verallia

21 April
2022

Q1 2022 RESULTS

TODAY'S AGENDA

1 INTRODUCTION

2 KEY HIGHLIGHTS

3 Q1 2022 FINANCIAL RESULTS

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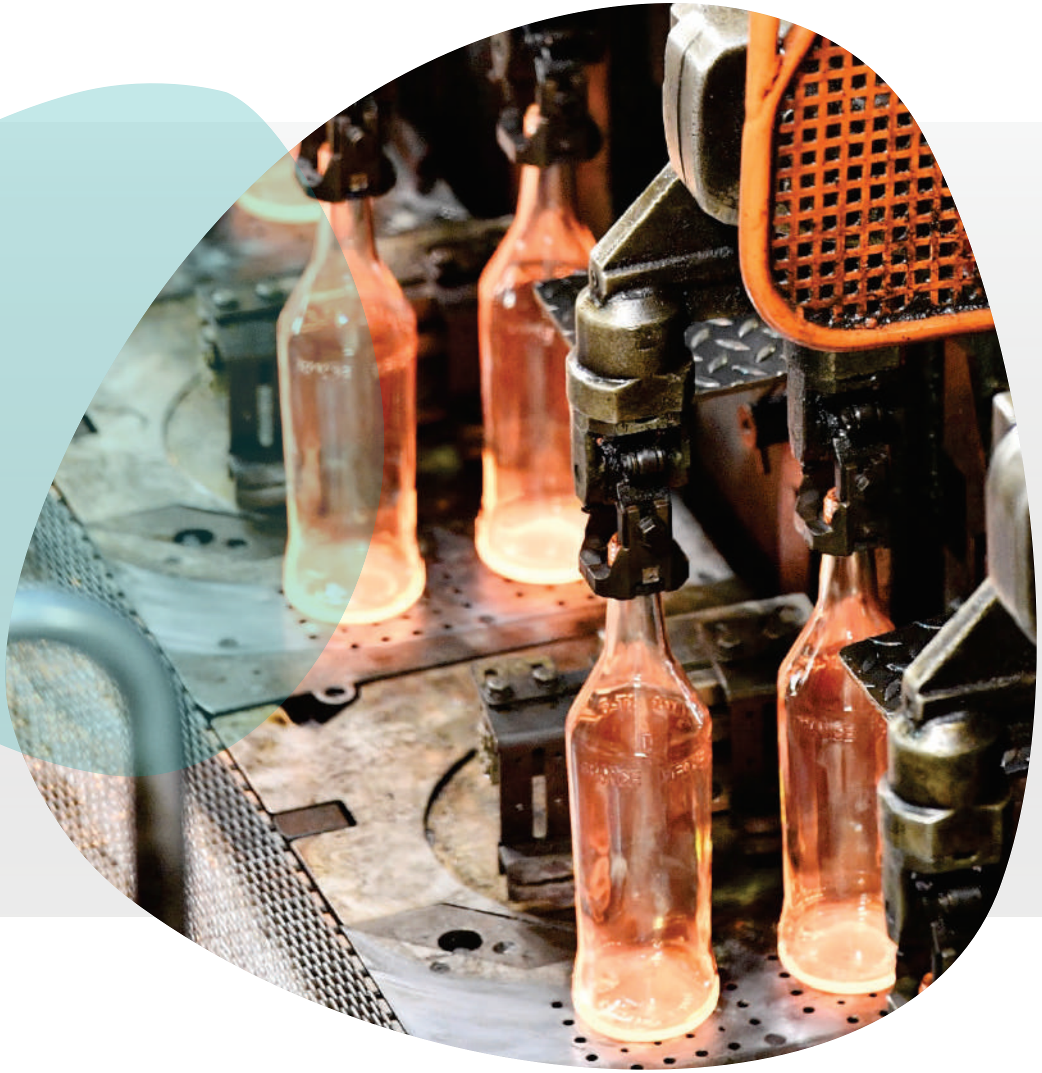


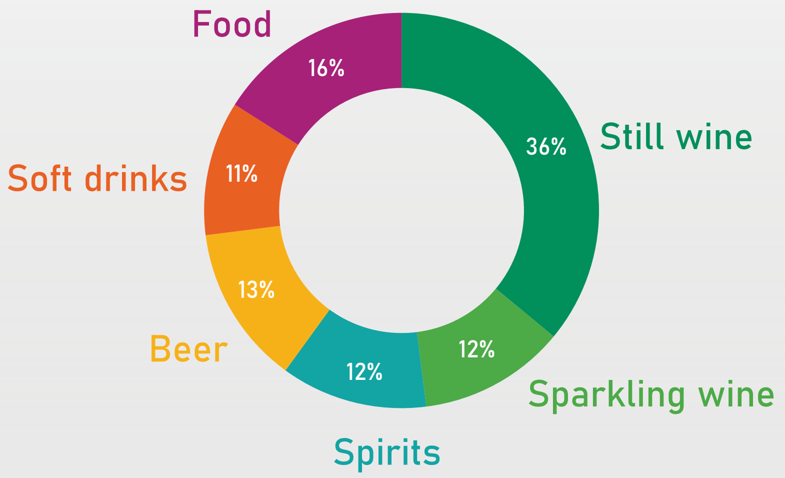
1 INTRODUCTION

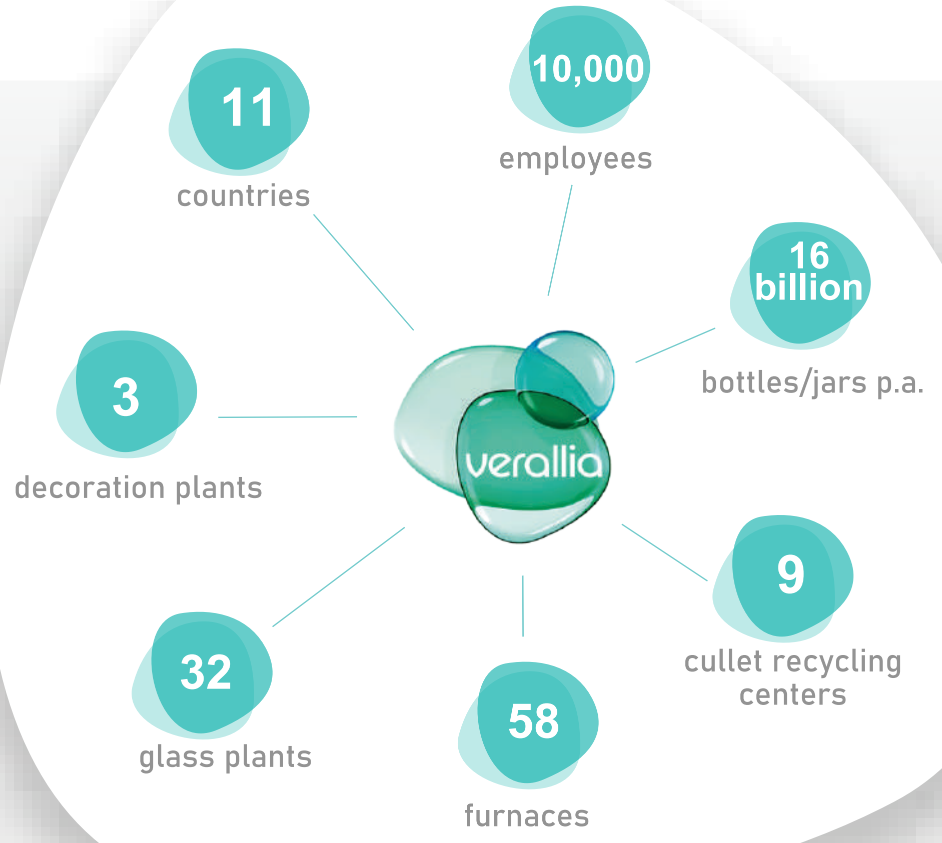
Michel
GIANNUZZI
Chairman and CEO

A GLOBAL LEADER IN GLASS PACKAGING

DIVERSIFIED AND BALANCED END-MARKETS

2021 Glass packaging[1] sales split by end-market





N° 1
in Europe[2]
89% of 2021 sales

N° 2
in Latin America[3]
11% of 2021 sales

N° 3
Globally

Sources: Companies public information, management estimates and Advancy (IPO related study)
Notes: (1) For bottles and jars only (97% of total Verallia sales).
(2) Based on 2021 sales; "Europe" using each company's definition/management estimates.
(3) Based on 2021 volumes in Argentina, Brazil and Chile.

2 KEY HIGHLIGHTS

Michel
GIANNUZZI
Chairman and CEO

THE SBTI VALIDATED IN MARCH 2022 OUR 46% REDUCTION TARGETS FOR CO_2 EMISSIONS "SCOPE 1 AND 2" BETWEEN 2019 AND 2030

Verallia commits to the most ambitious target of limiting global warming to +1.5°C compared to pre-industrial temperatures, in line with the recommendations of the Intergovernmental Panel on Climate Change (IPCC) and the Paris Climate Agreement

-46%
reduction in 2030
for scope 1 & 2 emissions vs 2019

+

<40%
Scope 3 emissions
below 40% of total emissions in 2030

+

NET Zéro
in 2050
for scope 1 & 2 emissions

"Science-based targets provide a clearly-defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth.

Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement **– limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C."**

From Sbti website**

*SBTi : Science Based Targets
** https://sciencebasedtargets.org/

VERALLIA DEVELOPS AND PROMOTES GLASS RE-USE

To improve the circularity of glass packaging, we must work on both Recycling and Re-use

In 2022, Verallia became the first player to launch two initiatives dedicated to glass re-use:

Re-Use Lab

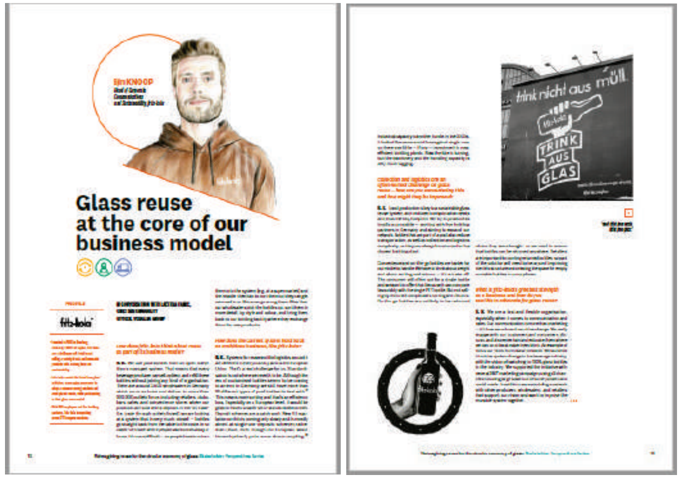
90 attendees on site

+ 120 attendees remotely

This event was an opportunity to discuss the issues and latest trends in re-use through roundtables and workshops with experts and key players in the sector

White paper

Verallia shared ideas and worked with various stakeholders to further debate on glass packaging re-use. This collective work has resulted in the publication of a white paper entitled "Reimagining reuse for the circular economy of glass"



Our objective > implementation of a pilot project for glass re-use in France by 2025

VERALLIA CO-INNOVATES WITH ITS PARTNERS AND CUSTOMERS

Development of new reusable jars

- Existing pool for dairy products in use since decades for traditional dairy jars
- Now also used for other foodstuff (coffee, tea, rice etc….)
- New addition by Verallia: 150gr jar to complement the range

mehrwelt

- “Mehrwelt” pool (Oetker Group)
- Now starting nationwide
- Newly developed very esthetic closure concept (specific and protected Verallia thread design)
- Verallia 100% supplier and development partner since the beginning

CIRCUJAR

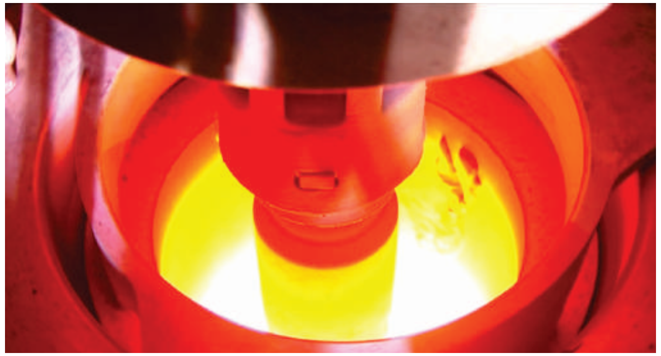
- Circujar
  (new start-up company with professional background)
- Company is pool operator incl. cleaning and proposes a “pay-per-use” system
- Introduction still in 2022 with 3 different formats of jars
- Verallia is development partner for the jars in version 2.0

Our ambition: Strengthening the circularity of glass packaging

VERALLIA CO-INNOVATES WITH ITS PARTNERS AND CUSTOMERS

Verallia supports Champagne Telmont in the launch of a new experiment!

CHAMPAGNE TELMONT



It is on **the site of Verallia Oiry (France),** the center of expertise for champagne bottles, that **these bottles have been eco-designed**

At Verallia, eco-design is at the heart of our CSR approach

Our objective: -3% the weight of our standard non-returnable bottles and jars by 2025

HUMANITARIAN AID FOR UKRAINE

To support local teams, Verallia has set up various actions:

- **4 trucks of emergency medical aid chartered by Verallia Poland,** which have already arrived or are on their way to Ukraine
- **Equipment donation for Ukrainian firemen**
  generators, firefighting vehicles, equipment, protective clothing for firefighters
- **A psychological support unit**
  has been set up for the Ukrainian and Polish employees
- **Significant logistical support has been deployed by the teams,** particularly those of the Verallia Northern Europe Division, who are helping local employees and their families to travel to the European Union if they wish
- **To date, four families (15 people) have been welcomed in Poland,** where Verallia is paying for their accommodation

In solidarity to Ukraine, all Verallia regions made global donations of €590k

KEY FINANCIAL HIGHLIGHTS FOR Q1 2022

1 Revenue

Q1 2022: +24.0% to €750 million and +23.9% organic growth(1)

2 Adjusted EBITDA

- €183 million in Q1 2022 (+20.4% compared to Q1 2021)
- Margin at 24.4% compared to 25.1% in Q1 2021 (-72 bps)

3 Net Debt

Reduction in net debt ratio to 1.7x adjusted EBITDA for the last 12 months, against 1.9x end of December 2021

Strong organic growth fueled by a dynamic underlying market and selling price increases aiming at compensating unprecedented inflation of costs

(1) Growth at constant exchange rates and scope.
The organic revenue growth excluding Argentina was +24.1% in Q1 2022 compared with Q1 2021.

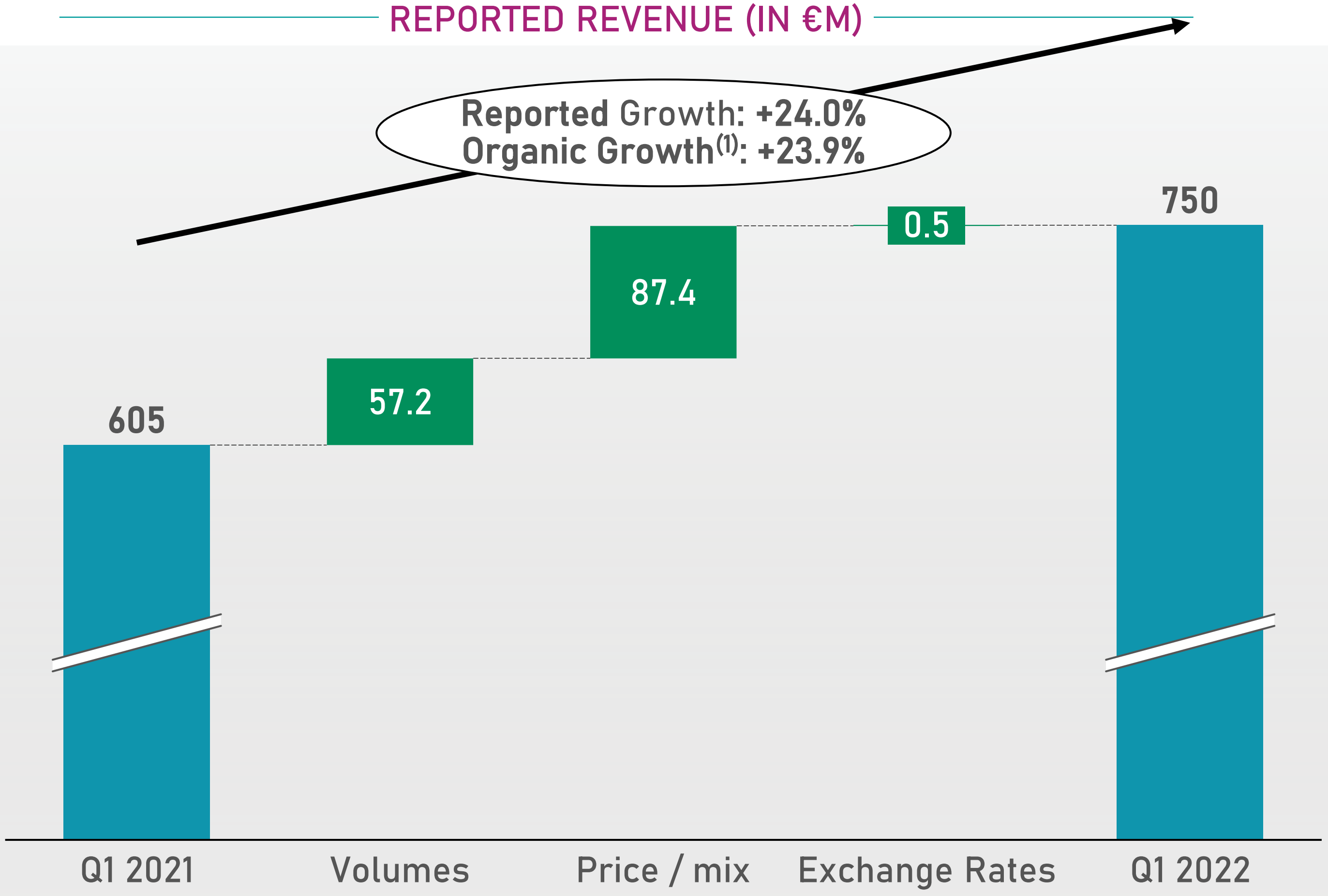
3

Q1 2022 FINANCIAL RESULTS

Nathalie DELBREUVE
CFO

VERY STRONG ORGANIC GROWTH

REPORTED REVENUE (IN €M)

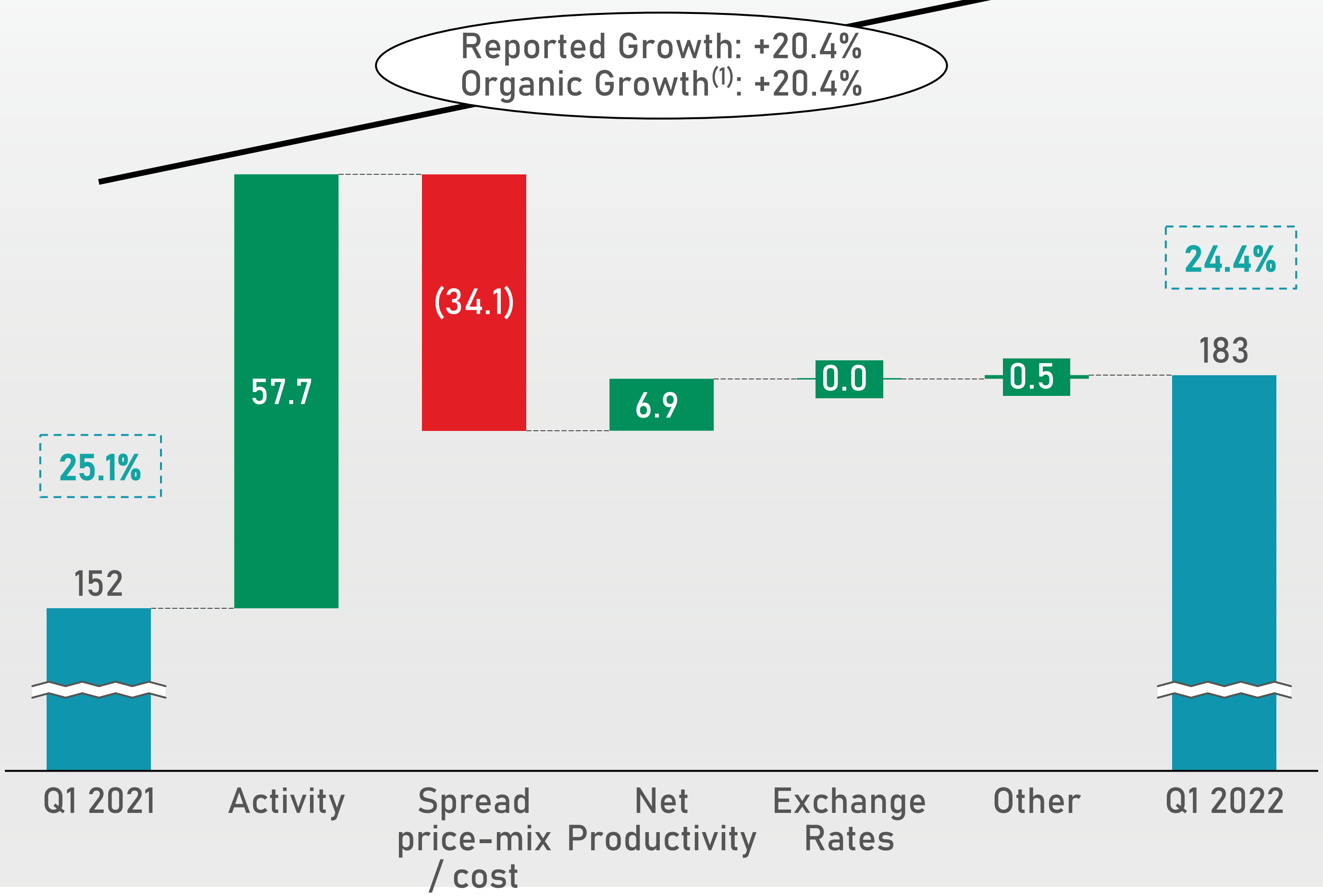


- Volumes
  - Growing volumes by around +10%
  - Very dynamic underlying market
- Price / mix
  - Sales prices up more than 10% over Q1'22
  - Positive contribution from mix
- Neutral FX impact
- By region
  - SWE: Volumes up > +10% & strong selling price increases to cope with costs inflation
  - NEE: Volumes up ~ +10% & strong selling price increases to cope with costs inflation
    - Ukraine update: 1 furnace restarted mostly for jars + the other one stopped/emptied/preserved
  - LatAm: Strong volume growth in Brazil & Chile. Furnace repaired in Argentina. Dynamic pricing policy

(1) Growth at constant exchange rates and scope.
The organic revenue growth excluding Argentina was +24.1% in Q1 2022 compared with Q1 2021.

INCREASE IN ADJUSTED EBITDA AND SLIGHT DECREASE IN MARGIN

ADJUSTED EBITDA (IN €M AND % OF SALES)



- Activity / Operating leverage
  - Positive volume impact around +10%
  - Positive impact of stock variation
- Negative price-mix / cost spread
  - Very strong inflation in costs in Q1'22 vs. Q1'21
  - Not yet fully covered by selling price increases
  - Positive mix contribution
- Net PAP
  - 1.8% production cash cost reduction
- FX and Other
  - Neutral FX impact compared to negative impacts in the previous quarters

- Adjusted EBITDA margin slightly down by 72 bps

(1) Growth at constant exchange rates and scope.

FURTHER DELEVERAGING AND NET DEBT REDUCTION

In € million	31/03/2022	31/12/2021	31/03/2021
Net Debt	1,221.8	1,268.4	1,296.6
LTM Adjusted EBITDA	709.1	678.1	626.1
Net Debt / LTM Adjusted EBITDA	1.7x	1.9x	2.1x

- 1.7x ratio of net debt over LTM adjusted EBITDA as of March 31, 2022
- Net debt at €1,222m including rights-of-use for €50m
- Investment grade trajectory

OPTIMIZED FINANCIAL STRUCTURE

In € million	NOMINAL AMOUNT OR MAX. AMOUNT DRAWABLE	MATURITY	NOMINAL RATE	31 March 2022
Sustainability-Linked Bond – May 2021 (1)	500.0	May 2028	1.625%	504.3
Sustainability-Linked Bond – November 2021 (1)	500.0	November 2031	1.875%	495.4
Term Loan A (TLA)(1)	500.0	October 2024	Euribor+1.25%	497.7
Revolving Credit Facility (RCF1)	500.0	October 2024	Euribor+0.85%	-
Neu CP(1)	400.0			135.0
Other debt(2)				121.7
Total borrowings				1,754.2
Cash				(532.4)
Net Debt				1,221.8

- A **significant part (83%)** of the Group's floating rate **exposure is hedged** through interest rate swaps
- **Total available liquidity**(3) reaches **€897 million** as of March 31, 2022

(1) Including accrued interests.
(2) o/w IFRS16 leasing (€49.9m), local debts (€57.5m), factoring recourse (€19.6m).
(3) Calculated as the Cash + Undrawn Revolving Credit Facilities – Outstanding Commercial Papers.

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2022 GUIDANCE

Michel
GIANNUZZI
Chairman and CEO

2022 GUIDANCE

It should be noted that the consequences of the conflict in Ukraine (direct and indirect) are changing rapidly, generating very high volatility which is likely to affect forecasts

1 Revenue

- Sharp growth in annual revenue (>10%)

2 Adjusted EBITDA

- Significant increase in production costs, mostly coming from energy
- Further selling prices adjustment to reflect the pressure from cost inflation
- Increase in adjusted EBITDA greater than €700 million

- Full year guidance confirmed
- ESG Roadmap on track

APPENDICES

OUR PURPOSE

ESG more than ever at the heart of Verallia's purpose and strategy

DISCIPLINED AND DYNAMIC RISK HEDGING POLICY

ENERGY

- Disciplined fuel, gas and electricity hedging policy limiting energy cost volatility in Western Europe and levelling market bursts
  - Hedging horizon: next 3 years for a target of 85% of our needs
  - Progressive hedging during year N with targeted hedge rates in October year N of: 100% of target in year N+1, 50% in year N+2, 25% in year N+3
  - Use of Take-Profit and Stop-Loss levels

CO_2

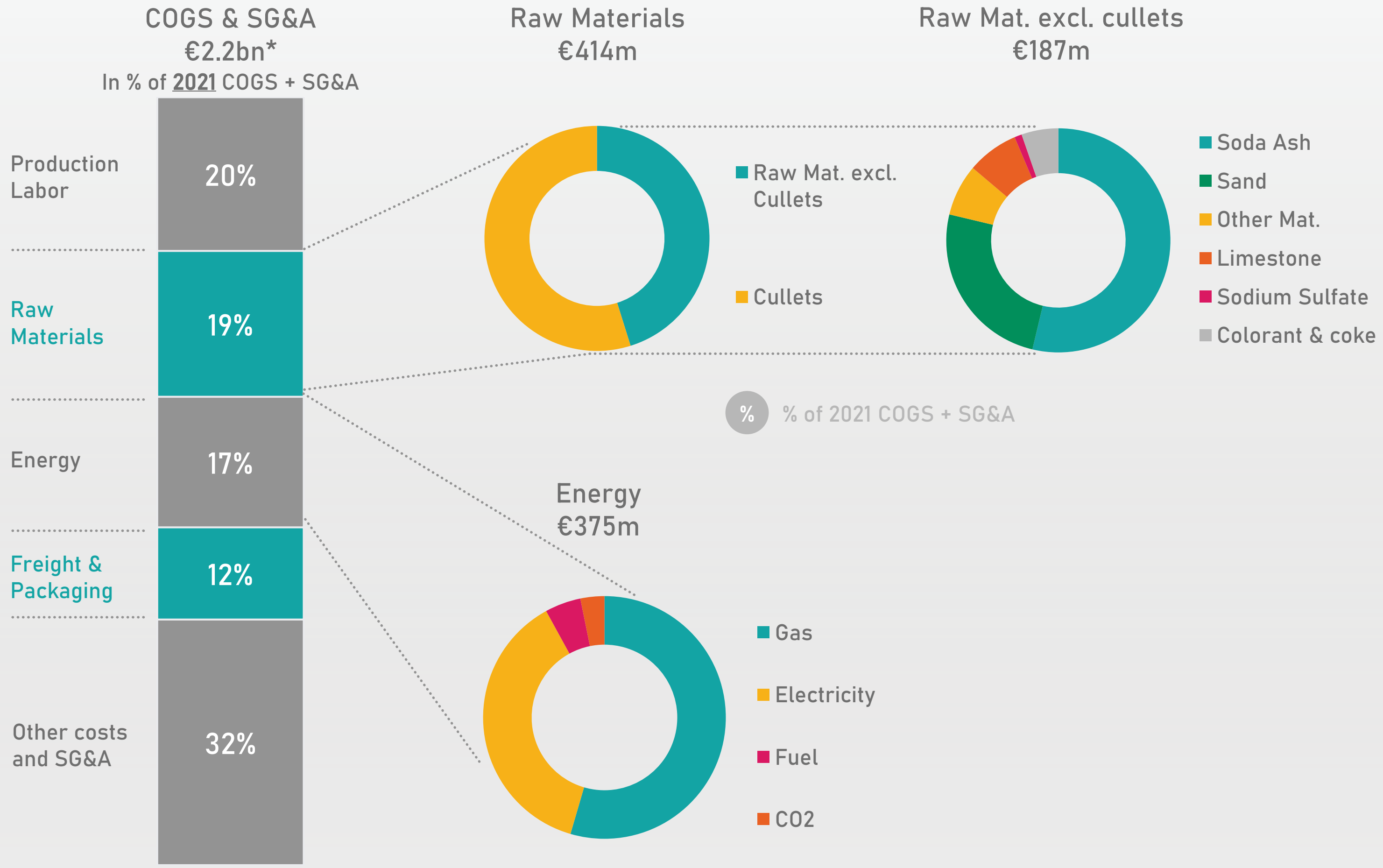
- Disciplined carbon emission quotas hedging policy in Western Europe
  - Hedging horizon: next 3 years
  - Phase IV (2021-2030): €55m carbon quotas forward purchases in view of expected annual deficit during Phase IV
  - Forward purchases during year N with targeted deficit hedge rates in October year N of: 100% in year N+1, 75% in year N+2, 50% in year N+3

EXCHANGE RATES

- Very limited transactional FX risk with ca 2% of the Group's receivables / payables exposed
- Strict hedging policy applied with targeted hedge rates of:
  - 100% for all firm commitments
  - 75% for budgeted cash flows over a 12-month rolling period (subject to specific local regulations)

Source: Company.

EFFICIENT AND RESPONSIBLE PURCHASING STRATEGY – AS OF FY 2021



- **External cullet share exceeding total of other raw material volume** reflects increase in external cullet usage
- **Energy hedging policy** applied to gas, electricity and fuel
- **Security of supply and high purchasing performance** notably supported by:
  - long term partnership with Minerals / Chemical international suppliers and key local providers
  - multi-year supply visibility for Capex and corresponding bundling approach
  - opportunist purchase approach developed for Molds and Equipment in low-cost countries
- **Procurement Process efficiency** based on:
  - matrix organization (central / local) offering agility to adapt purchasing strategy (global / country)
  - professional purchasers / standardized practices
  - responsible purchasing practices deployed in all countries covering CSR risk and CO_2 Scope 3 aspects

Visibility and contained volatility on our cost base

(*) Including depreciation.

SIMULATION OF INFLATION IMPACT ON EBITDA MARGIN AT ZERO SPREAD

		Cost inflation (on cash production costs)				
	As is	**10%**	**12%**	**20%**	**25%**	**30%**
Sales	100	107.4	108.9	114.8	118.5	122.2
Cash costs	-74	-81.4	-82.9	-88.8	-92.5	-96.2
EBITDA	26	26.0	26.0	26.0	26.0	26.0
Margin	26.0%	24.2%	23.9%	22.6%	21.9%	21.3%
Margin impact		**-1.79%**	**-2.12%**	**-3.35%**	**-4.06%**	**-4.72%**
Price increase req'd to achieve zero spread		*7.40%*	*8.88%*	*14.80%*	*18.50%*	*22.20%*

RECONCILIATION OF OPERATING PROFIT TO ADJUSTED EBITDA

In €m	Q1 2022	Q1 2021
Operating profit	109.1	83.5
Depreciation, amortisation and impairment (i)	69.9	66.9
Restructuring costs	0.6	(0.3)
Acquisition costs and M&A	0.1	0.0
IAS 29 Hyperinflation (Argentina) (ii)	0.0	(0.1)
Management share ownership plan and associated costs	2.5	1.7
Other	0.5	0.0
Adjusted EBITDA	182.7	151.7

(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.
(ii) The Group has applied IAS 29 (Hyperinflation) since 2018.

IAS 29: HYPERINFLATION IN ARGENTINA

- Since 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 Q1 2022, the net impact on revenue amounted to €0.2m. The hyperinflation impact has been excluded from Group 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: 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. Since 2021, they have also included 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.
- Free Cash-Flow: defined as the Operating Cash Flow - Other operating impact - Interest paid & other financing costs - Cash Tax.
- 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).

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 Verallia's present and future business strategies and the economic environment in which Verallia operates. They involve known and unknown risks, uncertainties and other factors, which may cause actual performance and results 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 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 no guarantee of future performance.

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