Press release
La Défense, 19 October 2022

9M 2022 results

Strong revenue growth at 25% and solid cash generation

Highlights

- **Revenue up +24.5% over nine months at €2,518 million** (**+24.4% at constant exchange rates and scope**)(1), compared to the first nine months of 2021
- **Revenue increase of +26.5% at €879 million in Q3 2022** (**+27.5% at constant exchange rates and scope**)(1), compared to Q3 2021
- **Adjusted EBITDA rose to €654 million over nine months**, compared to €528 million over 9M 2021 (+24.0%)
- **Adjusted EBITDA margin at 26.0% over 9M 2022**, vs. 26.1% over 9M 2021
- **Net debt ratio fell to 1.1x** adjusted EBITDA for the last 12 months, compared to 1.8x at the end of September 2021 and 1.5x at the end of June 2022
- **Increase in the annual target for adjusted EBITDA to above €820 million**

(1) The revenue growth at constant exchange rates and scope, excluding Argentina, was +21.5% over 9M 2022 compared to 9M 2021, and +21.4% in Q3 2022 compared to Q3 2021.

"These excellent third quarter results follow on from a strong first half. Revenue growth remained high despite the slight expected decline in volumes due to less available capacity. Adjusted EBITDA also continued to grow thanks to a positive inflation spread over the period, the improved operational efficiency that resulted from our Performance Action Plan, and unprecedented momentum across Latin America. The lighting of a second furnace in Jacutinga will take place as planned on November 9th. Higher visibility for the end of the year, coupled with excellent third-quarter results, puts Verallia in a position to increase its annual EBITDA targets." said **Patrice Lucas**, CEO of Verallia.

Revenue

In € million	9M 2022	9M 2021
Revenue	**2,517.6**	**2,022.2**
Reported growth	*+24.5%*	
Organic growth	*+24.4%*	

In € million	Q3 2022	Q3 2021
Revenue	**878.7**	**694.5**
Reported growth	*+26.5%*	
Organic growth	*+27.5%*	

(i) Revenue growth at constant exchange rates and scope. Revenue 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. The revenue growth at constant exchange rates and scope, excluding Argentina, was +21.5% over 9M 2022 compared to 9M 2021 and +21.4% in Q3 2022 compared to Q3 2021.

Over the first nine months of the year, Verallia's revenue stood at **€2,518 million**, compared to €2,022 million over the same period in 2021, representing a **+24.5% increase on a reported basis**.
The impact of **exchange rates** was positive at +0.1% over 9M 2022 (+€2.1 million), largely due to the stronger Brazilian real and Eastern European currencies.

At **constant exchange rates and scope**, revenue rose sharply over the first nine months of the year, up **+24.4%** (+21.5% excluding Argentina), despite volumes declining slightly in the third quarter. As previously announced, five furnaces are being renovated during the second half – four in Q3 alone – limiting Verallia's available production capacity.
The sales price increases, implemented in Europe in the first half to offset the sharp rise in production costs, had a positive impact over the period. Moreover, the strong momentum in terms of pricing policy and mix in Latin America continued in view of the high inflation in the region. Product mix also remained robust during the quarter.

Revenue breakdown by region for the first nine months of the year:

- In Southern and Western Europe, sales were up over the first nine months of the year, despite a slight decline in volumes in the third quarter due to the simultaneous renovations of several furnaces.
- Northern and Eastern Europe posted improved revenue for the first nine months of the year. Volumes were, however, also down slightly during the third quarter.
  Verallia's situation in Ukraine remained similar to during the first half of the year: one furnace was emptied and cooled in order to keep it in good condition, while the second is now mainly focused on producing food jars. As the situation in the country remains volatile, Verallia's priority is the safety of its teams and the needs of its local customers.
- In Latin America, the excellent momentum seen during the first half continued in the region, in terms of both volumes and sales prices.

Adjusted EBITDA

In € million	9M 2022	9M 2021
Adjusted EBITDA (i)	**654.2**	**527.6**
Adjusted EBITDA margin	***26.0%***	***26.1%***

In € million	Q3 2022	Q3 2021
Adjusted EBITDA (i)	**228.8**	**182.9**
Adjusted EBITDA margin	***26.0%***	***26.3%***

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

Adjusted EBITDA rose by +24.0% over the first nine months of 2022 (and +24.3% at constant exchange rates and scope) to **€654 million**. The **exchange rates** effect was slightly negative at -€1.7 million.

Despite the continuing rise in production costs, Verallia managed to generate a positive inflation spread[1] of €46.6 million at Group level over the nine-month period, mainly thanks to Latin America, whereas inflation spread remained slightly negative in Europe.

The net reduction in production cash costs that resulted from the PAP over the first nine months of 2022 represented 1.9% of production cash costs (€22.3 million).

The **adjusted EBITDA margin** stood at **26.0%** for the first nine months of 2022, despite the mathematic dilutive effect of the sales price increases seen since the start of the year.

Continued reduction in net debt

During the first nine months of the year, Verallia continued to reduce its **net debt** that amounts to **€922 million** at the end of September 2022. This corresponded to a net debt ratio of **1.1x adjusted EBITDA for the last 12 months,** down significantly from 1.8x at the end of September 2021 and 1.5x at the end of June 2022.

As of 30 September 2022, around **80% of Verallia's long-term debt was at a fixed rate** (SLB and hedging on Term Loan A – TLA).

The Group still had **high liquidity[2] of €1 223 million** as of 30 September 2022.

[1] Spread represents the difference between (i) the increase in sales prices and mix applied by the Group after passing the increase in its production costs on to these prices, if required, 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 and before production gap and the impact of the Performance Action Plan (PAP).
[2] Calculated as the Cash + Undrawn Revolving Credit Facilities - Outstanding Neu Commercial Papers.

2022 outlook[3]

Annual reported revenue growth will reach around 25%.

The new furnace being built in Brazil (in Jacutinga) is expected to start, as planned, on November 9th.

Thanks to higher year-end visibility, coupled with excellent third quarter results, the Group has increased its **adjusted EBITDA target for 2022 to above €820 million** (compared to €750–800 million previously).

[3] It should be noted that the direct consequences of the conflict in Ukraine could still change substantially, which is likely to affect forecasts.

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An analysts' conference call will be held on Thursday, 20 October 2022 at 9.00 am (CET) via an audio webcast service (live and replay) and the results presentation will be available on www.verallia.com.

Financial calendar

- 17 January 2023: start of the quiet period.
- 15 February 2023: financial results for Q4 and 2022 financial year – *Press release* ***after market close*** *and conference call/presentation* ***the following morning at 9.00 am CET.***
- 29 March 2023: start of the quiet period.
- 19 April 2023: financial results for Q1 2023 – *Press release* ***after market close*** *and conference call/presentation* ***the following morning at 9.00 am CET.***
- 25 April 2023: Annual General Shareholders' Meeting.
- 4 July 2023: start of the quiet period.
- 25 July 2023: results for H1 2023 – *Press release* ***after market close*** *and conference call/presentation* ***the following morning at 9.00 am CET.***
- 28 September 2023: start of the quiet period.
- 19 October 2023: financial results for Q3 2023 – *Press release* ***after market close*** *and conference call/presentation* ***the following morning at 9.00 am CET.***

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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.

Disclaimer

Certain information included in this press release 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 4 "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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APPENDICES

Key figures for the first nine months of the year

In € million	9M 2022	9M 2021
Revenue	**2,517.6**	**2,022.2**
Reported growth	*+24.5%*	
Organic growth	*+24.4%*	

Adjusted EBITDA (i)	**654.2**	**527.6**
Group margin	***26.0%***	***26.1%***

Net debt at end of period	**921.6**	**1,213.4**
Last 12 months adjusted EBITDA	**804.7**	**678.8**
Net debt/last 12 months adjusted EBITDA	*1.1x*	*1.8x*

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

Key figures for the third quarter

In € million	Q3 2022	Q3 2021
Revenue	**878.7**	**694.5**
Reported growth	*+26.5%*	
Organic growth	*+27.5%*	

Adjusted EBITDA (i)	**228.8**	**182.9**
Adjusted EBITDA margin	***26.0%***	***26.3%***

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

Change in revenue by type in € million during the first nine months

In € million	
9M 2021 revenue	**2,022.2**
Volumes	*+33.2*
Price/Mix	*+460.0*
Exchange rates	*+2.1*
9M 2022 revenue	**2,517.6**

Change in adjusted EBITDA by type in € million during the first nine months

In € million	
9M 2021 Adjusted EBITDA (i)	**527.6**
Activity contribution	*+61.9*
Price-mix/costs spread	*+46.6*
Net productivity	*+22.3*
Exchange rates	*(1.7)*
Other	*(2.6)*
9M 2022 Adjusted EBITDA (i)	**654.2**

(i) Adjusted EBITDA is calculated on the basis of operating income 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 income to adjusted EBITDA

In € million	9M 2022	9M 2021
Operating income	**432.2**	**317.0**
Depreciation, amortisation and impairment (i)	215.6	207.4
Restructuring costs	0.4	(1.8)
IAS 29 Hyperinflation (Argentina) (ii)	(2.2)	(2.1)
Management share ownership plan and associated costs	6.7	7.2
Other	1.4	(0.1)
Adjusted EBITDA	**654.2**	**527.6**

(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

In € million	Nominal amount or max. amount drawable	Nominal rate	Final maturity	30 Sept. 2022
Sustainability-Linked Bond – May 2021 (i)	500	1.625%	May 2028	500.5
Sustainability-Linked Bond – November 2021 (i)	500	1.875%	Nov. 2031	500.5
Term Loan A – TLA (i)	500	Euribor +1.25%	Oct. 2024	499.1
Revolving credit facility RCF 1	500	Euribor +0.85%	Oct. 2024	-
Negotiable debt securities (Neu CP) (i)	400			130.4
Other borrowings (ii)				144.1
Total borrowings				**1,774.7**
Cash and cash equivalents				853.1
Net borrowings				**921.6**

(i) Including accrued interests.
(ii) o/w IFRS16 leasing (€45.8m), cash collateral (€50.0m), local debts (€43.5m), factoring recourse and double cash (€19.9m).

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 statement of income 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 nine months of 2022, the net impact on revenue was **+€8.0 million**. The hyperinflation impact has been excluded from Group adjusted EBITDA as shown in the table “Reconciliation of operating income 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 represents purchases of property, plant and equipment and intangible assets necessary to maintain the value of an asset and/or adapt to market demand and 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 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 – Taxes paid.

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

The Northern and Eastern Europe segment comprises production sites located in Germany, Russia, Ukraine and Poland. It is also designated by its acronym "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).