H1 2021 RESULTS

July 29, 2021

AGENDA

KEY INITIATIVES
AND FINANCIAL HIGHLIGHTS

Michel GIANNUZZI
CEO

FINANCIAL RESULTS

Nathalie DELBREUVE
CFO

CONCLUSION AND
OUTLOOK

Michel GIANNUZZI
CEO

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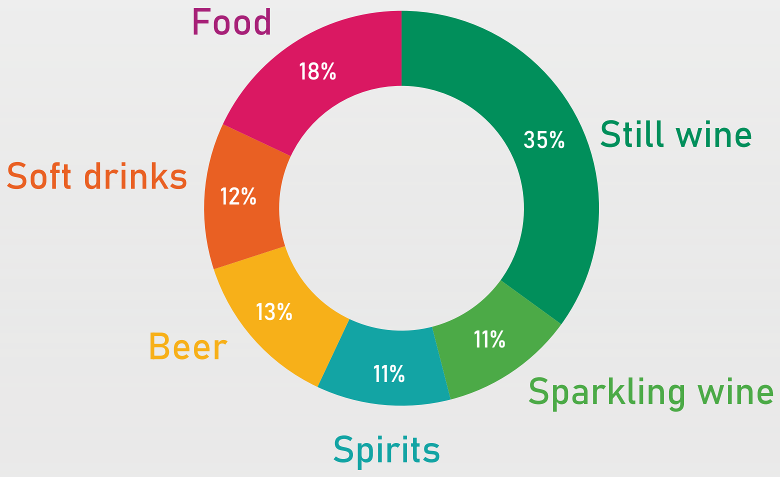
A GLOBAL LEADER IN GLASS PACKAGING

Diversified and balanced end-markets

2020 Glass packaging(*) sales split by end-market



11 countries

10,000 employees

16 bn bottles/jars p.a.

32 glass plants

9 cullet recycling centers

3 decoration plants

58 furnaces

N°1 in Europe(**)
c. 90% of 2020 sales

N°2 in Latin America(***)
c. 10% of 2020 sales

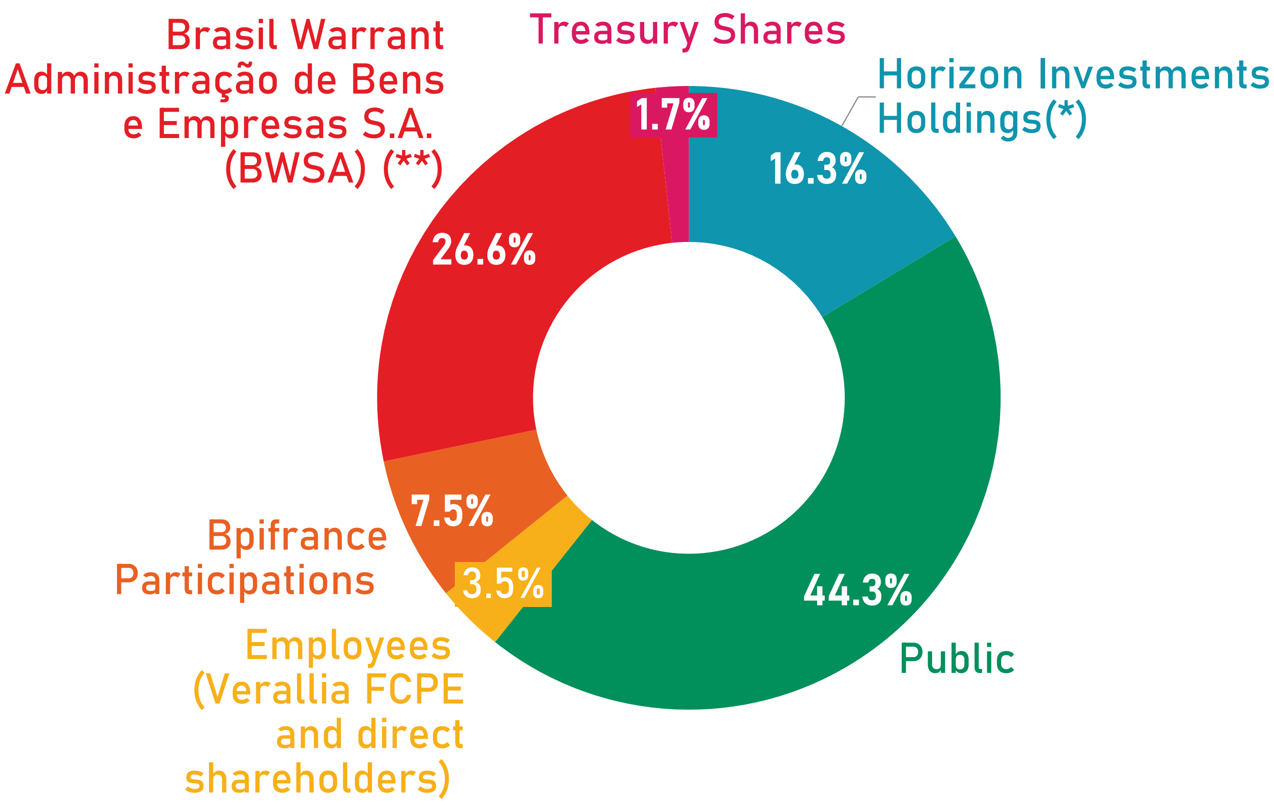
N°3 Globally

Sources: Companies public information, management estimates and Advancy (IPO related study)

Notes: (*) For bottles and jars only (98% of total Verallia sales)
(**) Based on 2020 sales; "Europe" using each company's definition and management estimates
(***) Based on 2020 volumes in Argentina, Brazil and Chile

CAPITAL STRUCTURE EVOLUTION

Shareholding Structure as of July 29th, 2021



(*) Company 100%-owned by Horizon Parent Holdings S.a.r.l, itself indirectly controlled by AIF VIII Euro Leverage, L.P., an investment fund managed by an affiliate of Apollo Global Management, Inc.
(**) Acting through a fund managed by BW Gestão de Investimentos Ltda., a wholly-owned subsidiary of BWSA.

Two Share Buybacks

- Verallia bought back its own shares for a total of **€109m** in March & June 2021
- On June 24th, Verallia **cancelled 1.6 million treasury shares** to, among other, neutralize the dilutive effect of the Employee Shareholding Offer
- Verallia's share capital now divided into **122,289,183 ordinary shares**
- Following this operation, Verallia holds **1.7% of treasury shares**

INAUGURAL SUSTAINABILITY-LINKED BOND ("SLB")

- Successful issuance on May 14th, 2021 (oversubscription of c 4.0 x)
- Very 1st issuer of a SLB in the Glass packaging industry in Europe
- Sustainability Linked Financing Framework is aligned with the 2020 SLB Principles
- KPI's relevance and target's ambition rated as advanced by Vigeo Eiris, the highest rating

▪ Enables Verallia to
  - Further diversify its sources of funding with a direct access to the bond market
  - Lengthen its debt maturity profile
  - Further reinforce the visibility of its commitment to sustainability

Very attractive conditions

Notional	Tenor
€500m	7 years
Coupon*	**Notes rating**
1.625%	BB+

Key Performance indicators

KPI #1: CO_2 emissions **

to be reduced to 2,625 kt by 2025 (-15% vs 2019 baseline)

KPI #2: external cullet usage ***

to reach 59% by 2025 (+10 pts vs 2019 baseline)

* Step up applicable from the next Interest Period following 31/12/2025 up to the Maturity Date: Zero SPT met: +25 bps / One SPT met: +12.5 bps / Two SPTs met: +0 bp
**in absolute value (scopes 1 & 2) - to be reduced to 2,240 kt by 2030
*** in glass production sites worldwide - to reach 66% across furnaces by 2030

VERALLIA DESIGN CAPABILITIES

SELECTIVE LINE by verallia

2021 Verallia Design Awards

- Since 2009, Verallia organizes creative-design contests in several countries (France, Italy, Spain, Ukraine)
- More than 500 students from the best design and packaging schools proposed innovative glass bottle and jar projects to a professional jury
- Theme of 2021: "Glass in solo format"
  Objective: to imagine a packaging with adapted formats for a responsible consumption

Selective Line 2022 Style book Launch

- The style book reveals and decodes 2022 design trends
- Analysis of 2022 trends to propose future decoration techniques and new bottle shapes
- Objective: re-imagine traditional glass bottle standards and inspire the future creations of Selective Line's clients

VERALLIA JOINS THE AMBITION 4 CLIMATE INITIATIVE | JULY 8TH

- Ahead of the COP 26, **AFEP* has launched Ambition 4 Climate**, a platform to present 114 on-going low-carbon projects developed by 64 companies and dialogue with stakeholders
- **Verallia presented 3 low-carbon projects**: a concrete commitment in the fight against climate change

Ambition 4 climate by afep

Non Melting energy project

In 2018, Verallia initiated a process to identify and activate levers for reducing the energy consumption of the industrial processes implemented at its sites (excluding melting). Identify and activate levers for reducing...

READ PROJECT >

De-mixing of white cullet

Verallia is developing a de-mixing capacity for white cullet at the Everglass Rozet Saint Albin site, which will increase cullet rates in the white glass furnaces. This project will reduce energy consumption (natural gas) of the white glass furnaces ...

READ PROJECT >

Installation of photovoltaic panels on the Mondego site, Portugal

This project aims at the production and self-consumption of solar energy on the Verallia site in Mondego, Portugal, through the installation of photovoltaic panels..

READ PROJECT >

Verallia
31 015 abonnés
1 sem. • Modifié •

C'est avec fierté que Verallia rejoint l'initiative #Ambition4Climate de l'Afep - Association française des entreprises privées / French Association of Large Companies.

A chaque étape de notre chaîne de valeur, nous poursuivons le même objectif : réduire notre impact environnemental et inscrire Verallia dans l'effort collectif et l'objectif mondial de lutte contre le réchauffement climatique.

Découvrez nos projets bas carbone https://lnkd.in/dmgcSD4

#verallia #climat #COP26 #rse #sustainability #morecircularity #chooseglass #reimagineglass

Ambition 4 climate

“ Dans un monde en transition vers une société neutre en carbone, Verallia joue un rôle moteur dans la transformation du secteur de l'emballage. Par exemple, en augmentant le recyclage du verre usagé (calcin) dans notre production, nous renforçons la dimension circulaire et vertueuse des emballages en verre.

Michel Giannuzzi
Président directeur général de Verallia

Verallia participe à la démarche ambition4climate.com

109 • 3 commentaires

(*) French Association of Private Enterprises

VERALLIA PARTNER OF THE BIG TOUR ORGANIZED BY BPIFRANCE

- A summer tour of **24 stops along the French coast** from July 16th to August 20th with Bpifrance
- This public event aims to **promote entrepreneurial know-how in innovation, industry and technology**
- At Verallia's stand, visitors will **learn more about the qualities of glass and understand the challenges of recycling**

Our goal :

- To **raise awareness** and **involve local communities** to the challenges of the **circular economy**, essential to build a sustainable future
- To **promote our different jobs** and why not, recruit future talents

ROBUST PERFORMANCE IN H1 2021 & STRONG BUSINESS RECOVERY IN Q2

Net Sales

- H1 2021: revenue up **+4.2%** to **€1,328 million** (+7.7% organic growth)(*)
- Q2 2021: strong revenue growth of **+14.8%** to **€723 million** (+17.6% organic growth)(*)

Adjusted EBITDA

- Adjusted EBITDA of **€345 million (+15.4%** compared to H1 2020 and **+20.8%** organically)
- Adjusted EBITDA margin at **26.0%** compared to 23.4% in H1 2020 **(+260 bps)**

Net Income

Net income at **€133 million** compared to €79 million in H1 2020 (+67%) and **€155 million excluding PPA impact**(**)

Net Debt

Reduction in net debt leverage to **1.9x** adjusted EBITDA for the last 12 months, against 2.1x as of 31 March 2021

2021 ADJUSTED EBITDA GUIDANCE UPGRADED

*(*) Growth in revenue at constant exchange rates and scope; it was **+5.6% excluding Argentina** in H1 2021 compared to H1 2020*
(**) Net income for H1 2021 includes an amortisation expense for customer relations, recognised upon the acquisition of Saint-Gobain's packaging business in 2015, of €22 million (net of taxes). Excluding this expense, the net income would be €155 million. This expense was €22.million in H1 2020

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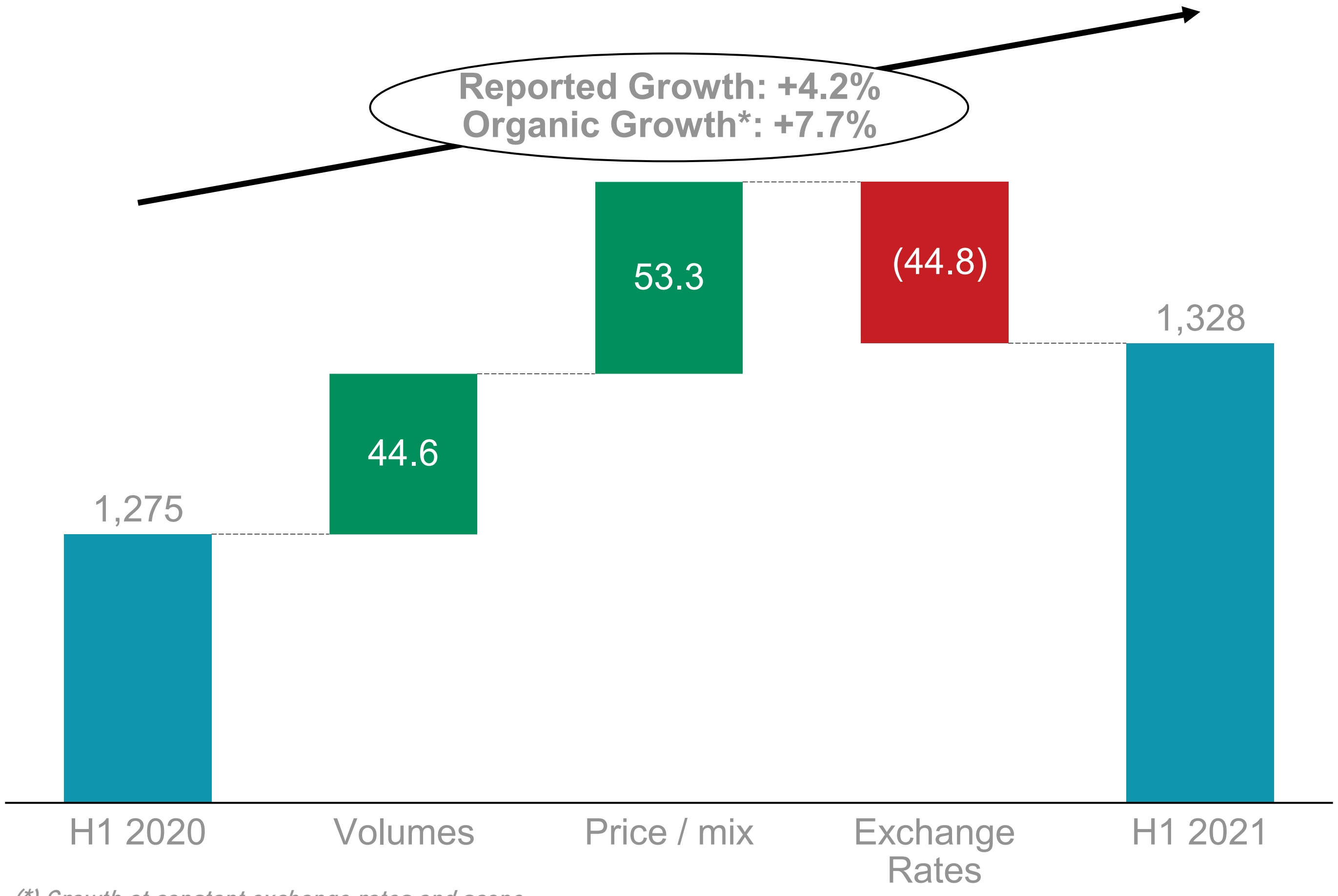
STRONG ORGANIC GROWTH IN H1 2021

Reported revenue (in €m)



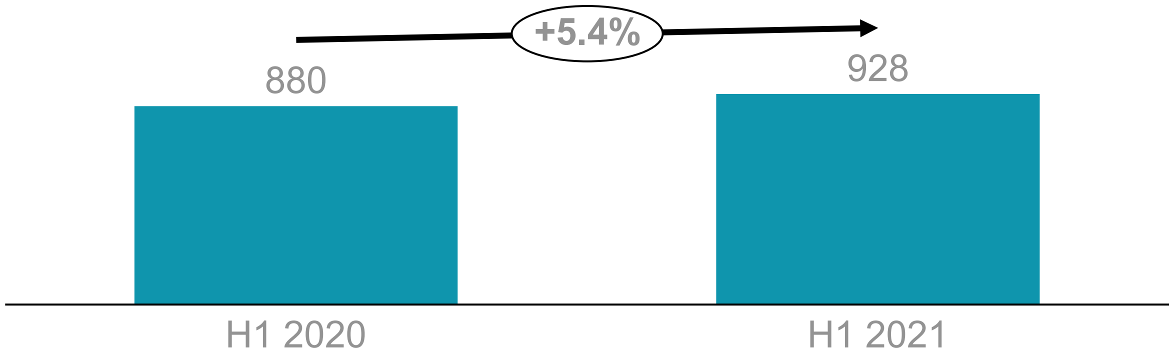
(*) Growth at constant exchange rates and scope
The organic growth of the Group excluding Argentina is +5.6% in H1 2021 versus H1 2020

COMMENTS

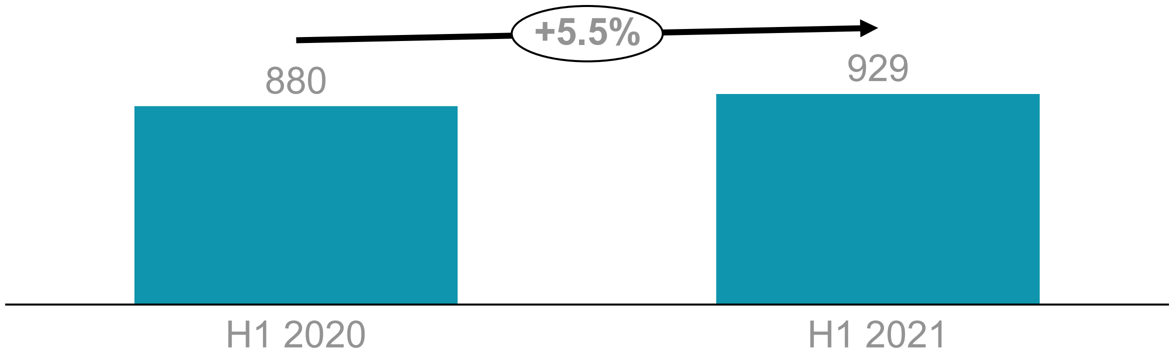
- Slow start of the year in terms of volumes
- Strong recovery in Q2 thanks to gradual reopening of the on-trade channel:
  - Strong sales in all product categories, except for food jars
  - Spirits rebounded sharply thanks to exports to Asia and the US pick-up
- Moderate sales price increases as planned
- Excellent product mix at Group level
- Negative impact from exchange rates

SWE*: GOOD RECOVERY IN SALES LEADING TO POSITIVE ORGANIC GROWTH

Reported revenue (in €m)



Revenue at constant exchange rates (in €m)



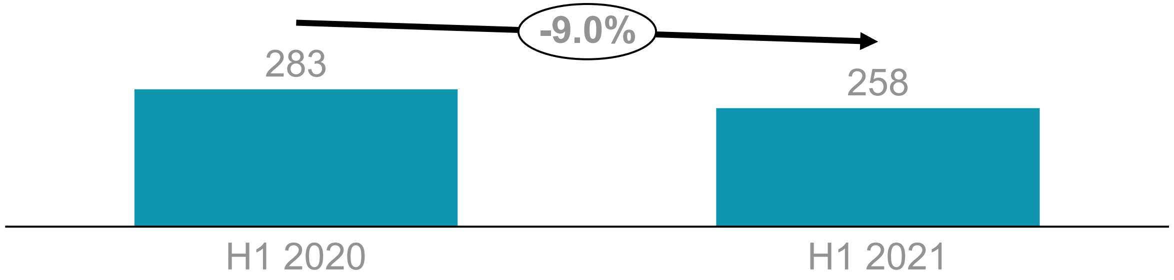
COMMENTS

- Growth in all countries and product categories, except food jars
- Sales of spirits rocketed after tough H1 2020
- Strong growth in still wine and beer
- Sparkling wines picking up thanks to Italy & brisk sales of Prosecco rosé
- Sales prices overall stable

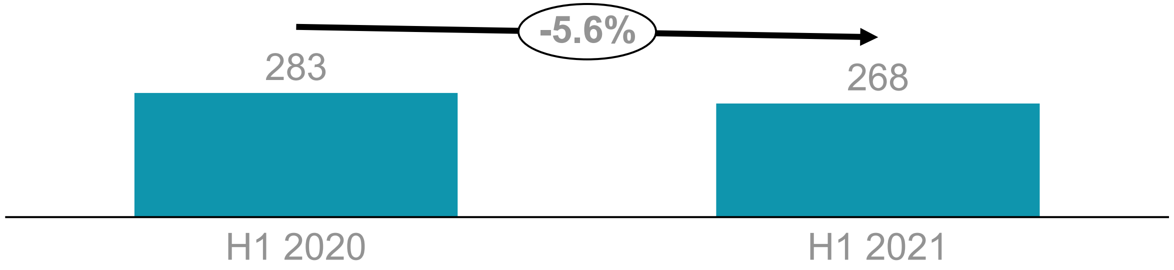
(*) Southern and Western Europe comprising production plants located in France, Spain, Portugal and Italy

NEE*: NEGATIVE ORGANIC GROWTH DUE TO Q1

Reported revenue (in €m)



Revenue at constant exchange rates (in €m)



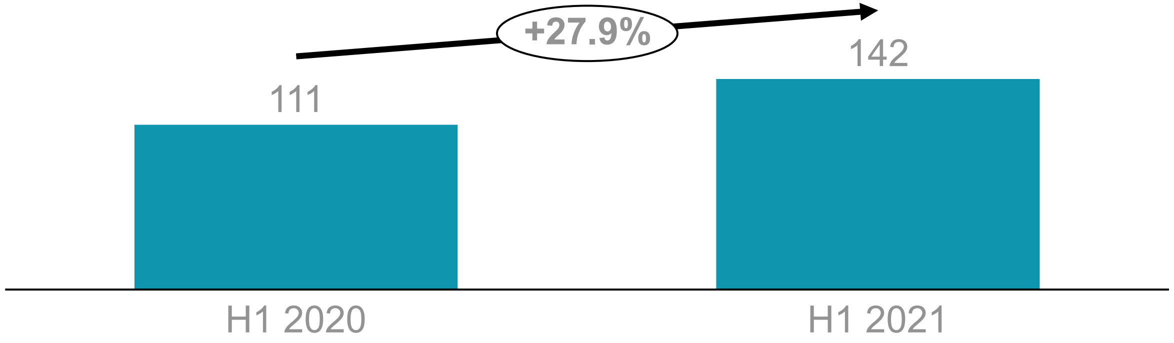
COMMENTS

- Fall in volumes concentrated in Q1
- Q2 volumes improved across all product categories
- H1 organic growth negative due to H1 2020 more resilient than in SWE
- Sales prices overall stable
- -3.4% negative impact from the depreciations of the Ukrainian hryvnia and the Russian rouble

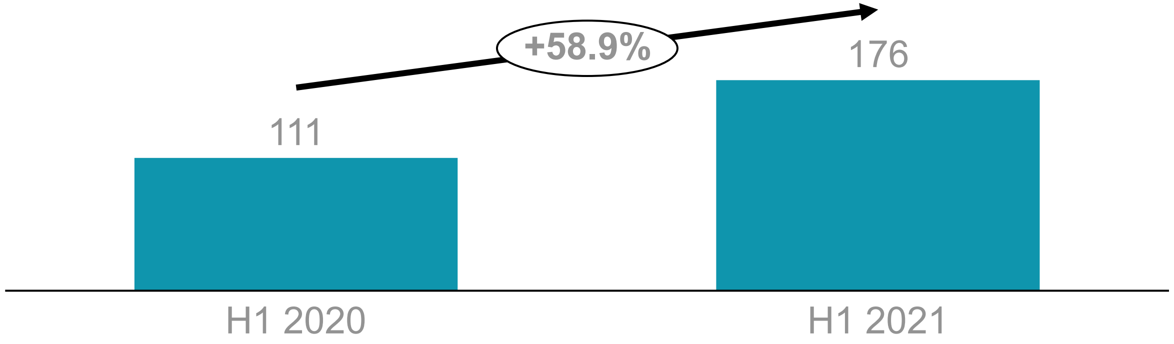
(*) Northern and Eastern Europe comprising production plants located in Germany, Russia, Ukraine and Poland

LATIN AMERICA*: VERY STRONG ORGANIC GROWTH

Reported revenue (in €m)



Revenue at constant exchange rates(**) (in €m)



COMMENTS

- Contribution from 2020 additional capacities
- Volumes increase in all countries and product categories, except food jars
- Increase in selling prices, especially in Argentina in response to local hyperinflation
- Very significant negative impact from exchange rates depreciation: -31% vs. H1'20

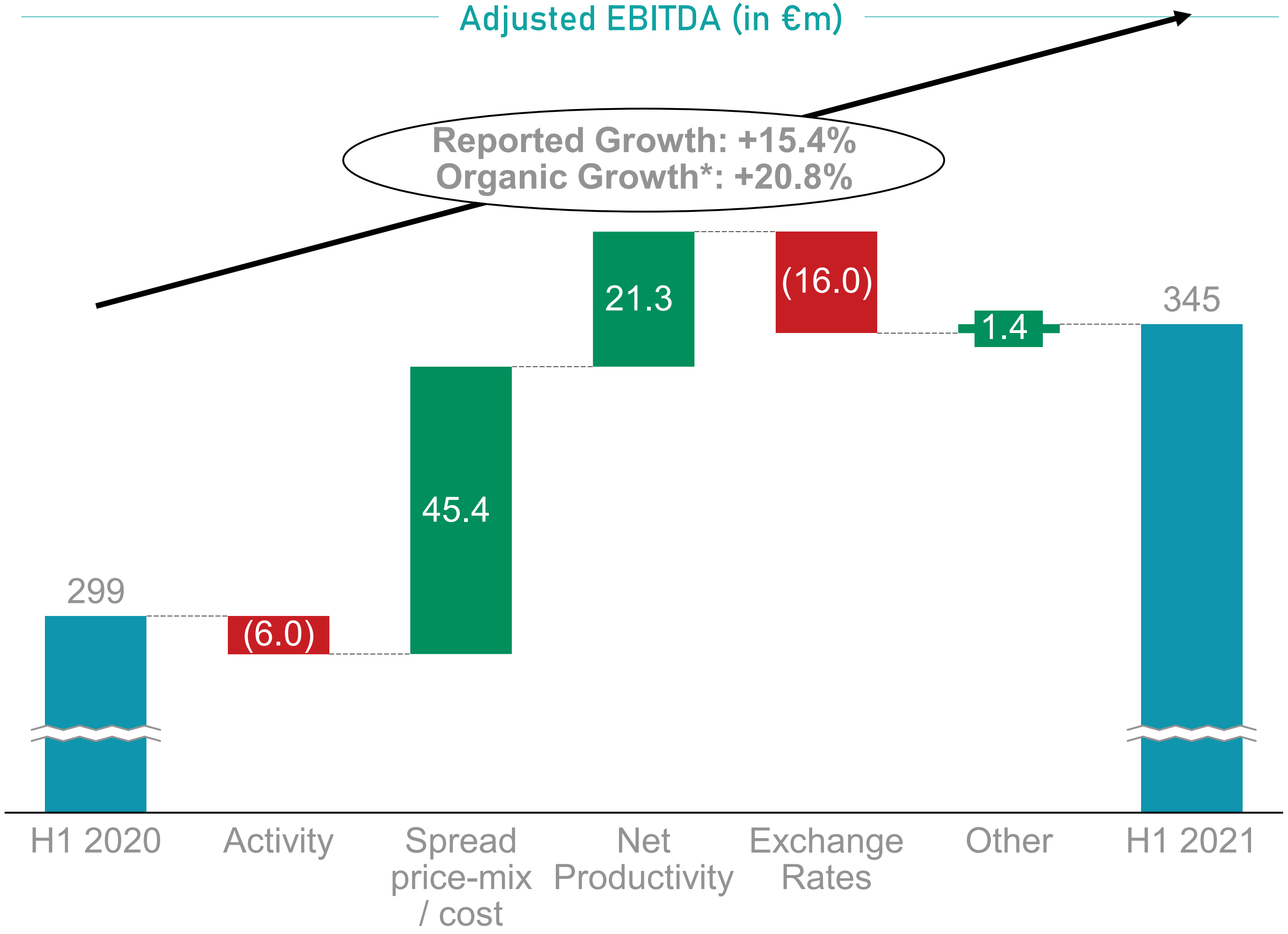
(*) Latin America comprising production plants located in Brazil, Argentina and Chile
(**) At constant exchange rates and scope. The organic growth in LatAm excluding Argentina is +51.7% in H1 2021 versus H1 2020

STRONG INCREASE IN ADJUSTED EBITDA & IN MARGIN

	H1 2021	H1 2020
Adjusted EBITDA margin	26.0%	23.4%

+260bps

Adjusted EBITDA (in €m)



(*) Growth at constant exchange rates and scope

COMMENTS

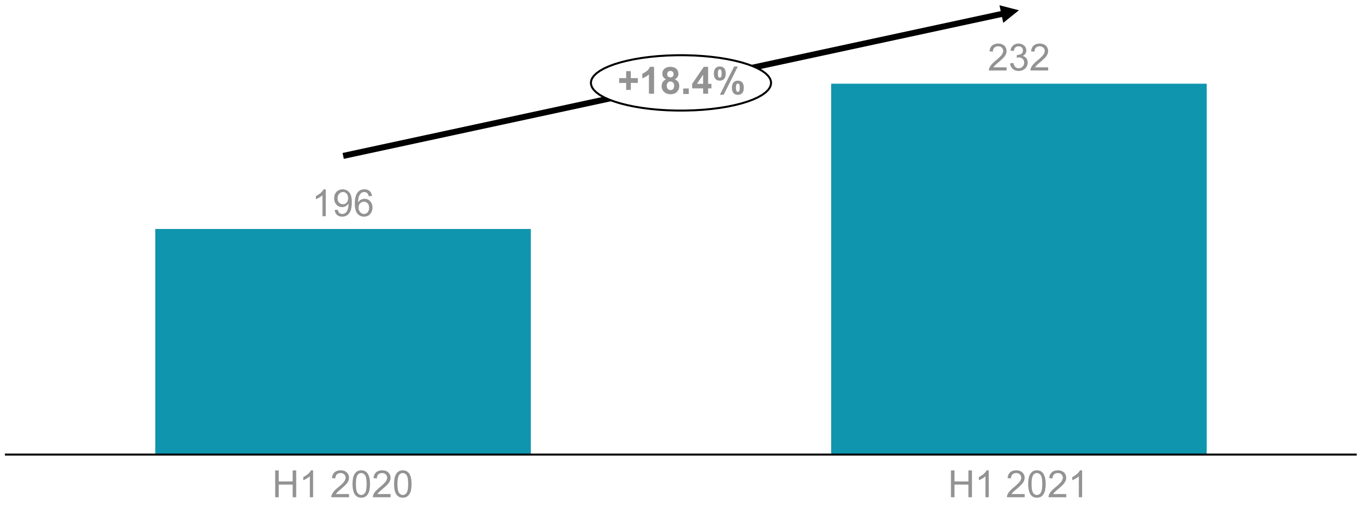
- Strong increase in Adjusted EBITDA (+15.4%) and margin (+260 bps)
- "Activity"
  - Positive volume growth in Q2, thanks to strong business recovery and HoReCa re-opening
  - Offset by destocking linked to 5 furnace repairs and strong sales in Q2
- Positive spread with very strong product mix contribution
- Strong PAP contribution €21m net (i.e. 2.7% of production cash costs)
- "Exchange Rates": negative impact due to LatAm and Eastern Europe currencies

SWE: STRONG MARGIN IMPROVEMENT

	H1 2021	H1 2020
Adjusted EBITDA margin	25.0%	22.2%

+280bps

Adjusted EBITDA (no exchange rates impact – in €m)



COMMENTS

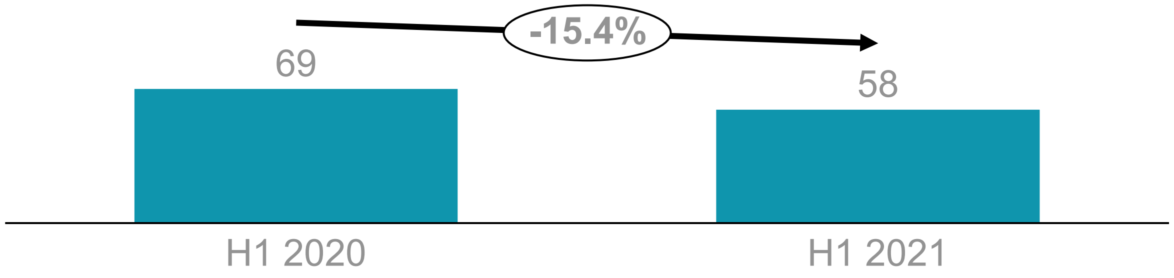
- Positive spread on sales
- Strong product mix
- Good industrial performance despite difficulties in France in Q1 linked to the transformation plan

NEE: PENALIZED BY VOLUMES DROP AND ADVERSE EXCHANGE RATES

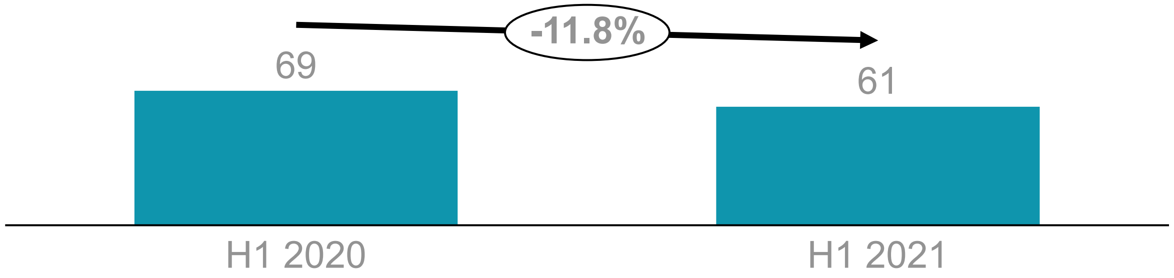
	H1 2021	H1 2020
Adjusted EBITDA margin	22.6%	24.3%

-170bps

Adjusted EBITDA (in €m)



Adjusted EBITDA at constant exchange rates (in €m)



COMMENTS

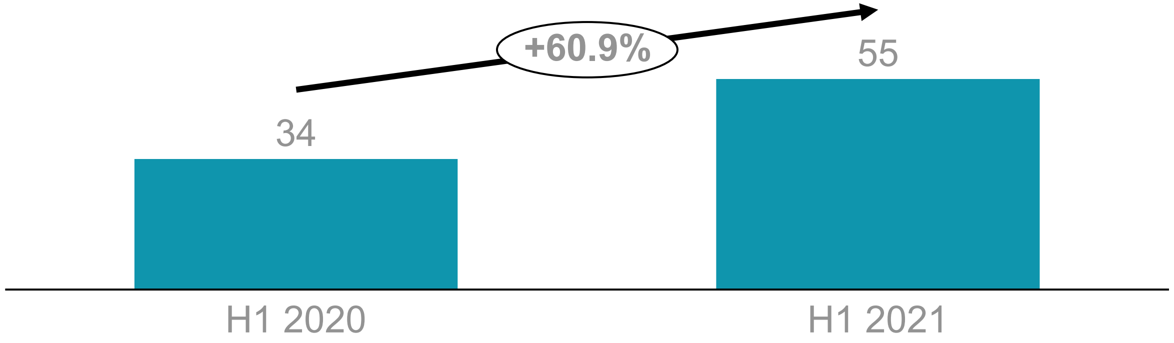
- Positive price-mix / cost spread does not compensate for negative impact from volumes drop
- Maintenance costs linked to the rebuilding of two furnaces over H1 2021 vs. none in H1 2020
- Headwind from exchange rates devaluation

LATIN AMERICA: OUTSTANDING PERFORMANCE

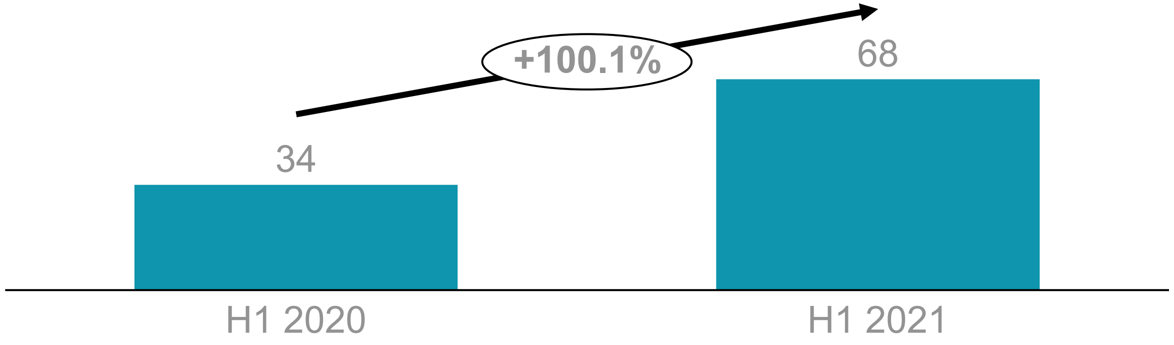
	H1 2021	H1 2020
Adjusted EBITDA margin	38.5%	30.6%

+800bps

Adjusted EBITDA (in €m)



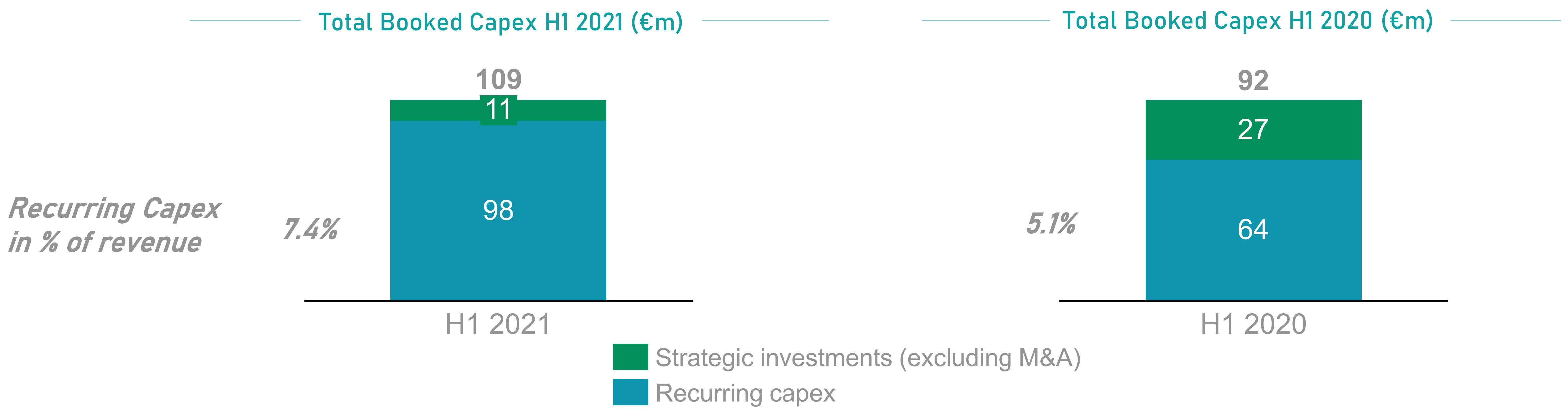
Adjusted EBITDA at constant exchange rates (in €m)



COMMENTS

- Strong growth in sales volumes in a highly dynamic market
- Positive spread
- Solid industrial performance
- Brazil Adjusted EBITDA positively impacted by ICMS tax credit

INVESTMENTS IN LINE WITH STRATEGY



- Recurring capex above last year due to five furnace repairs in H1 2021 vs. one in H1 2020
- Strategic capex linked to the two new furnaces in Italy (Villa Poma) and Spain (Azuqueca) in H1 2020

VERY STRONG CASH FLOW GENERATION

In €m	H1 2021	H1 2020
Adjusted EBITDA	**344.7**	**298.7**
Total Capex	**109.4**	**91.5**
Cash conversion	68.3%	69.4%
Change in operating working capital	**(23.7)**	**(69.0)**
of which Capex WCR	*(38.7)*	*(50.4)*
Operating Cash Flow	211.6	138.2

Note: The operating cash flow represents adjusted EBITDA less capex, plus changes in operating working capital requirement including changes in payables to fixed asset suppliers.

- Strong growth in adjusted EBITDA
- High level of cash conversion, slightly lower than last year due to capex increase
- Significant improvement in working capital requirement:
  - Stocks still @ extremely low level
  - Overdues well-managed and stable @ very low level

FURTHER DELEVERAGING

In €m	30/06/2021	31/03/2021	31/12/2020	30/06/2020
Net Debt	1,266.2	1,296.6	1,278.6	1,475.7
LTM Adjusted EBITDA	671.7	626.1	625.7	601.1
Net Debt / LTM Adjusted EBITDA	1.9x	2.1x	2.0x	2.5x

- 1.9x ratio of Net Debt over LTM adjusted EBITDA on June 30, 2021:
  - Net debt at €1,266.2 million including rights-of-use for €53.6 million
  - June 2021 LTM Adjusted EBITDA at €671.7 million
- The decrease of the leverage below 2.0x as of June 30, 2021 will allow Verallia to lower by 25bps the TLA and RCF1 margins in H2 2021

NET DEBT AND LIQUIDITY

In €m	Nominal amount or maximum amount drawable	Nominal rate	Final maturity	June 30, 2021
Sustainability-Linked Bond(1)	500	1.625%	14 May 2028	496.8
Term Loan A(1)	1,000	Euribor +1.50%	07 Oct. 2024	993.9
Revolving Credit Facility 1	500	Euribor +1.10%	07 Oct. 2024	-
Commercial Papers Neu CP	400			149.2
Other debt(2)				123.5
Total borrowings				1,763.4
Cash				(497.2)
Net Debt				1,266.2

- In May 2021, Verallia successfully issued an inaugural €500 million Sustainability-Linked Bond ("SLB") with a coupon of 1.625%, maturity May 2028
- Thanks to this SLB, Verallia redeemed partially its Term Loan A for €500 million (issued in 2019 €1.5 billion nominal)
- Total available liquidity(3) reaches €847.9 million as of June 30, 2021

Notes: (1) Excluding accrued interest
(2) o/w IFRS16 leasing (€53.6m), local debts (€31.4m), factoring recourse (€14.4m), margin call on commodities derivatives (€15.6m)
(3) Calculated as the Cash + Undrawn Revolving Credit Facilities – Outstanding Commercial Papers

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STRONG PERFORMANCE IN H1 2021

- High organic growth of +7.7%
- Increase in adjusted EBITDA both in value & in margin (26.0%)
- Strong increase in Net Income at €133m (+67%) and €155m without the PPA impact(*)
- Successful inaugural SLB issuance of €500m with a 7-year maturity and a coupon of 1.625%
- Two share buybacks for €109m

2021 OUTLOOK – assuming no new widespread COVID lockdowns

- Net sales around €2.6bn with volumes back to 2019 levels
- Adjusted EBITDA around €675m
- Capital Markets Day on October 7th

2021 ADJUSTED EBITDA GUIDANCE UPGRADED

(*) Net income for H1 2021 includes an amortisation expense for customer relations, recognised upon the acquisition of Saint-Gobain's packaging business in 2015, of €22 million (net of taxes). Excluding this expense, the net income would be €155 million. This expense was €22 million in H1 2020.

Q&A

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 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:** Strategic investments represent the 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. From 2021 onwards, they will also include investments related to the implementation of the plan to reduce CO_2 emissions.
- **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 Facilities – Outstanding Commercial Papers.
- **Amortisation of intangible assets acquired through business combinations:** Corresponds to the amortisation of customer relations recorded during the acquisition of the Saint-Gobain packaging business in 2015 (initial gross value of €740 million over a useful life of 12 years).

RECONCILIATION OF OPERATING PROFIT TO ADJUSTED EBITDA

In €m	H1 2021	H1 2020
Operating profit	207.1	134.1
Depreciation, amortisation and impairment (i)	136.2	139.6
Restructuring costs (ii)	(2.7)	19.1
IAS 29 Hyperinflation (Argentina) (iii)	(0.7)	0.7
Management share ownership plan and associated costs	4.4	1.8
Other	0.4	3.4
Adjusted EBITDA	344.7	298.7

(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 those linked to the transformation plan implemented in France in 2020

(ii) Corresponds mainly to the transformation plan in France

(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 H1 2021, the net impact on revenue amounted to **€2.1m**. The hyperinflation impact has been excluded from Group adjusted EBITDA as shown in the table "Reconciliation of operating profit to adjusted EBITDA".

VERALLIA ESG GOALS

Our Purpose	Our Commitments	Alignment with the UN SDGs	Our Goals	Performance indicators	2019	2020	2025 Targets
Re-imagine glass for a sustainable future	Enhance the circularity of glass packaging	13 CLIMATE ACTION; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 17 PARTNERSHIPS FOR THE GOALS	• Enable the increase cullet collection by 7 pts	• % of domestic used glass collected in Verallia's countries in Europe	76% (2018 figure)	N/A (2019 figure)	83%
			• Increase the rate of use of external cullet by 10 pts	• Rate of external cullet usage in our glass production sites	49%	51.6%	59%
			• Expand viable Reuse business models	• Test a pilot to validate the business model	N/A	N/A	At least 1 pilot in France
	Significantly reduce our CO_2 emissions across our operations	13 CLIMATE ACTION; 15 LIFE ON LAND; 17 PARTNERSHIPS FOR THE GOALS	• Reduce our absolute CO_2 emissions (scopes 1 & 2) by 27.5% by 2030 vs 2019, in line with Science Based Targets	• Tons of CO_2 emitted (scopes 1 & 2)	3,090 k	2,941 k	2,626 k
			• Revert the trend by reducing average weight of our standard and non returnable bottles and jars by 3%	• Alpha index (= weight / volume^0.8 as per NF-H35077 norm)	16	16	15.5
			• Plant 100,000 trees per year	• 100,000 trees planted	100,000	100,000	700,000
			• and offset all professional travels emissions every year	• Number of certified carbon credits	30,910	30,910	TBD > total CO_2 emissions linked to professional travels
	Provide a safe and inclusive place to work	8 DECENT WORK AND ECONOMIC GROWTH; 5 GENDER EQUALITY; 17 PARTNERSHIPS FOR THE GOALS	• Aim for "zero accident" every year	• TF2 (= all accidents / million hours worked)	5.5	4.6	< 2
			• Increase gender equality in all Verallia countries by 15 pts	• Gender equality index (as defined by French law)	60	70	75
			• Favour insertion of disabled people by doubling the ratio of disabled employees	• % of disabled people (according to national definitions)	3%	3.3%	6%
			• Encourage employees shareholding ownership	• % of Verallia share capital held by employees (directly or through FCPE)	2.6%	3.3%	5%

DISCLAIMER

Certain information included in this presentation does not constitute historical data but constitutes forward-looking statements. These forward-looking statements are based on current beliefs, expectations and assumptions, including, without limitation, assumptions regarding Verallia's present and future business strategies and the economic 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 and identified in Chapter 3 "Risk Factors" in the Universal Registration Document approved by the AMF, 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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