



CAPITAL
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Q&As

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Q&As

Alexandra Baubigeat-Boucheron: We have the first question for Romain from Paco

Q: Could you please explain if the 9 plants that work 100% with 0 emission include also the melting process. How do you do it?

Romain Barral: Ok so maybe I will clarify a little bit that point. Those nine plants are in fact having a specific contract to get green electricity. So some of the electrical part of the energy we consume in those plants is carbon-free. And as a reminder the electricity we today in our plants represents between 15% and 20% of the overall energy we consume. So a portion of it is used in the melting energy and a portion of it is used on the non-melting. But overall this green or carbon-free energy power is only for electricity so roughly 15% to 20% of those plants.

Alexandra Baubigeat-Boucheron: Thank you Romain. Another question

Q: How 'Fit to 55' could impact in volumes given the import tariff to glass from outside Europe?

Romain Barral: First of all, we don't have all the details around some of the elements for 'Fit to 55' and in particular the carbon border adjustment mechanism which if it's implemented and if it's implemented in a fair way in fact should have a limited impact on the import because that would allow us in Europe to play on a level ground when it comes to CO₂ cost.

Alexandra Baubigeat-Boucheron: Thank you. Last question for you Romain:

Q: What steps can you take to secure more cullet supply? I am considering that many players are trying to secure more cullet... other than just paying more for cullet, can Verallia differentiate by vertical integration or similar here?

Romain Barral: As I explained in the presentation and you've seen already some examples, there are two ways for us to continue to increase the cullet that we can use in our plants. The first one is to work with current cullet suppliers and to work on the long term so through long term agreement or joint venture as we did in Germany with Remondis. That's the first item. The second one, especially on the low cullet countries, is that we will start to work more on the collection, being actively and directly involved into the collection, working with people who are collecting but also local administration to be able to do that. You've seen the first example in the presentation on Brazil by Quintin.

Alexandra Baubigeat-Boucheron: It was the last question for Romain. A question for Olivier:

Q: What are you expecting from the competitive agreement? Where are you today on that?

Olivier Rousseau: The transformation plan is behind us and we had a majority of our employees basically agreeing to our competitiveness agreement. So the heavy lifting is behind us and today we are clearly focused on improving our industrial performance in order to

improve our competitiveness and our financial performance. So the goal for me is very simple: I want France to reach the level of other Verallia countries in Europe. That's what we are after.

Alexandra Baubigeat-Boucheron: Thank you Olivier. A question for Marco:

Q: Can you explain the competitive landscape and if there is any acquisition opportunity in Italy?

Marco Ravasi: The particularity of Italy is that it's a very fragmented market. You have to keep in mind that it's the only case in Europe where you have 10 players, 10 glass producers and anyway we have also to say is that it's also quite good growing market because from 2014 to 2019, before COVID, it was a 3.5% CAGR. That was bringing to lack of glass but that's still an issue anyway. It's the reason because in the future landscape in the coming years there are three new installations expected to be made by three different players in the plant. And at the moment is also growing the import. The import is roughly around 20% in the plant. So the fact that everyone is looking to put capacity because the market is very dynamic, fragmented but very dynamic, is also the answer to, unfortunately, the second point because we are looking around for possibility to make acquisition but the situation is quite good for all the players because the market is good. So we will have to wait probably for another time. We are looking around but this is not the right moment to make acquisitions in Italy.

Michel Giannuzzi: This is the reason why Italian teams are proposed to invest in a brown field project that will start in 2024. Since we cannot find decent acquisitions, we will grow organically faster and this project will enable us to capture the growth of the market.

Alexandra Baubigeat-Boucheron: Thank you. A question for Paolo:

Q: Can you give us more examples on what you are doing to promote glass towards end customers?

Paolo Pinto: As I have presented on slide 64, what we do is through glass national association in Portugal and in Spain, and with the help of FEVE Friends of Glass, is to use platforms like YouTube, Instagram and Tik Tok and using info insert to engage end consumers to the qualities of glass. In the right side of the slide for instance you have a popular band that made a song highlighting the qualities of the glass and using bottles as instruments. So this is one of the things that we do in the region to promote glass and to reach end consumers.

Alexandra Baubigeat-Boucheron: Thank you. The next questions will be for Northern and Eastern Europe. A question regarding returnable glass bottles:

Q: When a high volume returnable glass bottles system is put in place on a dedicated product, say for mineral water for example, is Verallia selected as exclusive producer or can customers source standardized products from different glass producers? And if exclusive, how is the glass producer selected?

Hugues Denissel: We have different models. It really depends on the customer and on the situation. We are flexible to the segment we need to serve. But if you remember the slide on the returnable, there was one little picture about 2 bottles in the retro mode. This is a typical of an example where we are the exclusive producer of a bottle that go to several customers

in the beer market. And then you go a little bit to the right of this slide, you find the 4 breweries that redesigned a pool of bottles, not only a pool but a family of bottles. In this case we will be one of the suppliers among others. What is important and was the key to success is to be early in the process, in the cooperation and the collaboration with the customer in the design of these new articles.

Alexandra Baubigeat-Boucheron: Thank you very much Hugues. A question for Quintin:

Q: Why is EBITDA margin in Latam way above the rest of the Group? Good Question.

Quintin Testa Dominguez: That's right. Despite the local situation and the specificities of our region I believe the implementation of the strategy is done with a very disciplined manner. First of all, we have a very strong and dedicated team supported by the global activities also. We are well aligned with the market working with local customers but also with global customers with a huge intimacy to try to keep always a very positive spread. And the last but not the least, our operations are achieving the level of excellence. First of all working on quality, on safety, improving the efficiency, the service rate and last point, but an important one, is we are reducing our cash cost through the Productivity Action Plan 3% year on year.

Alexandra Baubigeat-Boucheron: Thank you. I'm sorry I'm receiving other questions live, so I have another question on Northern and Eastern Europe.

Q: What is achievable in Northern and Eastern Europe in terms of margin given the less attractive mix i.e., less wines etc?

It was actually a question from Fraser who was also asking if you could you give color on the target margins per region implied by the guidance.

Hugues Denissel: In fact in Northern Europe, there is very interesting segments. It may not be driven always by the nicest design that we see in other regions such as France but there is also differentiation on performance through the functions. Very industrial customers they want very high performance, and they are very selective on the performance of their suppliers. That's also a differentiation and that's also a value driver. We also know that the diversity of segments is interesting. Wine is one, sparkling is another segment. There is a lot of pockets of value in the region and we're driving the strategy on each of the segment we want to develop.

Alexandra Baubigeat-Boucheron: Thanks Hugues. Regarding the margin by region I think Michel you can answer that.

Michel Giannuzzi: We don't give specific targets by region. As you can see from the segments reporting, NE Europe is also a region that has probably a lot of potential for further improvements to close the gap with for example SW Europe and the rest of the Group. Most improvements will come, as Nathalie explained, from three pillars. One pillar will be the growth and a very selective growth in the most value added segments as Hugues has just said. The second pillar will be positive spread again in the segments especially in the countries where the currency can change a lot like Ukraine or Russia. We always aim at providing the positive spread year on year. The third pillar which is applicable to all the divisions is clearly the PAP and here again we have great opportunities in this region to improve the performance

of our plants and to reduce the cash cost through the Performance Action Plans. So, it's not very different from the rest of the Group. This is probably a bit more upside in this region than of course in Latin America which is already the star in our company in terms of performance on all matters.

Alexandra Baubigeat-Boucheron: Thank you very much to Hugues, Dirk and Quintin. I think that now we'll move on to the Group and the financial questions for Michel and Nathalie. So if I may start with the questions around pricing:

Q: When talking about 4-6% annual growth, is management not concerned that it will have to 'give back' some of the large price increases needed in 2022? i.e. what gives you confidence that prices can be kept at that level?

Michel Giannuzzi: We are not so much focusing on price than we are focusing on spread which is very important. Spread is the difference between price increase and cost increase. And our goal, clearly explained by Nathalie, is to every year achieve a positive spread. I remind you that this year in many countries in Europe the prices have been reduced but we have been able to reduce our prices less than the deflation of cost we've seen in Europe. So altogether if you remember this year in the first semester when we presented our results to you, we were talking about a flat price in average in Europe with some countries or some products segments a little increase others little decrease, overall flat, and what is important is not really the price increase or the price decrease, what is important is the difference between pricing and cost. Going forward, and we know very well that today it's a really hot topic if I can say so in terms of energy cost inflation, we're going to have to go for a very high pricing increases in the coming days, weeks and months with our customers but if you look at the forward prices of electricity or gas for example, you see that there is a huge hump next year in 2022 but prices start to go down again in 2023. Which means that of course if we have a decrease of prices of energy in 2023 and 2024 we will reduce our prices in order to give back to the customers the deflation of cost that we will see in that year. Of course what we want and what we need to achieve is to always end up with a positive spread. So, price is for us less an issue than spread. What we want is that in the three pillars that Nathalie has explained to you that will make our business model work and deliver the results that we've been delivering we need to have a positive spread whether the price is positive or negative which means decreased prices.

Alexandra Baubigeat-Boucheron: Thank you Michel. A question from Jamie:

Q: Hi team Verallia, can you please break out pricing assumptions by region in this guidance. Thanks

Michel Giannuzzi: Same thing, I mean basically you know very well it has not changed this year. We have basically two big regions, we have Europe 90% of our sales, then separate from Latin America which is 10% of our sales. In Latin America, the prices are very specific to the countries. Countries like Argentina are in hyperinflation, we had a 45% inflation last year in Argentina and we increased our prices in Argentina more than 45% again in order to end up with a positive spread. Inflation is a bit less in Chile and in Brazil but these countries in any case are used to negotiate prices several times a year as when needed. Europe is a bit different. I remind you that in Europe usually prices are fixed once a year, negotiated once a

year, very often starting January 1st to December. We negotiate those prices based of course on the inflation we see or measure at the time of the negotiation. This is why for us it is very important that what we enter a negotiation which is starting now basically in October we hedge most of the costs of the following year, especially energy costs. If we don't hedge raw material prices we at least have long term agreements which provide us some visibility on our cost base and this is the starting point for us to understand what kind of price increase we need to get in order to end up with a positive spread. So we will not disclose country by country or segment by segment because this is of course a very sensitive topic but for sure, if you remember in terms of price increase, we've mentioned that at the end of July that we were looking in 2022 to price mid-single digit increase at the end of July, you've seen energy cost increasing a lot during summer so beginning of September, a month ago we were looking more high single digit and as of today if I were to tell you what kind of price increase we need to get to end up with a positive spread we are talking clearly about a double digit price increase. So it's going to be unprecedented at least on the recent years. On the last ten years we have never seen such a price increase but this is a kind of price increase our sales people will have to go and negotiate with our customers in order to end up with a positive spread.

Alexandra Baubigeat-Boucheron: Thank you Michel, I think you have answered most of the questions regarding pricing.

Q: Any guidance on 2022 EBITDA margin linked to the selling pricing increases that you will have to pass in this year?

Michel Giannuzzi: It's clear that we have like the rest of the industry a tough challenge to get our price increases go through the approval of our customers. For sure it's going to be an interesting time in the coming weeks and months for our sales people. We are, as we speak, preparing our budget for next year. The assumption we are taking is that we end up with a positive spread, positive means just zero, we don't need a lot more than zero, but just zero and we will provide to all of you once we have completed our budget process by the end of the year the guidance for 2022 EBITDA margin and EBITDA, probably when we announce our full year results at the end of February next year.

Alexandra Baubigeat-Boucheron: Thank you. I think we will now go to questions regarding capacity.

Q: What about capacity addition of Ciner in Belgium, UK and Sisecam in Hungary? Surely these volumes will impact the balance of supply?

Michel Giannuzzi: Yes I know. Certainly not in the short term because those two projects will probably not come to the market before the end of the 3 year horizon that we presented to you today. So these additional capacities if and when they come are probably not going to impact the market before 2025. That's why it was not included in our capacity increase knowing that in the meantime the market keeps growing so by 2025 the market will need more capacity anyway just to support its growth. At this point in time it's not impacting our 2024 objectives.

Alexandra Baubigeat-Boucheron: Thank you Michel.

Q: Regarding operating performance could you highlight the expected average capacity utilization of the Group in 2021 vs 2016? Also the average age of furnace now and in 2016.

Michel Giannuzzi: Well capacity usage is not a very commonly defined measure. Every company's defining its capacity use differently so I don't think it's relevant to talk about it. One thing for sure, and I think I mentioned it at the time of the IPO two years ago, is that when I joined 4 years ago we had some factories that could produce more if we were able to debottleneck some specific areas. We've been investing in those factories from 2017 to 2020 to debottleneck in a methodical way those areas in order to, with very small and marginal investments, to increase our capacity. So not only we are of course improving our yield and our efficiency in our plants which means that we are able to produce more with the same plants and the same capacity but on the top of this during the period from 2016 to end of 2019 before the pandemic, we've also invested in debottlenecking some areas in many plants we had in Europe. Now regarding the second question about the furnace you know very well that we repair or rebuilt every year 6 to 7 furnaces. This is a very regular rhythm or pace of reconstruction which means that we have no pent-up investments to come. We have a regular and ongoing refurbishment program that means that, the average lifespan of a furnace being 12 years on average, our 58 furnaces are 6 years or 6.5 years old. Every year we have a furnace that reaches 12 years old and then we destroy and rebuild and the same year you have a new furnace with one year or less than one year in aging. On average we are very stable and you've seen it in our capex expenditures for example. We're always investing at 9.8% of our sales in average the last 5 years in our factories just to keep our assets at the best state of art, at the most efficient state as possible and this has been ongoing so there is no real change in the last few years, and we don't expect any change going forward. What will change it that if you add new furnaces, they will slightly reduce the average age but one furnace out of 58 will not change dramatically the average age.

Alexandra Baubigeat-Boucheron: Thank you Michel. Last question on prices that just arrived and it's from Francisco so I'm asking it:

Q: If you have a better cost base than the industry, do you expect lower price increase than peers to reach 0 price gap or do you expect peers to have a negative gap?

Michel Giannuzzi: Well that's a tough question. At the end of the day, your question is about edging indirectly because the cost base, the cost structure of this industry is about the same for everyone. Of course you have some slight labor cost differences between countries, France being more expensive than for example Italy or Spain but the cost structure of the industry is pretty much the same everywhere. Now the edging that we have is not aimed at speculating and some years we have a positive impact due to edging and some years a negative impact of edging. Last year there was a negative impact of hedging because we hedged 2020 in October 2019 before the pandemic at a much higher energy cost than what we saw last year. So, we are forgetting edging when we talk to our salespeople. Edging has nothing to do with sales, it's purely financial. Our salespeople have to justify every year their price increases, or sometimes price decreases, based on external indexes and external cost drivers that our customers can measure, can validate. In that case we are aiming at passing the inflation that we've seen in the market. I will not comment on our competitors, I don't know what they will

do and what is their strategy but for us it's very clear we are going to ask our customers to get the price increase that is basically a pass through of our cost increase. In the same way, this year many customers had a price decrease because energy prices have decreased last year.

Alexandra Baubigeat-Boucheron: Thank you Michel. A question regarding share buy-back:

Q: How much of cash will you spend on share buy-back? Is there any limitations about the share you can purchase from Apollo? Can you buy more shares from Apollo in order to make their exit smoother?

Michel Giannuzzi: First of all regarding Apollo shares, you've seen that two times this year we've participated to the ABB of Apollo by buying back two times shares from Apollo. This was I think very smart from two points of view. First of all because it didn't impact the liquidity, it didn't reduce the liquidity on the market so we bought directly from Apollo so no impact on the liquidity which I think is important. And as you hinted in your question it has also reduced the overhang associated to this divesture of Apollo shares. Going forward depending of course on the prices, we are not going to commit to anything today because our shares buy-back policy would be opportunistic. Very clearly. We have the cash if we find upon in time there's an opportunity to create value for all shareholders by buying back shares we will do it. And of course, if Apollo sells some blocks going forward we will consider, as we did it this year, buying back some shares without having an impact again on the liquidity. So, we'll be very opportunistic in terms of shares buy back policy, we have the means and resources to do so when it makes sense and we will decide with the board when to do so. Regarding the amount of money that we are dedicating or we will dedicate to shares buy backs, it really depends on whether we have strategic projects or whether we make acquisitions, what the level of debt will be going forward. We don't want it to go too low but at the same time again we'll stay very flexible, agile and opportunistic when deciding about share buy backs.

Alexandra Baubigeat-Boucheron: Thank you Michel. Going back to hedging:

Q: How do you manage the energy cost - Which impact on the P&L for 2022 and beyond from inflation - What are your hedge levels?

Nathalie Delbreuve: As I shared with you, energy costs represent around 20% of our cost base. Page 87, you have the details of our hedging policy. It's a disciplined policy and as Michel explained we are not speculating. The target is to average the evolution and the peaks of the prices on the market and to give us visibility before we have to start a price negotiation with our customers. So our hedging policy is with a 3-year horizon so it means that we started hedging our energy needs for 2022 in 2019 and then steadily we increased our hedging to reach 100% of 85% of our needs now in October. Again I cannot share with you the details of this hedging.

Alexandra Baubigeat-Boucheron: Thank you Nathalie.

Q: Could you please explain the sensitivity of 2022 EBITDA margin as a function of natural gas prices? What happens to your guidance if gas remains elevated in 2022? I think we are talking about mid-term guidance.

Nathalie Delbreuve: I think we're back to the comment on hedging. I've just explained that today we have ended up the hedging for 2022 as per our strict policy so our mid-term guidance is including this situation already.

Alexandra Baubigeat-Boucheron: Thank you.

Q: Regarding EBITDA margin, any idea of the path of improvement towards your 28-30% EBITDA adjusted margin target?

Nathalie Delbreuve: Right let's go back to the strategy and to our financial performance pillars that we explained. The first one is sustainable volume growth in the market that will support our performance. The second one is positive price cost mix spread which Michel explained lately also and the third one, very important, is our operational excellence so Performance Action Plan that is delivering around €35m per annum so that is already close to 1 point. Really this is the delivery of the three pillars that will help us reach this level of margin.

Alexandra Baubigeat-Boucheron: Thank you Nathalie. Now I have many questions on capex:

Q: Can you share more details on the three planned new furnaces: phasing of construction and ramp-up? Location? How many additional volumes will they bring? Do you plan to close down furnaces throughout this 2022-24 plan?

Nathalie Delbreuve: Let's start with the capacity and impact on capex. We explained that we plan to have 3 furnaces opening in this guidance until 2024. The first one that we announced already earlier this year is Jacutinga... plant in Brazil that is going to start producing end of 2022 and then an additional one that should start end of 2023 in Brazil as well and one in Italy for mid or second half of 2024. This is the additional capacity and these furnaces should produce 120 000 tons per annum. This will help us address the organic growth that we see on the market and sustain our guidance on the sales.

Michel Giannuzzi: No, we're not planning to shut down any additional furnaces. You know that the only area that could potentially be concerned potentially by not reconstructing furnace is France. At this stage we have no reason to believe that the competitiveness plan that has been agreed with our employees in France will not be executed as per the commitment that we have taken and as per the commitment that our employees have taken and therefore, we should rebuild our furnaces in France. So it's very clear we are not planning any furnace shut down in the coming years.

Alexandra Baubigeat-Boucheron: Thank you Michel.

Q: Will any of the new furnaces be able to utilize new technology?

Michel Giannuzzi: In the roadmap that Romain has presented to you we have internal innovations that are very interesting. They are included in this plan and they will help us achieve our 27.5% CO₂ reductions as per the communication we made in January. Now when we talk about really breakthrough innovations like hydrogen, like carbon capture, like many other things that are still in the air right now and in the process of being developed right now, we have not any of those included in this plan for the next few years. The reason is because the technology is not ready yet. So if it happens and we hope it will happen and this is what

gives us hope that it will happen before 2030 and therefore this is why we've increased our mission to 2030 because we believe that in the second part of the decade after 2025, we will have these new technologies available for us in order to accelerate the decarbonation of our company. The best example is the hybrid furnace that we are currently developing with a consortium of glass makers in Europe which is the hybrid furnace of the future in Europe which will aim at switching or swoping the ratio of gas and electricity from 80% gas and 20% electricity today to 80% green electricity and 20% gas tomorrow and by doing so will reduce by 50%, by half, the emissions of the furnace. So this was not included in the first plan that we presented in January, is now included to some extent beyond 2026 in our plan for the new ambition we have which is to be at 1.5 degree Celsius temperature increase and not more.

Alexandra Baubigeat-Boucheron: Thank you Michel. A very related question:

Q: Does the new emissions target imply further capex?

Michel Giannuzzi: Yes but again beyond 2024 because for the next 3 years there are other things that we plan. This is important capex especially when we talk about new processes, new innovations in the process, this is something you don't decide today for tomorrow. You have at least 2 or 3 years visibility on what you do so it will not impact the next 3 years. So not additional capex beyond the one we gave you as a guidance which is basically around 10% of capex for the next few years, all including, including the strategic capex which means including the 3 furnaces that Nathalie has just mentioned.

Alexandra Baubigeat-Boucheron: Thank you. Then if we move to CO₂ emissions:

Q: In order to help us quantify the impact of rising CO₂ prices, can you disclose the yearly expenses for CO₂ contracts every year (in € terms) or at least your net short position at Group level? At what path your allocated CO₂ contracts will decline in coming years? Considering your CO₂ savings trajectory, do you expect overall CO₂ costs to grow in the future? Which policy for CO₂ quotes for phase 4 and the cost for the company (such as provisions, ...)?

Nathalie Delbreuve: So I'll try to answer everything but if you see I miss appoint please come back to it Alexandra. So first we have on CO₂ and I explained as well a hedging policy. I cannot give you and I will not give you details on our CO₂ amounts in € and CO₂ hedging impact. I can just remind the hedging policy that is also very strict and exactly like for energy, no speculation, hedging step by step with a 3-year horizon in order to be hedged around October or at the end of this year for 100% of the year to come, for 75% for the year after and 50% for the third year and we are rolling that every year. Now what I can tell you is that we have approximately 500,000 tons CO₂ deficit every year. As per today we don't have actually a definitive figure for this year's deficit as Europe is quite late in the process. The way it works in Europe is that you take a benchmark and then the quote allocations are decreasing every year to challenge the sector so around 1% per year. As we have shared we are also working on decreasing significantly our CO₂ emissions on a faster pace. We are also working on the number of CO₂ that we emit.

Michel Giannuzzi: To complement the answer, as you know we are short to the end, we have to buy today a bit less of 500,000 tons of CO₂ quota on the market. As Nathalie said it's been

already anticipated. Going forward even with the 'Fit for 55' expected impact on the CO₂ quota and the tightening of the CO₂ market, the ambition that we have taken to reduce by 46% our emissions by 2030 should put us in a position where we will not have to buy a lot more quota that we are buying currently. So, it should be more or less within the same area, probably a little bit better depending on the timing of our savings implementations, we can be a little bit better or a little bit late but altogether it's not very different from the shortfall of about 500,000 tons of CO₂ quota that we are today.

Alexandra Baubigeat-Boucheron: Thank you Michel. Now I have a question regarding PAP / Performance Action Plan:

Q: What are the key drivers of a 2% per annum decreasing production costs that seems like a very aggressive target?

Michel Giannuzzi: I'll take this one because that's the same question I heard during the IPO two years ago, more or less day by day two years ago. So, at that time I have already been two years in the company, I was showing the good trajectory of PAP reductions we had made in 2017, 2018 and part of 2019 and the question was the same 'how are you going to do it in the next three years?' I explained and went back to my presentation it's not a one off project, it's not a few millions euros project, it's an ongoing methodology and an ongoing work of all the teams to go after the costs twice a year in very great details to identify waste and losses, to define projects, to implement projects very fast. As soon, as a project is completed and we have the sales, we move to another project. I'm sorry to say I've seen that for 20 years in the automotive and it worked for many years so I'm not committing for 20 years but certainly for the next three years.

Alexandra Baubigeat-Boucheron: Thank you. Now regarding competition:

Q: In which region / market is there more risk that the competition authorities could step in because of the oligopolistic nature of the industry? Is the risk medium or low?

Michel Giannuzzi: When we do our risk map, and that's part of our annual report, this is a risk that we have clearly in mind. This is a very competitive market and even if in some regions the consolidation has led to few players, this industry is very strict at complying with the competitive laws, and certainly at Verallia, we have implemented, and we are doing every year training to all our employees about those laws like any other law we have to comply with. We take every possible measure to make sure that we obey by the law, like any other laws by the way, and the fact that it is a concentrated market is making this topic even more accurate or important for any player. We have clearly this risk in mind. We have to get all possible measures to make this risk as little as possible.

Alexandra Baubigeat-Boucheron: Thank you Michel. This is the last question or set of questions regarding M&A.

Q: Could you discuss M&A ambitions, regions which the Group could target without having concentration issues with the authorities? Would the Group become more vertical either into raw materials, closures, and alternative substrates?

Michel Giannuzzi: Well there are two questions. Regarding the geographies, of course there are a few countries where, when you only have 3 producers, it's hard to believe that you can go to two. So those countries, by definition, will not offer opportunities for further acquisitions. But on the other side you have many countries where there is still a lot of players and still opportunities like Italy. Marco spoke about 10 players in Italy. In Central Europe you have quite a few players still and we are very keen on of course studying any potential opportunity. Regarding the vertical integration, this is more make or buy decision discipline. If we are vertically integrated either uphill or downhill, in other words with our raw materials, we are already partially doing it with cullet because we have already integrated the cullet treatment activities for half of the cullet we use today is being treated in our own plants. So we are already partially integrated upward with the cullet treatment plants. We don't really see opportunity to keep a vertical integration upward, but it is really a make or buy decision we don't know. Today we don't see, it's not obvious. Down the supply chain, it's the same, we are very business oriented, we are very pragmatic, and we have no 'religion' if I can say so. Another good example is what Marco presented to you. We are currently integrating some distribution activities in Italy because we believe we can better serve directly our customers with more added value products and services by controlling some of the distribution. Therefore, we invest in the distribution. So it's really depending on the countries and the business cases, we have no real firm commitment. The third question is diversification. So far we have not seen any diversification. We are a glass producer, we provide services around glass like decoration, like bottling activities. We have a small bottling activity for very high end wines in France not such a big activity but it's a service we render to our customers. We could expend this kind of services that are linked to our business. Going very far away from our business needs to make sense from a business point of view and also from a value creation point of view. So why not if we have some good opportunities to do it, we'll look at them but as we speak today we have nothing concrete to talk about.

Alexandra Baubigeat-Boucheron: Thank you very much Nathalie and Michel. I think I'm done with my questions. Thank you very much.

Michel Giannuzzi: Thank you very much Alexandra. Thank you very much to all of you for listening to our investors' presentation today. I know it's been a long 3-hour presentation. Thank you for supporting Verallia and for following what we are doing. You clearly see that we have a very strong ambition in terms of implementing a winning strategy that is both profitable and inclusive. And last but not least, sustainability is really at the heart of everything we do. Today for us is an important day since we commit today on working towards 1.5°C global warming target which of course for us has a lot of sense given our purpose which is re-imagining glass for a sustainable future. Thank you very much to all of you and have a good day.

[END OF TRANSCRIPT]