ratio**
- **2020 objectives raised thanks to a third quarter better than anticipated**

Paris, 29 October 2020

Highlights

- **Revenue decreased by -1.0% over 9 months to €1,956m** (+2.3% at constant exchange rates and scope)
- **Volume growth in Q3, resulting in a +5.3% revenue increase to €681m** (+8.9% at constant exchange rates and scope)
- **Adjusted EBITDA over 9 months of €474m, at last year's level**
- **Adjusted EBITDA margin maintained at 24.3% over 9 months**
- **Continuous improvement in net debt ratio to 2.2x adjusted EBITDA for the last 12 months**, compared to 2.7x at the end of September 2019
- **Sales volumes and adjusted EBITDA objectives raised for 2020**

"*Higher-than-forecast sales volumes in the third quarter, particularly in Italy and Latin America, enabled Verallia to achieve an organic growth of 8.9% in the quarter and of 2.3% over the first nine months of the year. This increase in volumes contributed to the improvement of Verallia's profitability despite the impact of destocking associated with furnace repairs. The Group's three strategic pillars, namely the operational leverage linked to volume growth, the positive inflation spread and the sustained deployment of the operational excellence programme, continued to bear fruit. As volumes were better than expected in the third quarter and despite visibility remaining limited, Verallia is raising its objectives for 2020.*" said **Michel Giannuzzi**, Chairman and CEO of Verallia.

Revenue

In € million	9M 2020	9M 2019
Revenue	**1,955.8**	**1,976.4**
Reported growth	*-1.0%*	
Organic growth	*+2.3%*	

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

In the first 9 months of the year, Verallia achieved a **revenue** of **€1,956m**, compared to €1,976m in the first 9 months of 2019, and thus posted **a slight decrease of -1.0% on a reported basis**.
The impact of **exchange rate variations** was -3.3% over 9 months (-€66m), mainly linked to the depreciation of currencies in Latin America, particularly the Brazilian real which accounted for -€29m.

At **constant exchange rates and scope**, revenue increased by **+2.3%** in the first 9 months of the year (and by +0.9% excluding Argentina, which remains in hyperinflation) despite the negative impact of the COVID-19 pandemic, particularly on the results of the second quarter of 2020.
The **third quarter** turned out to be much better than expected thanks to a **+4.2% increase in sales volumes** at Group level. This recovery in volumes was particularly dynamic in Latin America, Italy and, to a lesser extent, in Iberia. By product family, the sales of jars for the food industry and non-alcoholic beverages remained favourable, while the third quarter saw sustained sales of still wine, especially in Italy and in Iberia, in a still uncertain environment. In addition, the sales price increases passed at the beginning of the year continued to contribute to the good performance of the third quarter. The product mix, which was less favourable in the first half of 2020, improved over the quarter thanks to a recovery in sales of higher-end products during the summer. As a result, **organic growth for the quarter alone reached +8.9%** (+8.3% excluding Argentina).

Adjusted EBITDA

In € million	9M 2020	9M 2019
Adjusted EBITDA	**474.4**	**477.8**
Adjusted EBITDA margin	*24.3%*	*24.2%*

In € million	Q3 2020	Q3 2019
Adjusted EBITDA	**175.7**	**165.0**
Adjusted EBITDA margin	*25.8%*	*25.5%*

Adjusted EBITDA remained almost stable over the **first 9 months of the year** at **€474m** (-0.7% and +3.9% at constant exchange rates and scope). Over the **third quarter**, adjusted EBITDA increased by +6.5%, reaching **€176m**, compared to €165m in Q3 2019. In fact, the anticipated negative impact of the destocking resulting mainly from the planned furnace repairs in the third quarter was mitigated by the operational leverage associated with the increase in sales volumes. Additionally, the improvement of the product mix over the quarter, combined with the sales price increases from the beginning of the year, have enabled the Group to generate a positive spread[1]. Finally, the continued implementation of the Performance Action Plan (PAP) led to a net reduction in cash production costs of €28m (i.e. 2.3% of cash production costs) for the first 9 months of 2020.

The **adjusted EBITDA margin** was maintained at **24.3% over the first 9 months of the year**, compared to 24.2% over the first 9 months of 2019. In the **third quarter**, the margin stood at **25.8%**.

Capacity to deleverage

Over the first 9 months of the year, Verallia continued to **deleverage** by means of solid cash generation and active management of its working capital requirement. Net debt thus amounted to €1,359m at the end of September 2020, i.e. **2.2x adjusted EBITDA for the past 12 months**, versus 2.7x at the end of September 2019 and 2.5x at the end of June 2020. The decrease of the net debt ratio below 2.5x adjusted EBITDA as of June 30, 2020 allowed Verallia to lower by 25 basis points the Term Loan A and the Revolving Credit line 1 (RCF1) margin (effective from August 3rd, 2020). Additionally, Verallia continued to benefit from a **high level of liquidity[2]**, amounting to **€1,007m** as of 30 September 2020.

Announcement of its Purpose

On October 20th, 2020, Verallia revealed its Purpose "**Re-imagine** glass for a sustainable future". Responding to the environmental challenges facing the planet, as well as to changing consumer habits, this initiative demonstrates the Group's desire to play a leading role in the transformation of the packaging sector, to go even further and faster by strengthening the circular and virtuous dimension of glass packaging.

[1] Spread represents the difference between (i) the increase in sales prices and the mix applied by the Group after passing on to these prices, where appropriate, 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 industrial deviation and taking into account the impact of the industrial performance improvement plan (Performance Action Plan – PAP).
[2] Calculated as the Cash + Undrawn Revolving Credit Facility – Outstanding Commercial Papers.

2020 objectives

At the time of the publication of the half-year results on 30 July 2020 and in the context of the COVID-19 pandemic, Verallia anticipated volumes for 2020 to be around -5% lower than in 2019 and an adjusted EBITDA slightly above that of 2018, which amounted to €543m.

Given the limited visibility that the Group and its clients have to date, Verallia remains cautious regarding the rest of the year. Indeed, the sustained volume growth in the third quarter may partly be driven by stock rebuilding in the supply chain.

Taking into account the latest developments linked to the COVID-19 pandemic, provided that the situation does not significantly deteriorate further, **the better-than-expected volume momentum over the third quarter enables Verallia to raise its 2020 objectives** in terms of sales volumes and adjusted EBITDA.

Thus, for the financial year ending 31 December 2020, the Group now anticipates:

- A **slight decrease in sales volumes in 2020 compared to 2019;**
- A **slightly positive organic revenue growth in 2020 compared to 2019;**
- An **adjusted EBITDA** of **around €590 million in 2020;**
- A solid **cash generation**[1], enabling the Group to achieve a **net debt leverage of 2.2x to 2.3x adjusted EBITDA for the last 12 months** at the end of December 2020.

Reminder of the communication dated 30 July 2020 regarding the 2020–2022 outlook:

"As regards the **Group's mid-term financial objectives (2020–2022)** announced at the time of the IPO, Verallia believes that they remain relevant, except the objective for a compound annual growth rate (CAGR) of consolidated revenue of between 3% and 5% for the period 2020–2022 given (i) the negative impact of COVID-19 on sales volumes in 2020 and (ii) a lower expected sales price increase against a backdrop of more moderate inflation in production costs than initially anticipated over the period.

Verallia confirms thus the other financial objectives, namely:

- **An adjusted EBITDA 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**[2] **at around 8% of consolidated annual revenue**;
- **A net financial debt/adjusted EBITDA ratio of between 2x and 3x;**
- **An annual dividend pay-out ratio exceeding 40% of consolidated net income**, with an **annual amount of at least €100m**, subject to approval by Verallia's General Shareholders' meeting."

[1] After dividends payment.
[2] Excluding capitalisation of the right of use associated with the application of IFRS 16.

An analysts' conference call will be held on Thursday 29 October 2020 at 6 pm (CET) via an audio webcast service (live and replay) and the results presentation will be available at www.verallia.com.

Financial calendar

- 24 February 2021: financial results for Q4 and 2020 – *Press release* ***before market opening*** *and conference call/presentation the same day in the morning.*
- 29 April 2021: financial results for Q1 2021 – *Press release* ***before market opening*** *and conference call/presentation the same day in the morning.*
- 16 June 2021: Annual General Shareholders' Meeting.
- 29 July 2021: H1 results for 2021 – *Press release* ***before market opening*** *and conference call/presentation the same day in the morning.*
- 28 October 2021: financial results for Q3 2021 – *Press release* ***before market opening*** *and conference call/presentation the same day in the morning.*

About Verallia – Verallia is the leading European and the third largest producer globally of glass containers for food and beverages, and offers innovative, customised 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: CAC Mid 60, CAC Mid & Small and CAC All-Tradable. More information is available at: www.verallia.com

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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 ***Universal Registration Document dated 29 April 2020****, approved by the* ***AMF under number R. 20-006*** *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.*

Forward-looking statements speak only as of the date of this press release and Verallia expressly disclaims any obligation or undertaking to release any update or revisions to any forward-looking statements included in this press release to reflect any change in expectations or any change in events, conditions or circumstances on which these forward-looking statements are based. Such forward-looking statements are for illustrative purposes only.

This press release includes only summary information and does not purport to be comprehensive. No reliance should be placed on the accuracy or completeness of the information or opinions contained in this press release.

Some of the financial information contained in this press release is not directly extracted from Verallia's accounting systems or records and is not IFRS (International Financial Reporting Standards) accounting measures. It has not been independently reviewed or verified by Verallia's auditors.

This press release does not contain or constitute an offer of securities for sale or an invitation or inducement to invest in securities in France, the United States or any other jurisdiction.

APPENDICES

Key figures for the first nine months of the year

In € million	9M 2020	9M 2019
Revenue	**1,955.8**	**1,976.4**
Reported growth	*-1.0%*	
Organic growth	*+2.3%*	
Adjusted EBITDA	**474.4**	**477.8**
Adjusted EBITDA margin	*24.3%*	*24.2%*
Net debt at the end of September	**1,358.5**	**1,627.1**
Last 12 months adjusted EBITDA	**611.8**	**603.2**
Net debt/last 12 months adjusted EBITDA	*2.2x*	*2.7x*

Key figures for the third quarter

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%*

Evolution of revenue by nature in € million during the first nine months

In € million	
Revenue 9M 2019	**1,976.4**
Volumes	*-22.8*
Price/Mix	*+67.8*
Exchange rates	*-65.6*
Revenue 9M 2020	**1,955.8**

Evolution of adjusted EBITDA by nature in € million during the first nine months

In € million	
Adjusted EBITDA 9M 2019 (i)	**477.8**
Activity contribution	*-35.9*
Spread price mix/costs	*+31.9*
Net productivity (ii)	*+27.6*
Exchange rates	*-22.0*
Other	*-5.0*
Adjusted EBITDA 9M 2020 (i)	**474.4**

(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) Impact of the Performance Action Plan (PAP) amounting to €36 million.

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
Other	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 has applied IAS 29 (Hyperinflation) since the second half of 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 nine months of 2020, the net impact on revenue was -€5.3 million. The hyperinflation impact has been excluded from the consolidated adjusted EBITDA as shown in the table “Reconciliation of operating profit to adjusted EBITDA”.

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 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 investments: 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.