H1 2023 results

26 July 2023

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KEY HIGHLIGHTS

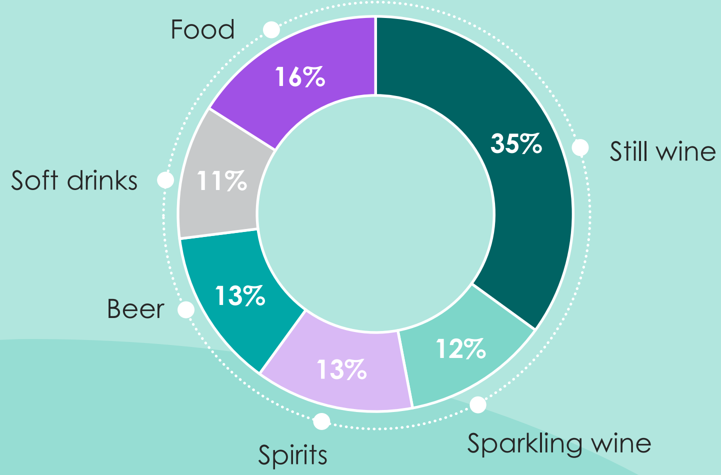
Patrice LUCAS
CEO

01

A global leader in glass packaging

DIVERSIFIED AND BALANCED END-MARKETS

2022 Glass packaging[(1)] sales split by end-market



N°1
in Europe[(2)]
87% of 2022 sales

N°2
in Latin America[(3)]
13% of 2022 sales

N°3
Globally

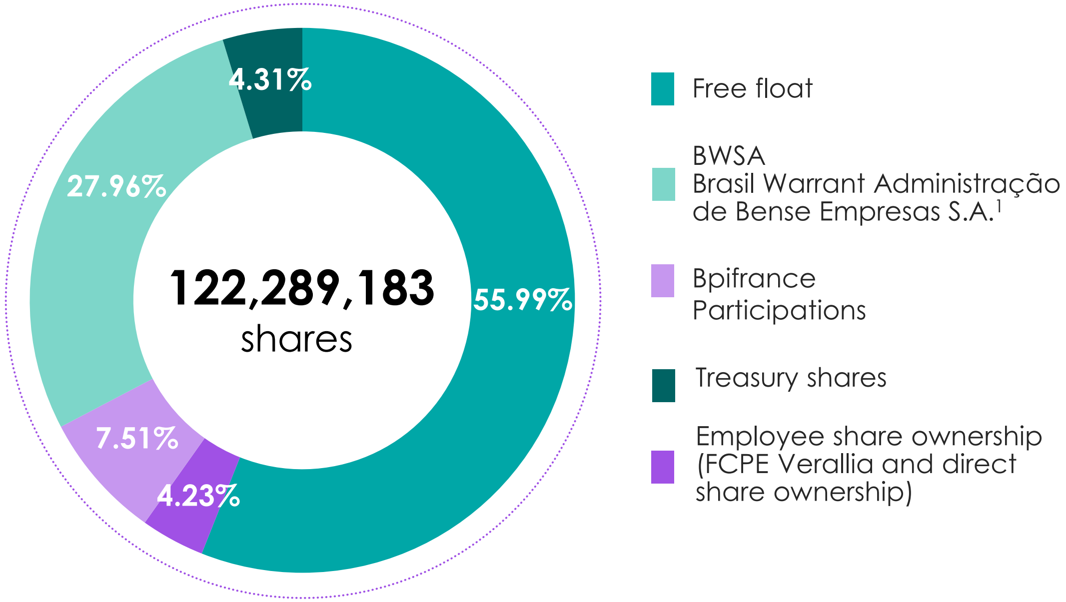
verallia

- **12** countries
- **10,000** employees
- **17 billion** bottles/jars p.a.
- **12** cullet recycling centers
- **63** furnaces
- **34** glass plants
- **5** decoration plants

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 2022 volumes in Argentina, Brazil and Chile.

Capital structure & Employee shareholding offer

SHAREHOLDING STRUCTURE AS OF JUNE 30,2023*



RENEWED SUCCESS FOR THE 8TH EMPLOYEE SHAREHOLDING OFFER

- **0.5% of share capital**, €30.45 subscription price (20% discount[2] and matching employer contribution plan)
- 9 countries, including for the first time the UK
- More than 3,600 employees, i.e. 41% of eligible headcount, invested
- **More than 48% of employees are now shareholders of Verallia (88% in France)**
- **Employees now own 4.2% of Verallia's share capital**, in line with the objective of achieving 5% employee share ownership by 2025

Notes:
* In terms of number of shares.
1 Acting through a fund managed by BW Gestão de Investimentos Ltda, a 100% subsidiary of BWSA.
2 20% discount to the average Verallia share price on the Euronext Paris regulated market over the twenty trading days preceding April 29,2023.

ESG: new projects driving the decarbonization roadmap

NEW FURNACE TECHNOLOGIES

Electrical Furnace (Cognac 1)

- Furnace design and supplier selected: strategic partnership with FIVES Group
- Pilot on track (150t/d), start of production Q1 2024

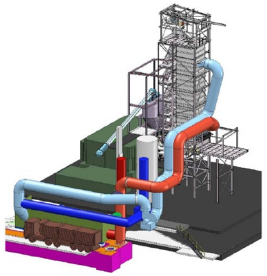
Hybrid Furnace (Zaragoza)

- Project development on track
- Start of production late 2024

OTHER DECARBONIZATION PROJECTS

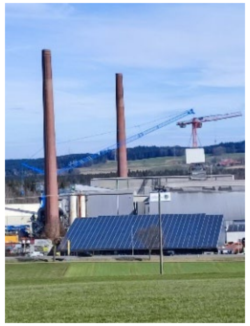
Bio heating oil

- Alternative to natural gas helping eliminate CO_2 emissions from melting operations
- Zaragoza (Spain) running on bio heating oil since 2022 (up to 20%)
- Pilots being implemented in all divisions



Batch preheaters

- Use of fumes energy to heat raw material prior to furnace introduction, making melting easier and less energy-intensive
- First BPH started operating in Bad Wurzach (Germany) in early 2023; 2 other BPHs will be installed in Portugal and Italy this year



ADDITIONAL CAPACITY

- Two ongoing brownfield projects (Campo Bom in Brazil and Pescia in Italy) progressing well, startup expected H1 2024
- Both projects based on oxy-combustion technology (18% reduction in CO_2 emissions vs traditional furnaces)

Verallia initiatives in re-use

BOUT A BOUT (FRANCE)

Bout'à Bout'

Nantes-based **start-up** specializing in the reuse of glass bottles

700k
reusable bottles collected by Bout' à Bout' in 2022

220
points of sale / collection

60 million
bottles, the target capacity for financing an industrial washing site operational in 2023

Financial participation

total fundraising of €7 million

NEW REUSABLE STANDARDS (FRANCE)

CITEO

Partnership supported by the French Ministry of Ecology

Development **Of 2 reusable standard references** on a large scale by **2025**

OI also a partner for 2 other references

WINE REUSE (GERMANY)

riegel bioweine

First customer agreement with Riegel

Verallia Deutschland becoming a service provider for delivery, cleaning and reverse logistics of re-usable bottles

Newly designed **0.75l wine bottle**

Re-use In Germany
New reusable wine bottle pool Q2 2024

WEIN MEHRWEG by verallia

verallia

Verallia Design Awards: creativity supporting innovation and premiumization

IBERIA

12 Schools;
183 Students

FRANCE

130 Schools;
672 Students

verallia

Excellent half-year results

REVENUE

- **+30.7%** to **€2.143bn**
- **+28.6%** organic growth(1)

ADJUSTED EBITDA

- **€659m**
(+54.9% vs. H1 2022)
- **Margin** at **30.8%** vs. 26.0% in H1 2022 (+480 bps)

NET DEBT

- **Leverage: 1.3x LTM Adj EBITDA**
(vs. 1.3x end of March 23 and 1.5x end of June 22)

NET INCOME(2)(3)

- **€311 million**
(+78.8% vs H1 2022)
- **€2.65 EPS**

(1) Growth in revenue at constant exchange rates and scope excluding Argentina of +25.7% in H1 2023 compared to H1 2022
(2) Attributable to shareholders
(3) Net income for H1 2023 includes an amortisation expense for customer relationships, recognised upon the acquisition of Saint-Gobain's packaging business in 2015, in the amounts of €22 million and €0.19 per share (net of taxes). This expense will remain in place until 2027. If it had not been taken into account, net income attributable to shareholders would have been €333 million and €2.84 per share. It was €23 million and €0.20 per share in H1 2022.

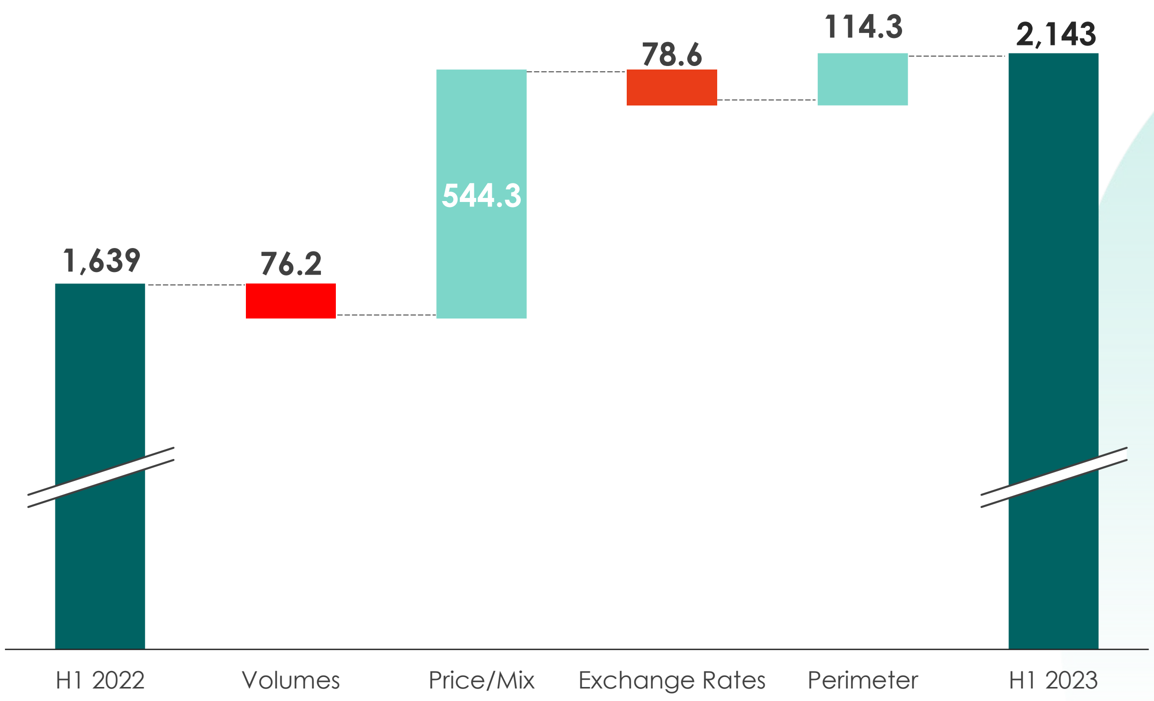
H1 2023
FINANCIAL RESULTS

02

Nathalie DELBREUVE
CFO

H1 2023 Consolidated Revenue Variance Analysis

REPORTED REVENUE (IN €M)

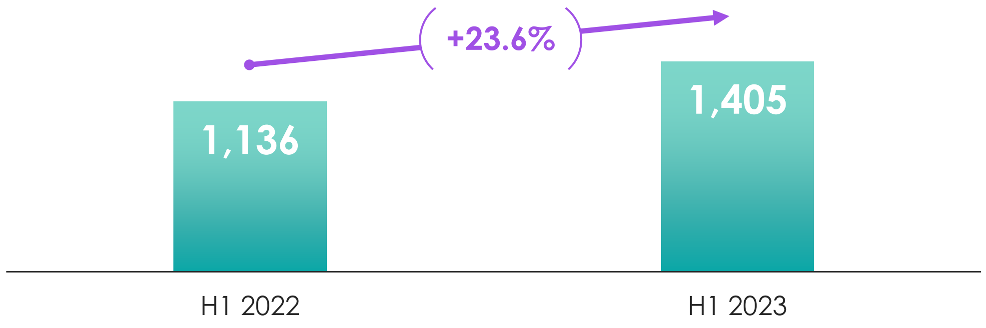


- Organic growth: +28.6% in H1 23
- Soft volumes in H1 with better trend in Q2
  - Europe: decrease in beer and still wine
  - LatAm: lower activity in Chile
  - Impact of destocking down the chain
  - Continued growth in sparkling wines, good resilience in NAB and food jars
- Price / mix
  - Carry over impact from last year selling price increases
  - After price increases early 2023, moderate and selective price reductions in Europe to reflect softer-than-expected cost inflation
  - Positive contribution from mix
- FX
  - Argentinian peso and to a lesser extent Ukrainian hryvnia
- Perimeter effect
  - From Allied Glass acquisition in Nov 2022; boosting Group spirits sales

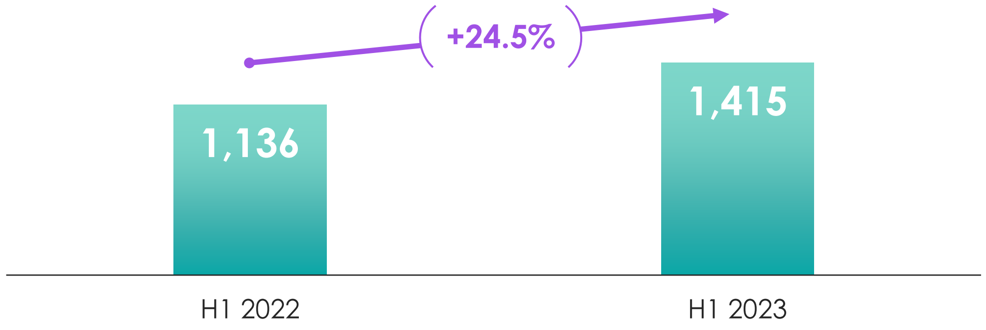
STRONG ORGANIC GROWTH AND CONTRIBUTION FROM NEWLY ACQUIRED UK BUSINESS

H1 2023 SWE[1] Revenue Evolution

REPORTED REVENUE (IN €M)



REVENUE AT CONSTANT EXCHANGE RATES & SCOPE[2] (IN €M)



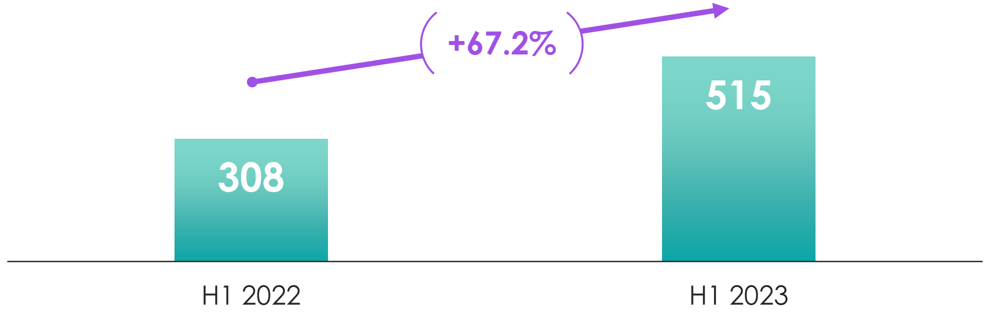
- Volumes down yoy but with decrease slowing down in Q2
  - Marked decrease in beer volumes across countries, likely impacted by destocking down the chain
  - Soft volumes in still wines, with good resilience in Italy and Iberia
- Strongly positive price impact
- Positive mix especially in Italy

STRONG PRICE AND MIX CONTRIBUTION DESPITE SOFT VOLUMES

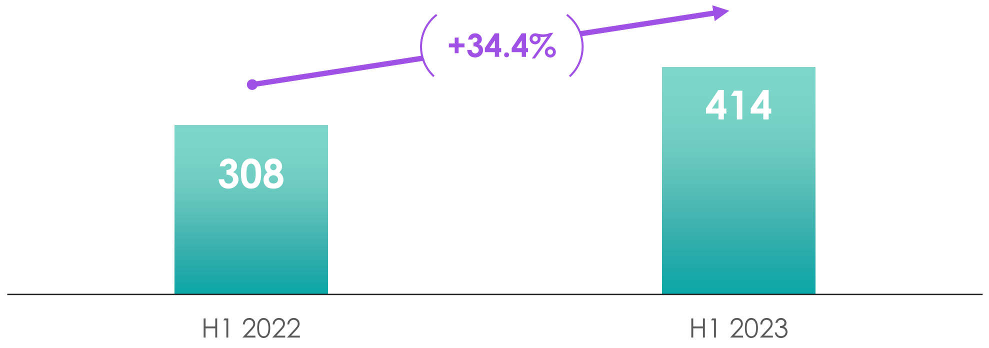
(1) Southern and Western Europe comprises France, Italy, Spain and Portugal.
(2) Perimeter effect linked to the internal reorganisation of a commercial activity.

H1 2023 NEE[1] Revenue Evolution

REPORTED REVENUE (IN €M)



REVENUE AT CONSTANT EXCHANGE RATES & SCOPE (IN €M)



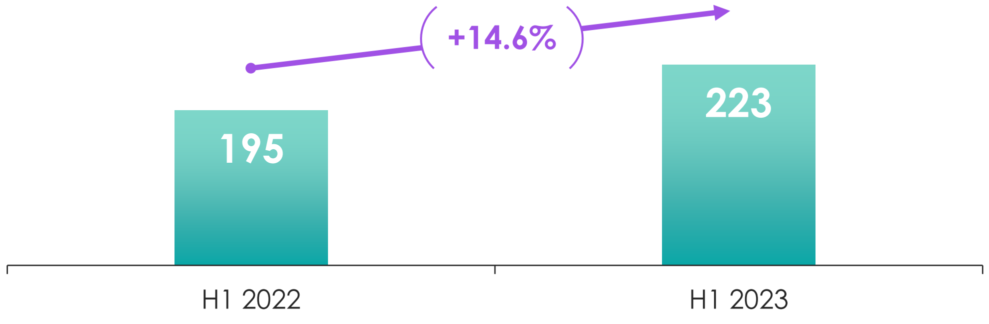
- Combination of sustained organic growth and scope increase with Allied Glass (now Verallia UK)
- Volume decline in Germany partly offset by growth in Ukraine
  - Beer and to a lesser extent still wines volumes down
  - Growth in Ukraine volumes with the restart of Zorya's second furnace
  - Positive NAB and food jar contribution
- Strongly positive price impact across geographies
- -4.3% negative FX impact (Ukrainian hryvnia)
- +37.1% (€114m) perimeter effect from the acquisition of Allied Glass (closed November 2022)

COMBINATION OF SUSTAINED EASTERN EUROPE ACTIVITY AND CONSOLIDATION OF VERALLIA UK

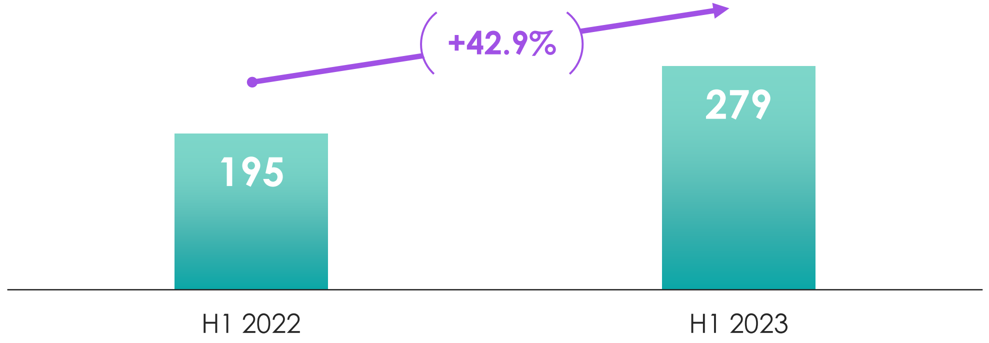
(1) Northern and Eastern Europe comprises Germany, UK, Poland, Ukraine and Russia.

H1 2023 LATAM[1] Revenue Evolution

REPORTED REVENUE (IN €M)



REVENUE AT CONSTANT EXCHANGE RATES & SCOPE(2) (IN €M)



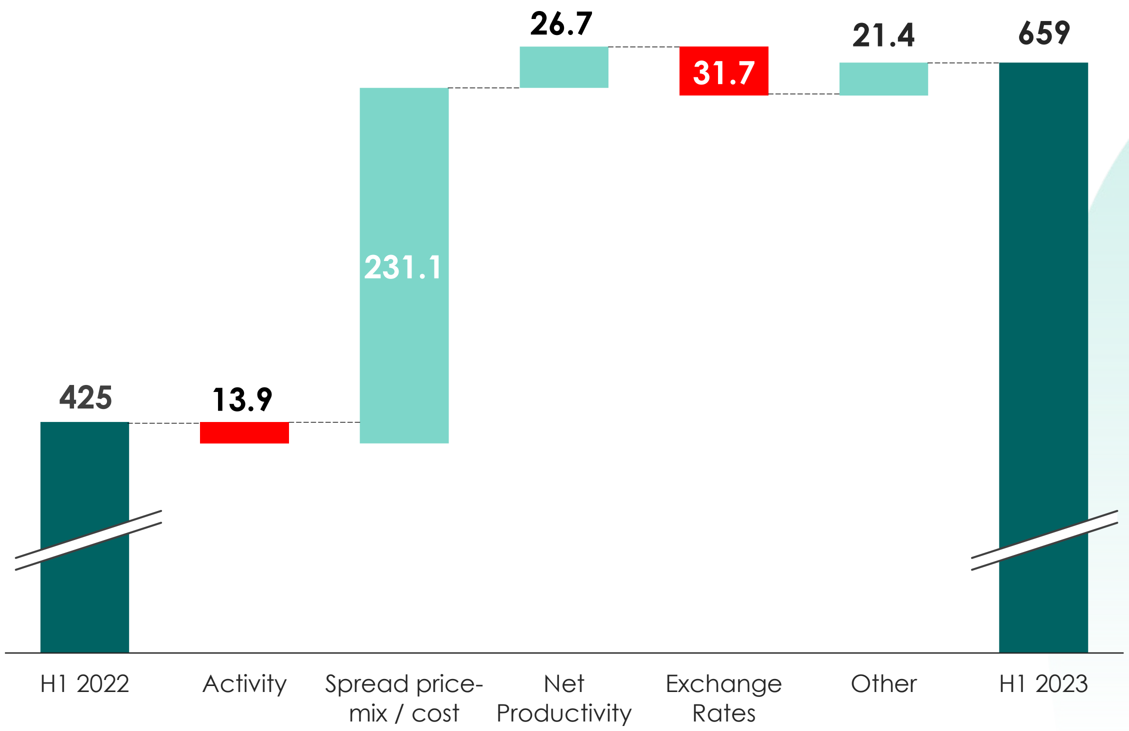
- Broadly flat sales volumes, with Brazil growth offset by lower volumes in Chile
  - Continued growth in Brazilian beer and spirits volumes
  - Decline in Chilean wine volumes due to distributor destocking and lower exports by customers
- Strong increase in selling prices, especially in Argentina to cover local hyperinflation
- Successful launch of Jacutinga new furnace in Brazil
- -33.5% negative exchange rate impact entirely due to Argentinian peso

STRONG ORGANIC GROWTH PARTLY OFFSET BY NEGATIVE ARGENTINIAN FX IMPACT

(1) Latin America comprising production plants located in Brazil, Argentina and Chile.
(2) At constant exchange rates and scope. organic growth in Latam excluding Argentina would be +15.1%; perimeter effect linked to the internal reorganisation of a commercial activity.

H1 2023 Consolidated Adjusted EBITDA Variance Analysis

ADJUSTED EBITDA (IN €M)



+480bps

	H1 2023	H1 2022
Adjusted EBITDA margin	30.8%	26.0%

- Activity / Operating leverage
  - Slightly lower volumes in H1, partly offset by inventory rebuild
- Positive price-mix / cost spread
  - Combination of 2022 carry-over and early 2023 price increases
  - Positive mix contribution, especially in Italy
- Net PAP
  - Steady performance with 2.0% reduction in cash production costs
- Adverse FX effect
  - Argentinian peso and to a lesser extent Hryvnia
- Other
  - Mostly includes perimeter impact from Allied Glass acquisition

STRONG INCREASE IN ADJUSTED EBITDA AND MARGIN

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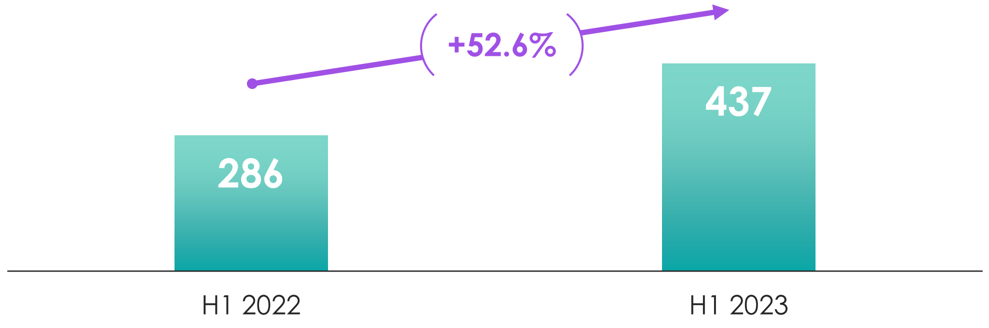
H1 2023 SWE[1] Adjusted EBITDA Evolution

ADJUSTED EBITDA (IN €M)



	H1 2023	H1 2022
Adjusted EBITDA margin	31.1%	25.2%

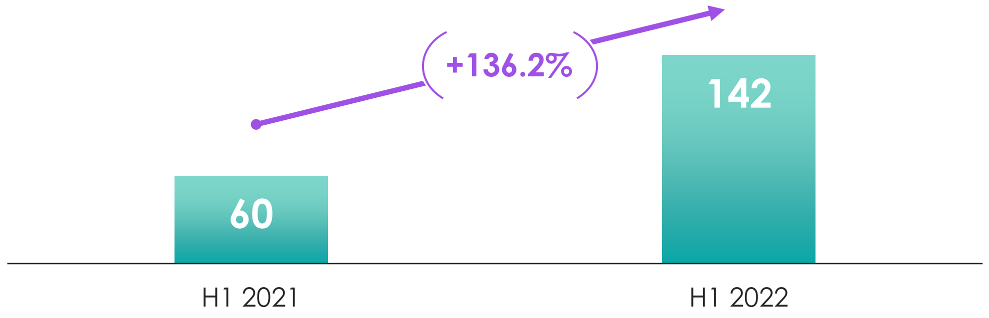
+589bps

- Positive price-cost spread with selling price increases (including 2022 carry-over) compensating sharp rise in costs
- Positive product mix (especially Italy)
- Industrial performance (PAP) in line with cost reduction objective

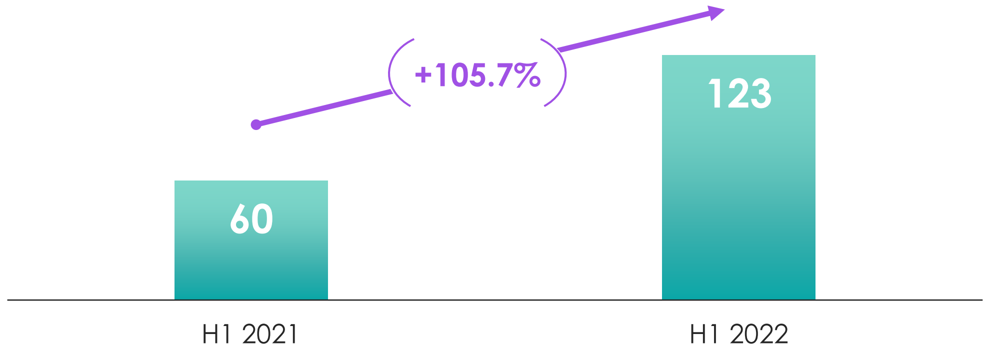
(1) Southern and Western Europe comprises France, Italy, Spain and Portugal.

H1 2023 NEE[1] Adjusted EBITDA Evolution

ADJUSTED EBITDA (IN €M)



ADJUSTED EBITDA AT CONSTANT FX & SCOPE (IN €M)



+804bps

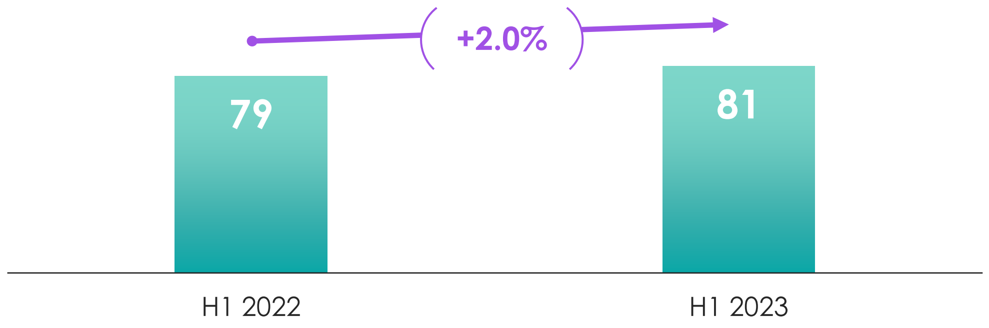
	H1 2023	H1 2022
Adjusted EBITDA margin	27.5%	19.5%

- Strongly positive price-cost spread with selling price increases compensating the sharp rise in costs
- Industrial performance ahead of cost reduction objective
- Increase in Ukraine EBITDA thanks to local team commitment and restart of second furnace
- Strong contribution from high-margin UK operation
- Negative FX impact mostly due to Ukrainian hryvnia

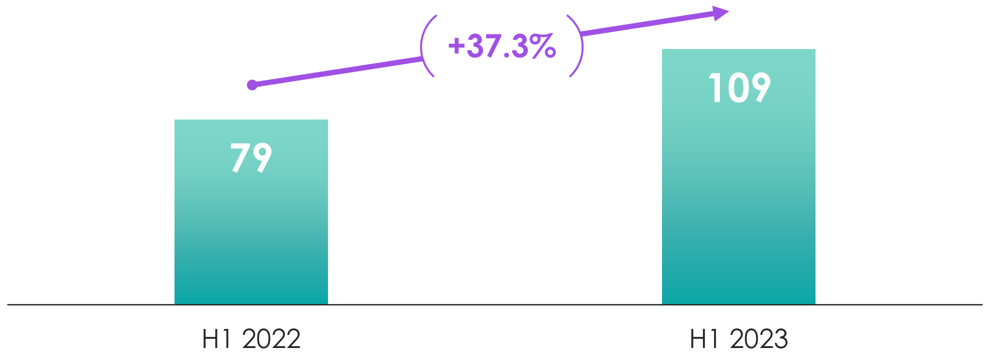
(1) Northern and Eastern Europe comprises Germany, UK, Poland, Ukraine and Russia.

H1 2023 LATAM[1] Adjusted EBITDA Evolution

ADJUSTED EBITDA (IN €M)



ADJUSTED EBITDA AT CONSTANT FX & SCOPE (IN €M)



-449bps

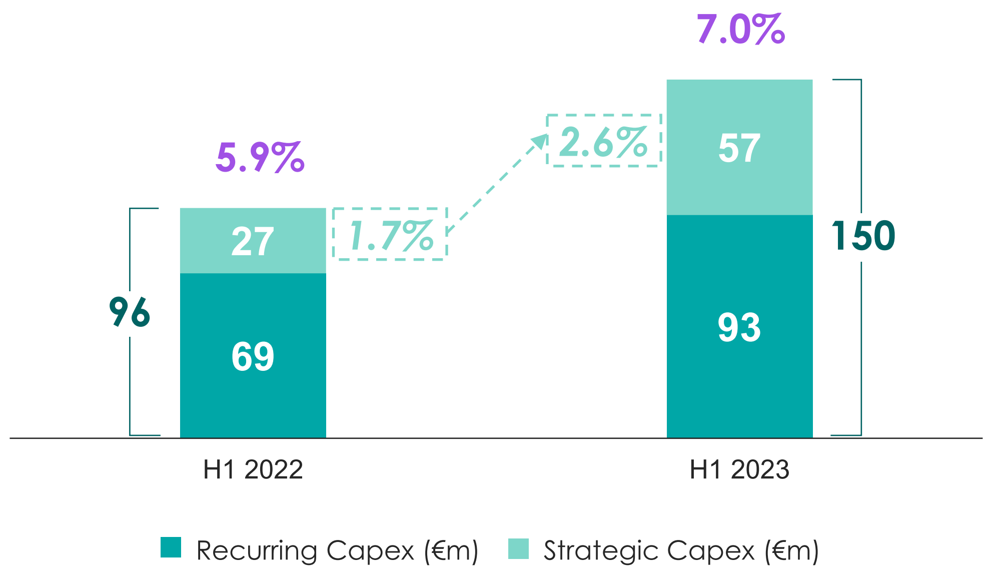
	H1 2023	H1 2022
Adjusted EBITDA margin	36.3%	40.8%

- Strong organic growth on a mix of positive activity (Brazil) and positive price/cost spread
- Entirely offset by negative FX impact (Argentinian peso)
- Lower activity in Chile weighing on fixed cost absorption and industrial performance

(1) Latin America comprising production plants located in Brazil, Argentina and Chile.

H1 2023 Capex Evolution

TOTAL BOOKED CAPEX AS % OF SALES - In € million



- H1 2023 total booked capex in line with ~10% of sales objective for the full year
- H1 2023 capex higher than in previous years reflecting more balanced capex spend through the year
- Strategic capex up from 1.7% to 2.6% of sales, primarily comprising:
  - First investments linked to the construction of 2 new furnaces in 2024: Campo Bom (Brazil) and Pescia (Italy)
  - CO_2 emissions reduction capex for ca €19 million
- Sustained CO_2 capex reflects continued rollout of ambitious ESG roadmap

SMART CAPEX POLICY SUPPORTING PROFITABLE ORGANIC GROWTH AMBITION AND ESG ROADMAP IMPLEMENTATION

H1 2023 Group Cash Flow Generation

In € million	H1 2023	H1 2022
Adjusted EBITDA	**659.0**	**425.4**
Total Capex	150.1	96.3
Cash Conversion	**77.2%**	**77.4%**
Change in operating working capital	(192.6)	(15.4)
of which Capex WCR	*(77.6)*	*(29.8)*
Operating Cash-Flow	**316.3**	**313.7**
Other operating impact	14.1	(26.1)
Interest paid & other financing costs	(25.1)	(16.4)
Cash Tax	(57.5)	(44.8)
Free Cash-Flow	**247.8**	**226.4**

- Strong growth in adjusted EBITDA
- Increase in Total Capex including strategic investments (capacity increase & CO_2)
- Strong increase in operating working capital requirement
  - Combination of higher revenue base, increase in inventory levels and CAPEX WCR variation
- Other operating impact: IFRS 16 and adjustments to EBITDA with a cash effect
- Moderate increase in Interest paid and other financial costs (around 90% of long-term debt at fixed rates)

STRONG FREE CASH-FLOW GENERATION DESPITE INCREASE IN CAPEX AND INVENTORY REBUILD

Source: Company.
Notes: Cash conversion = (Adjusted EBITDA-Capex) / Adjusted EBITDA. Free Cash-Flow defined as the Operating Cash Flow - Other operating impact - Interest paid & other financing costs - Cash Tax.

30 June 2023 Group Net Debt Evolution and Leverage

In € million	30/06/2023	31/12/2022	30/06/2022
Net Debt	1,401.4	1,405.9	1,146.6
LTM Adjusted EBITDA	1,099.1	865.5	758.8
Net Debt / LTM Adjusted EBITDA	**1.3x**	**1.6x**	**1.5x**

- Standard & Poor’s upgrades Verallia's credit rating from BB+ to **BBB-**, **Investment Grade** with a positive outlook (May 2023)
- Follows Moody's upgrade of Verallia's credit rating from Ba1 to **Baa3**, **Investment Grade** with a stable outlook (April 2023)
- Net debt at €1,401m including rights-of-use for €59.5m
- Deleveraging after €164m dividend payments to our shareholders and €38m share buy-back

CONTINUOUS DELEVERAGING AND IMPROVED CREDIT PROFILE LEADING TO INVESTMENT GRADE RATING WITH BOTH S&P AND MOODY’S

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30 June 2023 Financial Structure and Liquidity

In € million	Nominal amount or max. Amount drawable	Maturity	Nominal rate	30 June 2023
Sustainability-Linked Bond – May 2021[1]	500.0	May 2028	1.625%	498.8
Sustainability-Linked Bond – November 2021[1]	500.0	November 2031	1.875%	498.8
Term Loan (TL)[1]	550.0	Apr. 2027+1 yr extension	Euribor+1.50%	549.0
Revolving Credit Facility (RCF1)	550.0	Apr. 2028+1 yr + 1yr extensions	Euribor+1.00%	-
Negotiable Commercial Papers Neu CP[1]	400.0			175.3
Other debt[2]				142.8
Total borrowings				**1,864.8**
Cash				463.4
Net Debt				**1,401.4**

- Refinancing of existing Term Loan and RCF lines in April 2023
  - Increase in bank facilities from €1.0bn to €1.1bn ow €550m Term Loan (TL); minimum maturities 2027
  - Sustainability Linked Loan, based on environmental & social KPIs (CO2 emissions, water consumptions, inclusion & diversity)
- 89% of total long-term debt is fixed either by being at fixed rate or by being hedged
- Total available liquidity[3] reaches €836.9 million as of June 30th, 2023

Notes: (1) Including accrued interest
(2) o/w IFRS16 leasing (€59.5m)
(3) Calculated as the Cash + Undrawn Revolving Credit Facilities – Outstanding Commercial Papers

2023 GUIDANCE

Patrice LUCAS
CEO

03

Raised 2023 Guidance

REVENUE

2023 revenue growth of

more than 20%

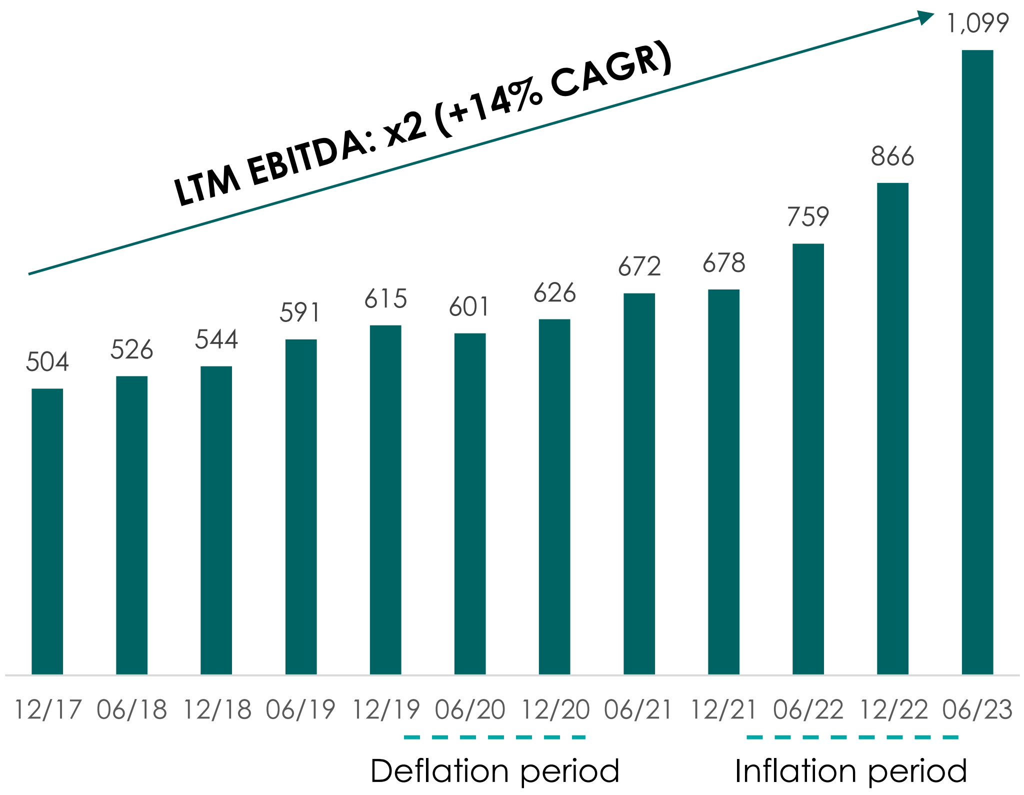
ADJUSTED EBITDA

Adjusted EBITDA comprised

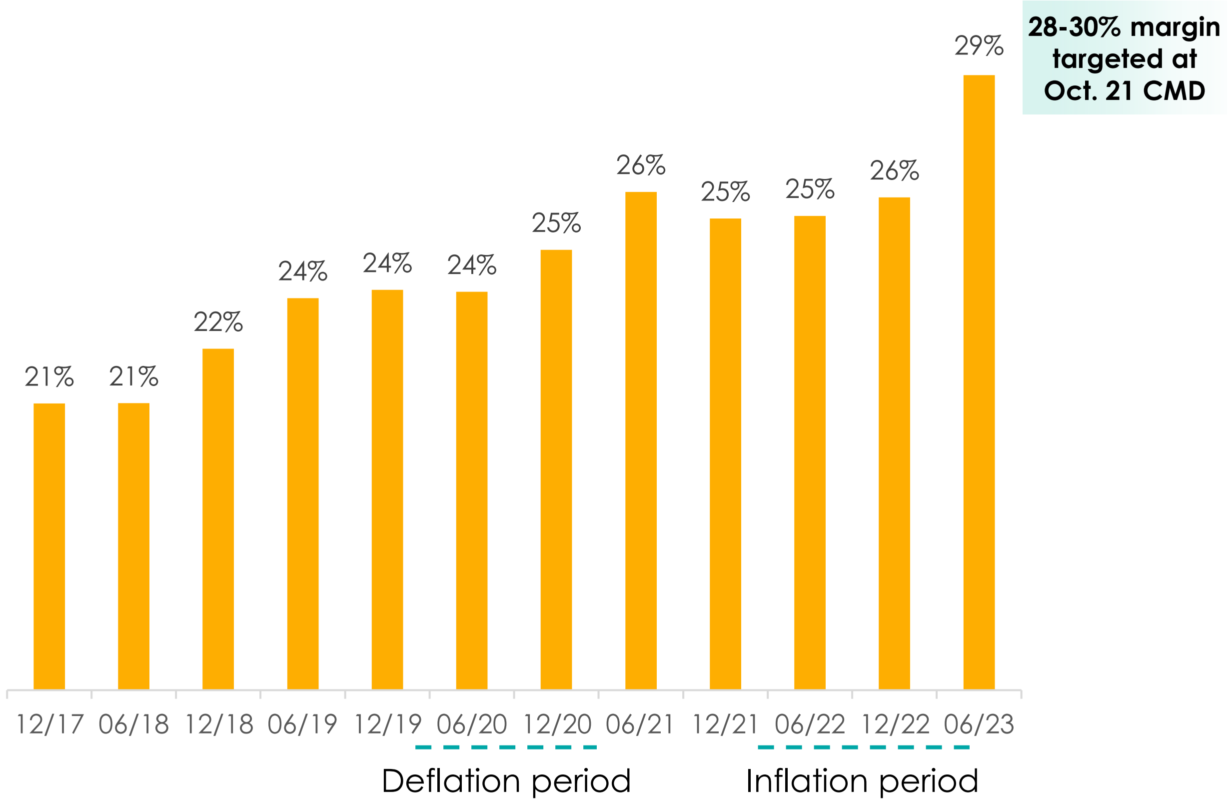
between €1.100-1.250bn

Continuous EBITDA improvement

LTM EBITDA in €m (2017 – 1H23)



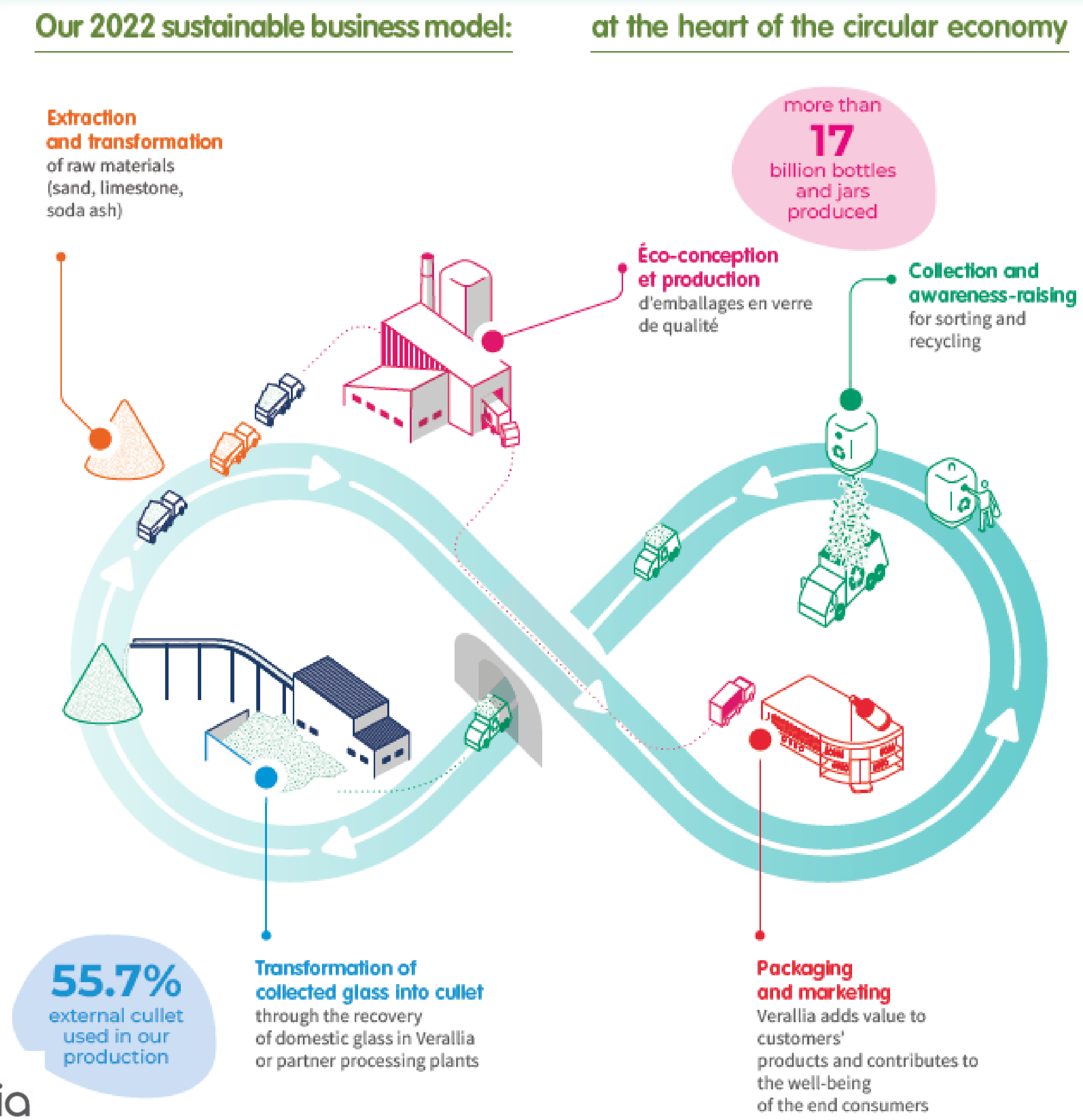
LTM EBITDA margin (2017 – 1H23)



- **LTM EBITDA has grown every single semester since 2017 (except in 1H20, down 2%)** and doubled in 5.5 years thanks to consistent hedging, positive price / cost spread and PAP policy
- Verallia has **delivered consistent results in both inflationary and deflationary environments**

Q&A

Circularity is core to our model



SAVINGS*

+10pts

of cullet

-5% CO_2

of CO_2 emissions

-2.5%

of energy consumption

Source: Company.

* Press release from the Fédération Européenne du Verre d'Emballage (FEVE), 12 April 2018.

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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**

CO_2

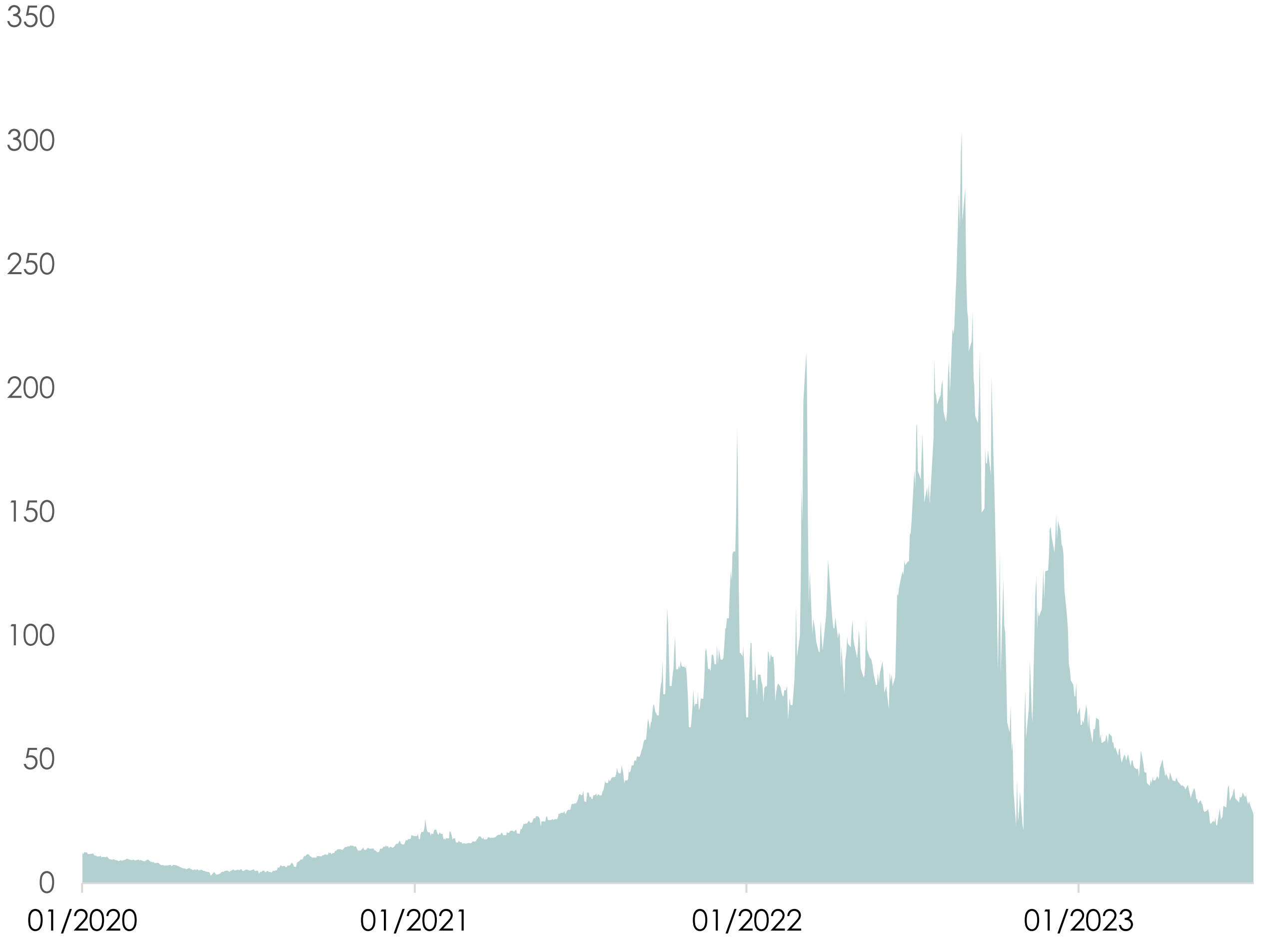
- Disciplined carbon emission quotas hedging policy in Western Europe
  - Hedging horizon: next 3 years
  - Forward purchases during year N with targeted deficit hedge rates in October year N of: **100% in year N+1, 75% in year N+2, 50% in year N+3**

EXCHANGE RATES & INTEREST RATE

- 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)
- 80% of total Group's long-term debt is fixed either by being at fixed rate or by being hedged

Our hedging policy : a strong competitive advantage

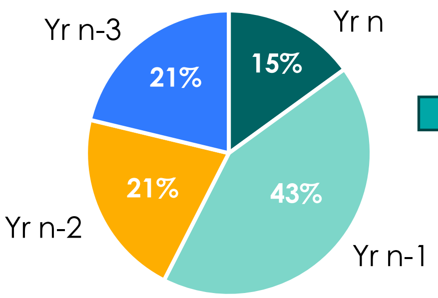
EUROPEAN TTF NATURAL GAS SPOT PRICES (€/T, DAY AHEAD)



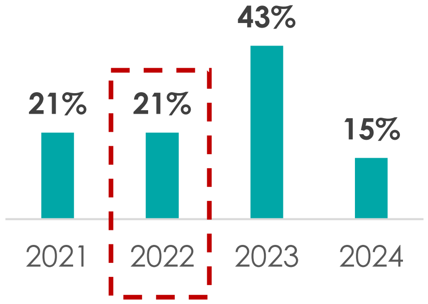
VERALLIA'S HEDGING POLICY: REMINDER

- Quarterly rolling energy hedging policy limiting cost base volatility (spread over 3 to 4 years)
- Implied cost structure visibility ahead of price negotiations with customers driving positive price/cost spread
- 2024 forward purchases only modestly exposed to 2022 market prices

YEAR (N) ENERGY CONSUMPTION BY YEAR OF HEDGING



2024 ENERGY CONSUMPTION BY YEAR OF HEDGING

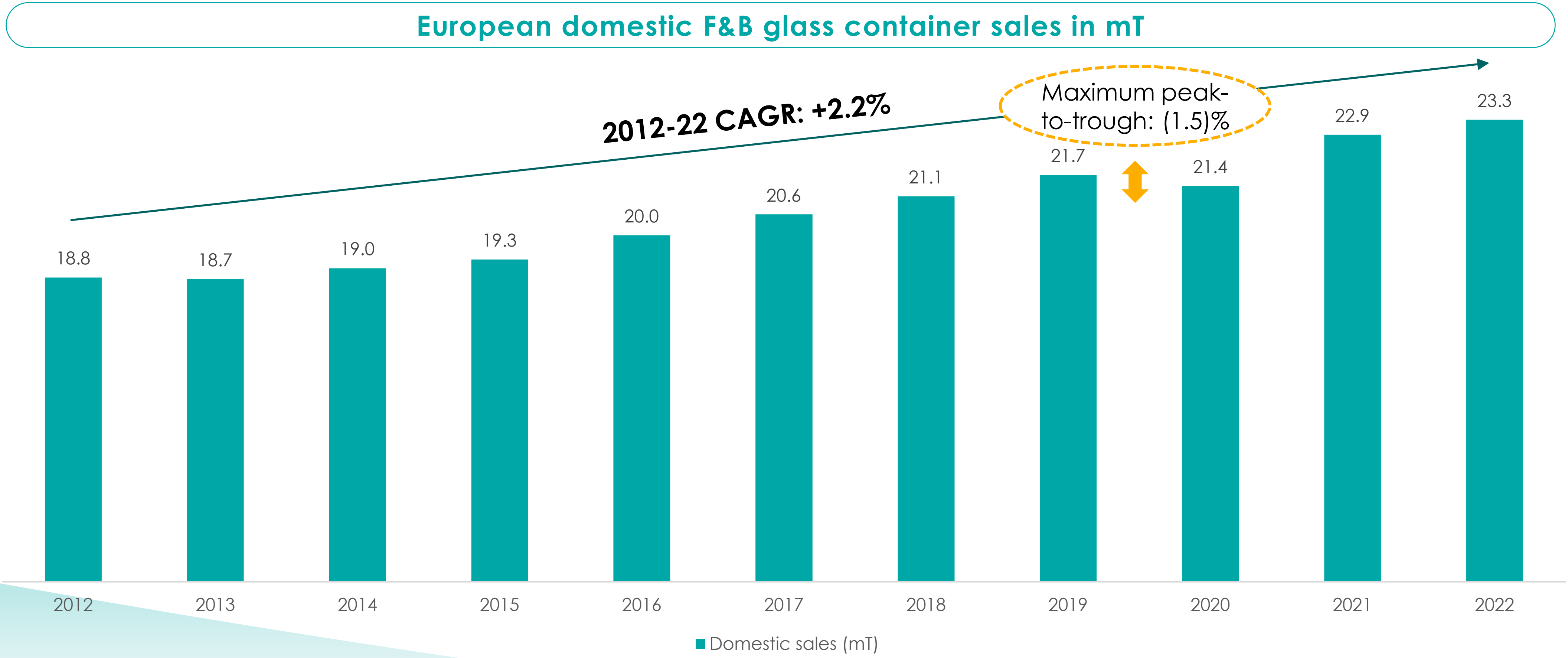


Energy = 22% of Verallia's 2022 cash cost base

Source: Reuters

Note: As a reminder, energy purchases carried out as part of Verallia's hedging policy are based on forward rather than spot prices so the above chart does not reflect Verallia's purchasing costs; it does however provide a general trend on energy prices since January 2020

F&B glass container domestic sales (FEVE perimeter, 2012-22)



- Only two years of drop in demand since 2012, **peak-to-trough of only 1.5% in 2020 (covid)**
- **Average annual growth in demand excess of 2%** over the last ten years

Source: FEVE.
Note: Total domestic food & beverage glass container sales for EU27, Switzerland, Turkey and UK. Comparable FEVE data not available prior to 2012.

Reconciliation of operating profit to adjusted EBITDA

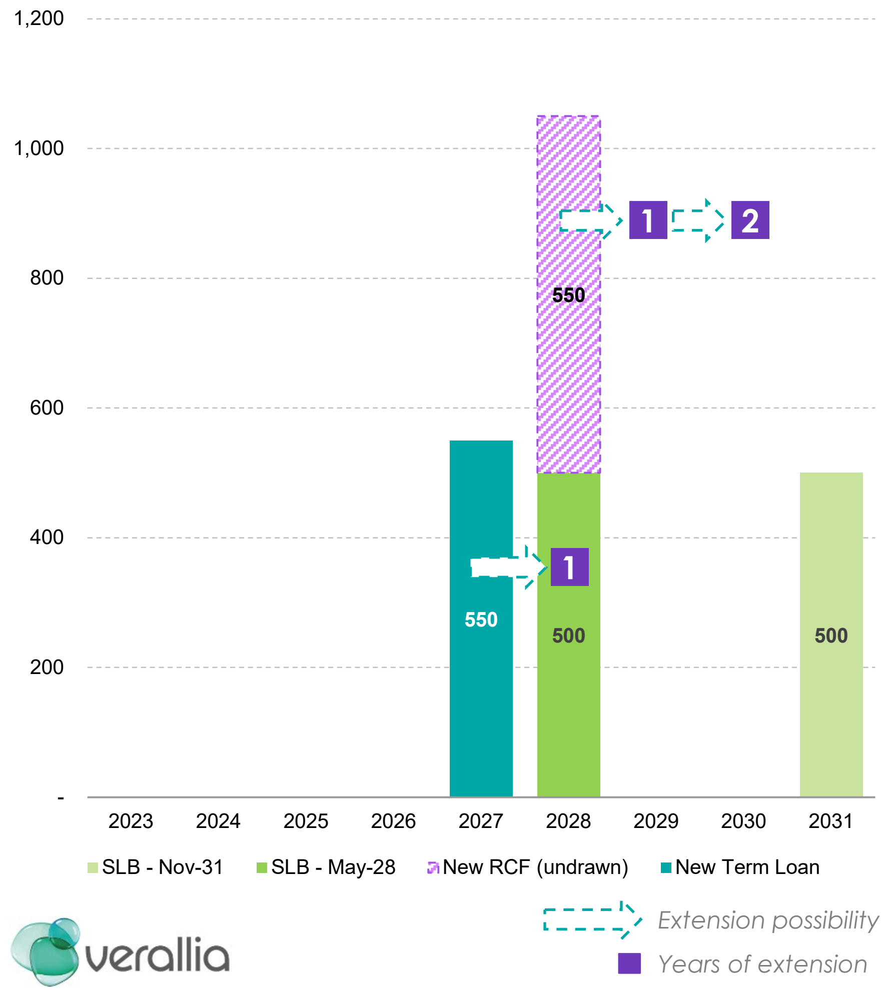
In €m	H1 2023	H1 2022
Operating profit	**490.3**	**277.4**
Depreciation, amortisation and impairment (i)	162.9	142.3
Restructuring costs	2.0	0.5
Acquisition and M&A costs	0.2	0.0
IAS 29, Hyperinflation (Argentina) (ii)	(1.0)	(0.3)
Management share ownership plan and associated costs	4.6	4.5
Other	0.0	1.0
Adjusted EBITDA	**659.0**	**425.4**

(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.

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

Successful Refinancing of Verallia's bank facilities through new Sustainability-Linked Term Loan and RCF in April 2023

MATURITY PROFILE *(in €m)*



- **Material oversubscription**, reflecting strong banks' support
- **Maturities pushed from 2024 to 2027/2028** plus additional extension options
- Key features include:

1. **Increase of the bank facilities from €1.0bn to €1.1bn**, equally split between a Term Loan ("TL") and a Revolving Credit Facility ("RCF"), further reinforcing the Group's strong liquidity;
2. **Maturities extended to 2027 on the TL** (with a +1 year extension option) **and 2028 on the RCF** (with a +1 + 1 years extension options);
3. **Sustainability-linked instruments** with KPIs related to CO_2 emissions (Scopes 1 & 2), water consumption and proportion of women managers;
4. **Broad and international pool of banks**, reflecting Verallia's scale and footprint
5. **Revamped Investment Grade-style documentation**

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. 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, UK, Russia, Ukraine and Poland. It is also denominated as "NEE".
- The segment Latin America comprises production plants located in Brazil, Argentina and Chile and, since January 1, 2023, Verallia's operations in the USA.
- 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 recognised upon the acquisition.

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 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.

This presentation includes only summary information and does not purport to be comprehensive.

Thank you

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