



PRESS RELEASE

2022 first quarter results

Very strong revenue growth of 24% in highly dynamic markets

Paris, 20 April 2022

Highlights

- **Substantial increase in revenue in Q1 2022 to €750 million, i.e. +24.0% (+23.9% at constant exchange rates and scope)⁽¹⁾**
- **Adjusted EBITDA up at €183 million** compared to €152 million in Q1 2021
- **Adjusted EBITDA margin at 24.4%**, down slightly compared to Q1 2021 at 25.1%
- **Reduction in net debt leverage to 1.7x** adjusted EBITDA for the last 12 months, compared to 2.1x as of 31 March 2021 and 1.9x as of 31 December 2021

(1) Revenue growth at constant exchange rates and scope (excluding Argentina) of +24.1% in Q1 2022 compared to Q1 2021.

*"Verallia posted a very strong sales increase as a result of a highly dynamic glass market and price increases offsetting some of the cost inflation. In the current geopolitical context leading to unprecedented energy inflation and a negative inflation spread, the Group increased its EBITDA thanks to the operational leverage from the increase in volumes and its Performance Action Plan. Despite the current uncertainty, Verallia can rely on its agility and resilience and therefore reaffirms its 2022 objectives", commented **Michel Giannuzzi**, Chairman and CEO of Verallia.*

Revenue

<i>In € million</i>	Q1 2022	Q1 2021
Revenue	749.9	604.9
<i>Reported growth</i>	<i>+24.0%</i>	
<i>Organic growth</i>	<i>+23.9%</i>	

In the first quarter of the year, Verallia recorded **revenue of €750 million**, compared to €605 million in the first quarter of 2021, representing a strong **24.0% increase in reported revenue**.

The **currency effect** is almost negligible at +0.1% in Q1 (+€0.5 million).

At **constant exchange rates and scope**, revenue significantly increased by **23.9%** in the first quarter of the year (and by +24.1% excluding Argentina). Highly dynamic sales volumes over the quarter, which increased by almost 10%, coupled with selling price increases of over 10%, offsetting some of the significant inflation in production costs.

In addition, the product mix remains positive for the quarter.

Revenue breakdown by region:

- In Southern and Western Europe, sales volumes grew by more than 10%, with an increase across all countries. Sales prices increased significantly over the quarter, offsetting some of the high cost inflation. The product mix is also very positive.
- The Northern and Eastern Europe region reported approximately 10% growth in sales volumes. When the conflict in Ukraine began at the end of February, the Group decided to halt production at its local plant while keeping its two furnaces in hot condition. Since then, at the request of our local customers and local teams, one of the two furnaces has resumed production, mainly to produce food jars, while the other has been turned off, emptied, and cooled down in order to keep it in good condition. As detailed in Chapter 5.4.2.2. "Outlook for the financial year ending on 31 December 2022" of the 2021 Universal Registration Document published on 29 March 2022, the Group's exposure to Ukraine remains limited, with one plant located in the West of the country and revenue totalling around €50 million in 2021 (less than 2% of the Group revenue).
Sales prices have also been increased to mitigate the impact of the significant cost inflation.
- In Latin America, sales volumes in Brazil and Chile posted strong growth, while in Argentina production was limited due to a furnace repair. Moreover, a highly dynamic approach to managing sales prices has continued in order to offset local inflation.

Adjusted EBITDA

<i>In € million</i>	Q1 2022	Q1 2021
Adjusted EBITDA	182.7	151.7
<i>Adjusted EBITDA margin</i>	<i>24.4%</i>	<i>25.1%</i>

Adjusted EBITDA increased over the first quarter of the year and stood at **€183 million**. Despite the expected negative inflation spread¹ (-€34 million), adjusted EBITDA increased in the first quarter of 2022, thanks to a strong positive impact from activity (+€58 million) and a net reduction in production cash costs (+€7 million of the Performance Action Plan). In addition, unlike in previous quarters, the exchange rates impact was almost negligible owing to the strength of the Brazilian real.

However, the **adjusted EBITDA margin** decreased slightly (-72 bps) due to the mathematical and expected dilution resulting from the increase in sales prices. This amounted to **24.4%** over the quarter.

Continued reduction in debt

Verallia continued to reduce its **net debt** during the first quarter of the year. Net debt stood at **€1,222 million** at the end of March 2022. This corresponds to a net debt ratio of **1.7x adjusted EBITDA for the last 12 months**, compared to 1.9x at 31 December 2021 and down from 2.1x at 31 March 2021. In addition, liquidity² remained very high at **€897 million** at 31 March 2022.

¹ Spread represents the difference between (i) the increase in sales prices and mix and (ii) the increase in its production costs. The spread is positive when the increase in sales prices applied by the Group is greater than the increase in its production costs. The increase in production costs is recorded by the Group at constant production volumes, before production gap and taking into consideration the impact of the Performance Action Plan (PAP).

² Calculated as the Cash + Undrawn Revolving Credit Facilities – Outstanding Neu Commercial Papers.

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.

Verallia is expecting a **sharp growth in its annual revenue (>10%)** thanks to the substantial rise in volumes in a buoyant market and the significant increase in sales prices.

In today's environment of accelerating inflation that has been ongoing since the second half of 2021, Verallia expects to see a significant increase in its production costs in 2022, of which energy is a major factor.

In this highly inflationary climate, the Group will continue to adjust its sales prices in order to reflect the pressure from cost inflation. Thanks to the additional contribution of increased volumes and its PAP programme, Verallia reaffirms its objective of achieving an **adjusted EBITDA greater than €700 million**.

Verallia continues to implement its ESG roadmap and reaffirms its ambitious environmental objectives.

About Verallia – At Verallia, our purpose is to re-imagine glass for a sustainable future. We want to redefine how glass is produced, reused and recycled, to make it the world's most sustainable packaging material. We are joining forces with our customers, suppliers and other partners across the value chain to develop beneficial and sustainable new solutions for all.

With around 10,000 employees and 32 glass production facilities in 11 countries, we are the European leader and the world's third-largest producer of glass packaging for beverages and food products. We offer innovative, customised and environmentally friendly solutions to over 10,000 businesses worldwide.

In 2021, Verallia produced more than 16 billion glass bottles and jars and recorded a revenue of €2.7 billion. Verallia is listed on compartment A of the regulated market of Euronext Paris (Ticker: VRLA – ISIN: FR0013447729) and is included in the following indices: SBF 120, CAC Mid 60, CAC Mid & Small and CAC All-Tradable.

For more information, visit www.verallia.com

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An analysts' conference call will be held on Thursday, 21 April 2022 at 9.00 am (CET) via an audio webcast service (live and replay) and the results will be available at www.verallia.com.

Financial calendar

- 11 May 2022 at 2.00 pm CET: Annual General Shareholders' Meeting.
- 27 July 2022: results for H1 2022 – Press release ***after market close*** and conference call/presentation ***the following morning at 9.00 am CET***.
- 19 October 2022: financial results for Q3 2022 – Press release ***after market close*** and conference call/presentation ***the following morning at 9.00 am CET***.

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APPENDICES

Key figures during the first quarter

<i>In € million</i>	Q1 2022	Q1 2021
Revenue	749.9	604.9
<i>Reported growth</i>	+24.0%	
<i>Organic growth</i>	+23.9%	
Adjusted EBITDA	182.7	151.7
<i>Adjusted EBITDA margin</i>	24.4%	25.1%
Net debt at the end of March	1,221.8	1,296.6
Last 12 months adjusted EBITDA	709.1	626.1
<i>Net debt/last 12 months adjusted EBITDA</i>	1.7x	2.1x

Evolution of revenue per nature in € million during the first quarter

<i>In € million</i>	
Revenue Q1 2021	604.9
<i>Volumes</i>	57.2
<i>Price/Mix</i>	87.4
<i>Exchange rates</i>	0.5
Revenue Q1 2022	749.9

Evolution of adjusted EBITDA per nature in € million during the first quarter

<i>In € million</i>	
Adjusted EBITDA Q1 2021 (i)	151.7
<i>Activity contribution</i>	57.7
<i>Price-mix/costs spread</i>	(34.1)
<i>Net productivity</i>	6.9
<i>Exchange rate</i>	0.0
<i>Other</i>	0.5
Adjusted EBITDA Q1 2022 (i)	182.7

(i) Adjusted EBITDA is calculated on the basis of operating profit (loss) 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.

Reconciliation of operating profit (loss) to adjusted EBITDA

<i>In € million</i>	Q1 2022	Q1 2021
Operating profit (loss)	109.1	83.5
Depreciation, amortisation and impairment (i)	69.9	66.9
Restructuring costs	0.6	(0.3)
Acquisition costs, 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.

Financial structure

<i>In € million</i>	Nominal amount or max. amount drawable	Nominal rate	Final maturity	31 March 2022
Sustainability-Linked Bond — May 2021 (i)	500	1.625%	May 2028	504.3
Sustainability-Linked Bond — November 2021 (i)	500	1.875%	Nov. 2031	495.4
Term loan A — TLA (i)	500	Euribor +1.25%	Oct. 2024	497.7
Revolving credit facility RCF 1	500	Euribor +0.85%	Oct. 2024	-
Negotiable debt securities (Neu CP) (i)	400			135.0
Other borrowings (ii)				121.7
Total borrowings				1,754.2
Cash and cash equivalents				(532.4)
Net debt				1,221.8

(i) Including accrued interests.

(ii) Including IFRS16 leasing (€49.9m), local debts (€57.5m), factoring recourse (€19.6m).

IAS 29: Hyperinflation in Argentina

Since 2018, the Group has applied IAS 29 in Argentina. The adoption of this standard requires the restatement of non-monetary assets and liabilities and of the income statement to reflect changes in purchasing power in the local currency. These restatements may lead to a gain or loss on the net monetary position included in the finance costs.

Financial items for the Argentinian subsidiary are converted into euro using the closing exchange rate for the relevant period.

In the first quarter of 2022, the net impact on revenue amounted to **+€0.2 million**. The hyperinflation impact has been excluded from consolidated adjusted EBITDA as shown in the table "Reconciliation of operating profit (loss) to adjusted EBITDA".

GLOSSARY

Activity category: corresponds to the sum of the change in volumes plus or minus the net change in inventories.

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 income which are non-recurring or liable to distort the company's performance. Adjusted EBITDA is calculated on the basis of operating profit (loss) 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 demand and to environmental, health and safety constraints. 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 CO₂ 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 – Taxes paid.

The Southern and Western Europe segment comprises production sites located in France, Spain, Portugal and Italy. It is also designated by the abbreviation "SWE".

The Northern and Eastern Europe segment comprises production sites located in Germany, Russia, Ukraine and Poland. It is also designated by the abbreviation "NEE".

The Latin America segment comprises production sites located in Brazil, Argentina and Chile.

Liquidity: calculated as the Cash + Undrawn Revolving Credit Facilities – Outstanding Neu Commercial Papers.

Amortisation of intangible assets acquired through business combinations: Corresponds to the amortisation of customer relationships recognised upon the acquisition of Saint-Gobain's packaging business in 2015 (initial gross value of €740 million over a useful life of 12 years).