Press release
Paris, 19 April 2023

2023 first quarter results:
A very good start to the year

Increase in revenue to €1.052 billion (+40.2%, of which 34.7% organic growth)
Growth in adjusted EBITDA to €307 million
Credit rating upgraded to Investment Grade

HIGHLIGHTS

- **A substantial increase in revenue in Q1 2023 to €1.052 billion, i.e. +40.2% (+34.7% at constant scope and exchange rates)[1]**
- **Growth in adjusted EBITDA[2] to €307 million,** from €183 million in Q1 2022
- **An improvement in the adjusted EBITDA margin to 29.2%,** from 24.4% in Q1 2022
- **Integration of Verallia UK in line with our expectations**
- **Now Investment Grade after Moody's upgraded the credit rating to Baa3**
- **Banking refinancing in the amount of €1.1 billion,** based on environmental and social key performance indicators (Sustainability Linked Loan)
- **Net debt ratio reduced to 1.3x adjusted EBITDA for the last 12 months**, compared to 1.7x at 31 March 2022 and 1.6x at 31 December 2022

"Verallia has very well begun 2023. The Group is on track to meet its full-year revenue growth target. The strong profitability achieved over the quarter was boosted by a positive inflation spread and quality work by the Group's industrial teams in the Performance Action Plan deployment. In addition, Verallia successfully refinanced part of its debt on attractive terms. The Group also benefited from an upgrade to its credit rating assigned by Moody's, thereby being promoted to Investment Grade. All this is testament to Verallia's high-quality operating and financial profile. We anticipate an adjusted EBITDA of more than €1 billion in 2023 and pursue our decarbonisation trajectory", commented Patrice Lucas, CEO of Verallia.

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[1] Growth in revenue at constant scope and exchange rates excluding Argentina of +31.3% in the first quarter of 2023 compared with the first quarter of 2022.

[2] Adjusted EBITDA is calculated on the basis of 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.

REVENUE

Breakdown of revenue

In € million	Q1 2023	Q1 2022
Revenue	**1,051.6**	**749.9**
Reported growth	**+40.2%**	
Organic growth	**+34.7% *(+31.3% excluding Argentina)***	

Revenue in the first quarter of 2023 totalled €1.052 billion, a strong 40.2% increase on a reported basis compared with last year.

The foreign exchange impact was negative at -2.9%, i.e. -€22 million. This was attributable to a sharp depreciation in the Argentinian peso and Ukrainian hryvnia.

Scope effects stemming from the acquisition of Allied Glass (since renamed Verallia UK) in November 2022 were positive at **€63 million, i.e. +8.4%**, boosting Group spirits' sales growth in Q1 2023.

At constant scope and exchange rates, revenue increased by +34.7% (and by +31.3% excluding Argentina). Sales volumes fell slightly over the quarter in Europe but continued to grow in Latin America. The year got off to a weak start in Europe in the beer segment.

The Group introduced further selling price hikes in Europe to counter the production cost inflation. Prices were raised in Latin America as well following high inflation in the region.

The product mix remained positive in the first quarter.

Revenue breakdown by region:

- Southern and Western Europe saw volumes fall slightly over the quarter. Italy was held back by insufficient production capacity (due to a scheduled furnace stoppage for partial renovation work) while facing strong demand in the market, but the mix proved very positive. France was penalised by strikes, mostly due to a social climate disrupted by the country's pension reforms.
- Northern and Eastern Europe experienced decreasing volumes, primarily because of a weak demand in the beer segment in Germany. Volumes increased in Ukraine. The second furnace started up again thanks to the efforts of the local staff and improved supply chain and market conditions. The integration of Verallia UK, meanwhile, is going very well.
- Latin America reported an increase in volumes over the quarter in Brazil and Argentina. The Brazilian market remains vibrant and the ramp up of the Jacutinga new furnace is excellent. Our activities in Argentina are penalised by the current political uncertainty and economic instability in the country. Volumes in Chile decreased over the quarter as distributors and clients hold large amounts of inventory and exports by our local clients have fallen.

ADJUSTED EBITDA

Breakdown of adjusted EBITDA

In € million	Q1 2023	Q1 2022
Adjusted EBITDA	**307.4**	**182.7**
Adjusted EBITDA margin	**29.2%**	**24.4%**

Adjusted EBITDA increased to €307 million in the first quarter of 2023. The unfavourable effect of exchange rates, attributable to the depreciation of the Argentinian peso and Ukrainian hryvnia, reached -€13.4 million. Those negative change impacts have been partially compensated by the newly acquired Verallia UK business' contribution.

As expected, the inflation spread[3] was well into positive territory at €135 million, boosted by particularly favourable base effects: the inflation spread in Q1 2022 was negative (at -€34 million) due to a time-lag between the effects of production cost inflation and the introduction of price hikes in Europe throughout 2022.

Meanwhile, cash production costs fell sharply (PAP), in line with the Group's objective, and resulted in a €13 million improvement in EBITDA (i.e. 2.0% of cash production costs).

Adjusted EBITDA was buoyed up by exceptional income in the amount of €10 million relating to insurance compensation received for damage caused by a fire in Argentina in Q4 2021.

The adjusted EBITDA margin increased to 29.2% from 24.4% in Q1 2022.

A VERY SOLID BALANCE SHEET, UPGRADED BY MOODY'S TO INVESTMENT GRADE

Verallia's net debt at end-March 2023 totalled €1,304 million, bringing its **debt ratio to 1.3x adjusted EBITDA for the last 12 months**, compared to 1.7x at 31 March 2022 and 1.6x at 31 December 2022.

The Group had **liquidity[4] of €838 million** at 31 March 2023.

Verallia announced on 4 April 2023 that rating agency **Moody's** had upgraded the Group's long-term credit rating to **Baa3** with a **stable outlook,** so it is now **Investment Grade**. This upgrade fully acknowledges the Group's financial strength and the robustness of its business model geared towards profitable growth. Verallia now has a Baa3 rating from Moody's with a stable outlook and a BB+ rating from Standard & Poor's with a positive outlook.

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[3] Spread corresponds to the difference between (i) the increase in selling prices and the mix applied by the Group after passing any increase in production costs onto these selling prices and (ii) the increase in 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 the production gap and the impact of the Performance Action Plan (PAP).

[4] Calculated as Cash + Undrawn Revolving Credit Facilities – Outstanding NEU Commercial Paper.

€1.1 billion REFINANCING AGREEMENT FOR A TERM LOAN AND RCF

Amid highly volatile financial markets, Verallia was able to secure the refinancing of his €1 billion debt that was maturing in October 2024. The Group signed an agreement with a pool of international banks on April 17th 2023 for a €1.1 billion syndicated credit facility based on environmental and social key performance indicators (Sustainability Linked Loan). This facility is in the form of a €550 million term loan and a €550 million revolving credit facility (RCF) and will be used to refinance in advance the Group's existing syndicated credit facility. The new term loan has a 4-year maturity with a one-year extension option, while the new RCF has a 5-year maturity with two one-year extension options. The RCF will not be drawn at the closing of the operation.

The terms and conditions applied to this new facility are linked to the achievement of ambitious ESG targets reflecting current environment and social challenges. These targets can impact the margin upwards or downwards and are linked to the three following indicators: the reduction of Group's CO_2 emissions (Scopes 1 & 2), optimization of water consumption in our plants, and the promotion of diversity.

Materially oversubscribed, this facility allows the Group to secure its long-term liquidity while continuing to optimize the average cost of its debt.

PROGRESS REPORT ON THE INTEGRATION OF VERALLIA UK

The integration of Allied Glass, which was renamed Verallia UK on January 1st 2023, is on track: deployment of IT systems, roll-out of PAP methodology underway with plans to launch the first actions in the second half, procurement contracts incorporated into the Group's contracts and policies, ...

2023 OUTLOOK

Despite the uncertainty surrounding global macroeconomic conditions, the glass market in Europe and Latin America should remain supportive in 2023. The Group will continue to invest in developing its production capacity and in deploying its decarbonisation technologies for the coming years.

Verallia intends to pursue its profitable growth strategy based on regular organic growth, a positive inflation spread and an annual reduction in cash production costs (PAP) of 2%.

On the strength of all these success factors, Verallia confirms its objective of achieving revenue growth of more than 20% and anticipates an adjusted EBITDA of more than €1 billion in 2023.

In addition, Verallia will continue tirelessly to implement its ESG roadmap.

An analysts' conference call will be held on 20 April 2023 at **9.00am** (CET) via an audio webcast service (live and replay) and the results presentation will be available on www.verallia.com.

FINANCIAL CALENDAR

- 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 next day at 9.00am 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 next day at 9.00am CET.

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 more than 10,000 employees and 34 glass production facilities in 12 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 2022, Verallia produced close to 17 billion glass bottles and jars and posted revenue of €3.4 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: CAC SBT 1.5°, STOXX600, SBF 120, CAC Mid 60, CAC Mid & Small and CAC All-Tradable.

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APPENDICES - Key figures

In € million	Q1 2023	Q1 2022
Revenue	**1,051.6**	**749.9**
Reported growth	+40.2%	
Organic growth	+34.7%	
Adjusted EBITDA[5]	**307.4**	**182.7**
Group margin	**29.2%**	**24.4%**
Net borrowings at end of period	**1,304.4**	**1,221.8**
Last 12 months adjusted EBITDA	**990.3**	**709.1**
Net debt/last 12 months adjusted EBITDA	*1.3x*	*1.7x*

Growth in revenue by nature in € million during the first quarter

In € million	
Q1 2022 revenue	**749.9**
Volume effect	*-39.2*
Price/Mix	*+299.6*
Exchange rates	*-21.8*
Scope	*+63.1*
Q1 2023 revenue	**1,051.6**

Growth in adjusted EBITDA by nature in € million during the first quarter

In € million	
Q1 2022 adjusted EBITDA	**182.7**
Activity contribution	*-16.6*
Price-mix/Cost spread	*+135.0*
Net productivity	*+12.8*
Exchange rates	*-13.4*
Other	*+6.8*
Q1 2023 adjusted EBITDA	**307.4**

[5] Adjusted EBITDA is calculated on the basis of 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.

Reconciliation of operating profit to adjusted EBITDA

In € million	Q1 2023	Q1 2022
Operating profit	**224.7**	**109.1**
Depreciation and amortisation[6]	79.0	69.9
Restructuring expenses	0.5	0.6
Company acquisition costs and earn-outs	0.1	0.1
IAS 29: hyperinflation (Argentina)[7]	0.3	0.0
Management share ownership plan and associated costs	2.8	2.5
Other	-	0.5
Adjusted EBITDA	**307.4**	**182.7**

IAS 29: hyperinflation in Argentina

The group has applied IAS 29 in Argentina since 2018. 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 2023, the net impact on revenue was -0.3 million. The hyperinflation impact has been excluded from Group adjusted EBITDA as shown in the table "Reconciliation of operating profit to adjusted EBITDA".

Financial structure

In € million	Nominal amount or max. amount drawable	Nominal rate	Final maturity	31 March 2023
Sustainability-linked bond May 2021[8]	500	1.625%	May 2028	504.8
Sustainability-linked bond November 2021[8]	500	1.875%	Nov. 2031	496.3
Term loan A – TLA[8]	500	Euribor +1.25%	Oct. 2024	501.4
Revolving Credit Facility RCF1	500	Euribor +0.85%	Oct. 2024	-
Negotiable Commercial Papers (NEU CP)[8]	400			189.3
Other liabilities[9]				140.2
Total borrowings				**1,832.0**
Cash and cash equivalents				527.7
Net debt				**1,304.4**

[6] 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.
[7] The Group has applied IAS 29 (Financial Reporting in Hyperinflationary Economies) since 2018.
[8] Including accrued interest.
[9] o/w IFRS16 leasing (€53.3m), Collateral Engie (€50.0m), local debts (€15.8m), factoring recourse and double cash (€22.3m).

GLOSSARY

Activity: 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 same exchange rates to financial indicators presented in the two comparative periods (by applying the exchange rates of the previous period to the indicators of the current period).

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 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 renovations 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 associated with the implementation of the CO_2 emissions reduction plan.

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 Operating Cash Flow - Other operating impacts - Interest paid & other financing costs - Cash Tax.

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

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

The Latin America segment comprises production plants located in Brazil, Argentina and Chile. And one sales office in the US.

Liquidity: calculated as Cash + Undrawn Revolving Credit Facilities – Outstanding NEU Commercial Paper.

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