Q1 2020 Results

April 28th, 2020

Q1 2020 financial highlights

- **Good start of the year with limited impact from the COVID-19 epidemic**
- **Revenue**
  - **Reported revenue** at **€645m, up +1.9%** vs. Q1 2019
  - **Sustained organic growth of +4.0%** (+2.0% excluding Argentina) vs. Q1 2019
- **Adjusted EBITDA**
  - **Up 6.5% at €151m** (**+9.6%** at constant exchange rates and scope) vs. Q1 2019
  - **Improvement in adjusted EBITDA margin at 23.5%, up 103 basis points** compared to Q1 2019
- **Reduction in net debt leverage to 2.5x LTM adjusted EBITDA**, 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, at shareholder's option**

(*) Subject to the June 10, 2020 Annual General Meeting's approval.

Group activity update on COVID-19 and short term priorities

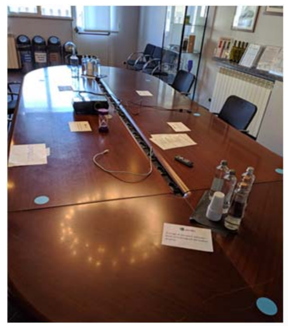
- **Crisis Management with 3 clear immediate priorities:**
  1. **Preserve our employees' health and safety**
  2. **Ensure business continuity to serve our customers**
  3. **Protect our financial strength**

- **Verallia: united and responsible**
  1. **Unprecedented solidarity initiatives showed by all Verallia employees**

Priority 1: PRESERVE OUR EMPLOYEES' HEALTH AND SAFETY

In all sites, measures to guarantee employees health and safety are **stricter than public authorities' guidelines:**

- **Remote work** swiftly and widely rolled out whenever possible
- **Social distancing**
- Adoption of strict **hygienic measures**
- **Employee temperature checks**
- **Avoiding face-to-face meetings** & opting **for calls**
- **End of shifts reorganization** to have fewer people in **locker rooms** at the same time
- **Access restrictions for our suppliers**



Priority 2: ENSURE BUSINESS CONTINUITY TO SERVE OUR CUSTOMERS

- **Business continuity** and **continuous production:**
  - **VRLA activity** has been considered as **essential** worldwide ➔ all production sites serving clients
  - **Decentralized management agility:** Crisis cells and **business continuity plans** by plant / country
  - **Daily calls** between the **CEO** and the **Division Directors; Ex. Committee meeting every 2 days**
  - **Reinforced coordination on cross-cutting subjects:** sharing EHS best practices (pioneering role of Italy), fast PPE(*) management through Group purchasing (incl. masks procurement),….
  - **Strict daily monitoring** of the Group's **cash position** and **tight follow-up on supply chain**

- **Extremely frequent communication to share all Group's initiatives:**
  - **at Division level:** weekly internal video/conference calls (examples in Spain and at LATAM)
  - **at Group level:** weekly video calls with the CEO & weekly E-Flash information
  - **at Board level:** weekly update from the CEO

(*) Personal protective equipment.

Priority 3: PROTECT OUR FINANCIAL STRENGTH

- **Solid balance sheet and liquidity, as at March 31, 2020**
  - **Continuous deleveraging** ability to **2.5x LTM adjusted EBITDA, well below maximum leverage covenant at 5x**
  - **€528m available liquidity(*)**
  - **Healthy debt maturity profile:** no significant debt maturities before 2024

- **Additional €250m Revolving Credit facility to reinforce its liquidity, as of April 24, 2020**

(*) Calculated as the Cash + Undrawn Revolving Credit Facility - Outstanding Commercial Papers.

Verallia: United and responsible → unprecedent initiatives of solidarity

AT GROUP LEVEL

- Michel Giannuzzi, **Verallia's CEO renouncing** his **2020 variable compensation** representing **50% of his total annual compensation**
- All other **Executive Committee** members **renouncing 15% of their total annual compensation**

BENEFICIARIES

Hospitals, medical staff, firemen, retirement homes, people in need (homeless people, low-income families)

LOCAL DONATIONS

- Hospital equipment
- Hydroalcoholic gels
- Protective clothing or masks
- Food
- …

LOCAL SERVICES

- Germany and Spain: restrooms and showers for truckdrivers
- Ukraine: transfers organised for medical teams to/from the hospital in Zorya for 50 days

CHILE: Start-up of new furnace reconstruction in Q1 2020

- **Circa $40m** investment: Complete furnace reconstruction, factory upgrade and addition of a production line at the Rosario site in Chile
- **Increase of capacity** set to generate additional annual production of around **50 kT**, primarily for the **wine** market
- Offering **greater flexibility:** the production lines can produce up to 6 different types of packaging simultaneously
- **Automation:** latest technology inspection machines reinforce Verallia's commitment to quality and safety

Successful start-up on February 20th, 2020

FURNACE OF THE FUTURE: GLASS INDUSTRY COLLABORATIVE INITIATIVE IN ITS DECARBONIZATION JOURNEY

Common initiative under the framework of the FEVE(*) to build first large-scale **hybrid oxy-fuel furnace running** on **80% electricity**

Glass is currently
-30% lighter
70% less energy-intensive
emits 50% less CO_2
vs. 1970

2020	2022	2023	
Project launch	Pilot furnace construction in Germany	Results analysis	Deployment

Furnace of the Future: 20 companies - including Verallia- jointly create, fund and test it
- Reducing CO_2 emissions **by -50%**
- Processing over **300 tons of glass per day**
- **Producing all types and colors of glass,** together with **recycled glass**

A larger framework: glass collection up to 90%
- 20% of CO_2 emissions come from virgin raw materials: **using more recycled glass**, the glass industry can dramatically reduce CO_2 emissions, as well as reducing energy consumption
- The glass industry, under FEVE initiative, is working on **closing the glass loop by** increasing **glass collection up to 90% by 2030**

(*) FEVE: Federation of European manufacturers of glass containers.

1.Financial highlights and key initiatives

2. Financial results

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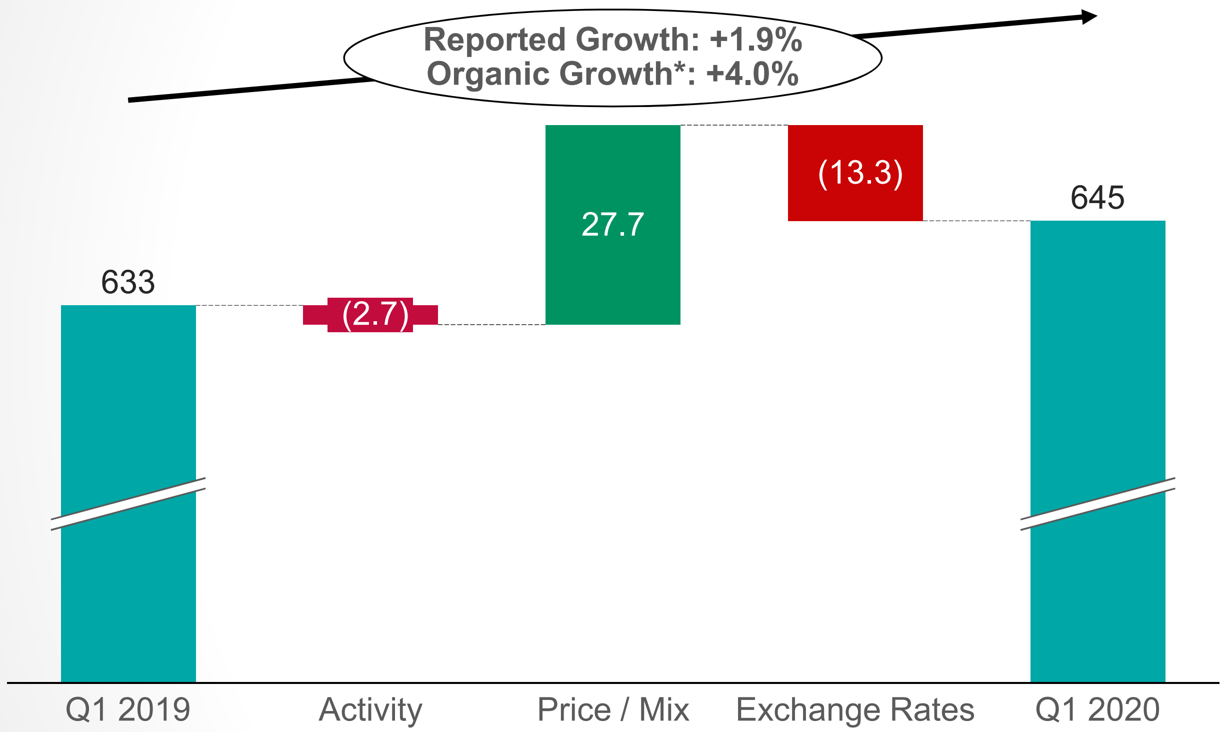
Sustained organic growth

Reported revenue (in €m)

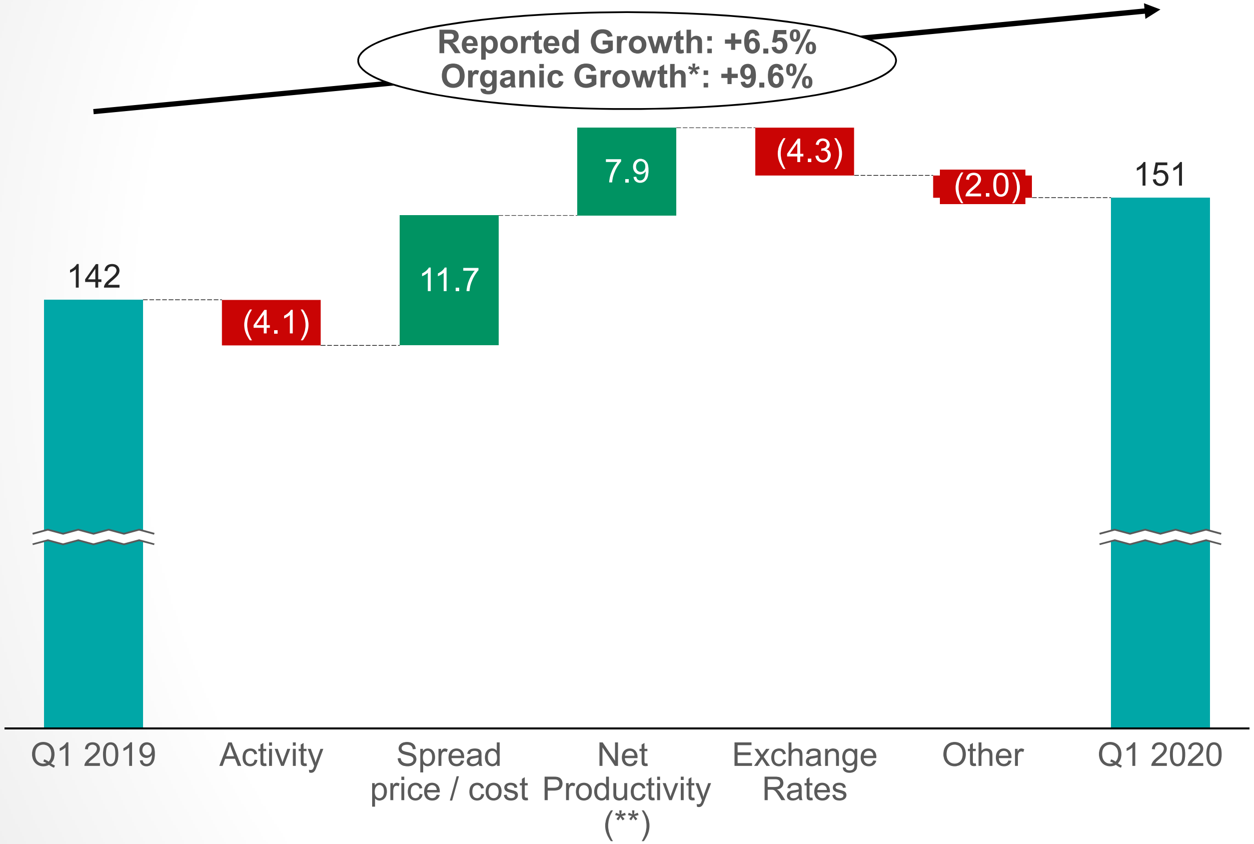


- **Activity** decreasing despite slight volume growth because of France
  - **SWE:** dynamic demand, particularly for food jars and beer. Positive growth in Italy and Iberia. France: decline intensified mid-March
  - **NEE**: driven by the food jars and mineral water markets
  - **Latam**: positive growth in all countries, downturn mid-March
- **Growth deceleration in March**
  - **On trade c. 1/3 - Off trade c. 2/3 of sales**
- More moderate **selling price increases, in line with expectations:**
  - Price / Mix effect in Argentina of €11m
- **-2.1% from exchange rates:** depreciation of the Latam currencies **intensified in March**

(*) Growth at constant exchange rates and scope.
The organic growth of the Group excluding Argentina is **+2.0%.**

Growth in adjusted EBITDA and margin expansion

Adjusted EBITDA (in €m)



Adjusted EBITDA margin

Q1 2019		Q1 2020
22.4%	+103 bps	23.5%

- **At constant exchange rates & scope, adjusted EBITDA increased by 9.6%,** driven by Verallia's 3 pillars:
  1. Slight volume growth
  2. Positive price / cost spread
  3. PAP in line
     - €8m net productivity
     - €13m gross PAP
     - Almost reaching 2% of production cash cost target despite adverse effects coming from stiff slowdown in March (esp. France)

(*) Growth at constant exchange rates and scope.
(**) Performance Action Plan ("PAP") impact amounting to **€13m** partly offset by **-€5m** of industrial variances.

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Continuous deleveraging capabilities

In € million	31/03/2019(*)	31/03/2020
Net Debt	1,790.7	1,574.1
LTM Adjusted EBITDA	580.6(**)	624.5
Net Debt / LTM Adjusted EBITDA	**3.1x**	**2.5x**

- **2.5x ratio of net debt over LTM adjusted EBITDA as at March 31, 2020:**
  - Net debt at €1,574.1 million
  - Q1 2020 LTM Adjusted EBITDA at €624.5 million
- **Continuous deleveraging** driven by:
  - **Increase of LTM adjusted EBITDA**
  - **Decrease of net debt**

(*) Excluding the shareholder loan between Verallia SA and Horizon Intermediate Holdings, its former parent company.
(**) 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.

Strong balance sheet underpinning Verallia's resilience

In € million	Nominal amount or maximum amount drawable	Nominal rate	Final maturity	March 31, 2020
Term Loan A	1,500.0	Euribor +1.75%	07/10/2024	1,491.4
Revolving Credit Facility	500.0	Euribor +1.35%	07/10/2024	200.0
Commercial Papers Neu CP	400.0			196.5
Other debt				110.8
Total borrowings				**1,998.7**
Cash				(424.6)
Net Debt				**1,574.1**

- **A significant part of the Group's floating rate exposure is hedged through interest rate swaps**
- **VRLA has drawn down €200m of its €500m Revolver Credit Facility on March 20th for 6 months**
- **Strong €528m liquidity(*) as of 31 March 2020**, reinforced by the set-up of an **additional €250m Revolving Credit line on the 24th of April 2020**

(*) Calculated as the Cash + Undrawn Revolving Credit Facility - Outstanding Commercial Papers.

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Conclusion and outlook

Solid Q1	
	• Sustained organic growth of +4.0% • Improved adjusted EBITDA margin to 23.5% (+103 bps vs. Q1 2019) • Deleveraging to 2.5x LTM adjusted EBITDA (-0.1x vs. end of Dec 2019)

Solid Q1

- Sustained organic growth of +4.0%
- Improved adjusted EBITDA margin to 23.5% (+103 bps vs. Q1 2019)
- Deleveraging to 2.5x LTM adjusted EBITDA (-0.1x vs. end of Dec 2019)

Outlook

- Uncertain macro-environment leading to 2020 guidance withdrawal
- Continuous adaptation measures to ongoing changes:
  - Continued preservation of our employees' health and safety
  - Variabilization of costs
  - Very accurate follow-up of cash and supply chain
  - Proactive management of all investments
- 2019 dividend maintained*, with reinforced liquidity

(*) Subject to the June 10, 2020 Annual General Meeting's approval.

Appendices

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 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.

Key figures in Q1

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.

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
Others	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”.

Disclaimer

Certain information included in this presentation 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.

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