Press release
Paris, 19 October 2023

Results for the first nine months of 2023:

Very good financial performance despite a more difficult market environment

2023 adjusted EBITDA target confirmed above €1.1 billion

HIGHLIGHTS

- **Increase in 9M revenue to €3,075 million, i.e. +22.1%** compared with the first 9 months of 2022 (+22.5% at constant scope and exchange rates)[1]
- **Sharp increase in adjusted EBITDA[2] to €915 million** from €654 million in 9M 2022 (+39.9%)
- **Expansion in adjusted EBITDA margin to 29.8%** from 26.0% in 9M 2022 (27.5% in Q3 2023 compared with 26.0% in Q3 2022)
- **Further progress made with ongoing developments** in terms of new products, cullet treatment and decarbonisation
- **Net leverage ratio of 1.2x last 12 months adjusted EBITDA,** compared with 1.3x at 30 June 2023 and 1.1x at 30 September 2022 (prior to the acquisition of Allied Glass)

"Verallia remains on track to deliver a very good 2023 despite the drop in demand observed since August due to slowing consumption and continued destocking down the value chain. Profitability remained robust over the quarter thanks to the commitment shown by all our teams and to the Performance Action Plan (PAP). We are temporarily adjusting production capacity in the fourth quarter as we prepare to begin 2024 under good industrial and economic conditions. On the back of this agility and Verallia's excellent fundamentals, we confirm our 2023 adjusted EBITDA target of over €1.1 billion and continue to implement our decarbonisation roadmap," noted Patrice Lucas, Chief Executive Officer of Verallia.

[1] Revenue growth at constant scope and exchange rates excluding Argentina was +18.6% in the first 9 months of 2023 compared with 9M 2022.
[2] Adjusted EBITDA is calculated based on 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.

REVENUE

In millions of euros	9M 2023	9M 2022
Revenue	**3,074.5**	**2,517.6**
Reported growth	**+22.1%**	
Organic growth	**+22.5% *(+18.6% excluding Argentina)***	

In millions of euros	Q3 2023	Q3 2022
Revenue	**931.8**	**878.7**
Reported growth	**+6.0%**	
Organic growth	**+11.3% *(+4.9% excluding Argentina)***	

Revenue in the first 9 months of 2023 totalled €3,075 million, up by a strong 22.1% on a reported basis compared with last year.

Foreign exchange impact amounted to €(181) million, i.e. -7.2%. This negative impact, which worsened in the third quarter, is largely linked to the steep depreciation in the Argentine peso.

Scope effects stemming from the acquisition of Allied Glass (since renamed Verallia UK) in November 2022 were positive at **€170 million**, **i.e. +6.8%**, boosting growth in the Group's sales of spirits bottles during the first 9 months of 2023.

Revenue at constant scope and exchange rates increased by +22.5% (and by +18.6% excluding Argentina). Sales volumes contracted significantly in August and September with beer remaining the most heavily affected market. However, the sparkling wines, non-alcoholic beverages and food jars segments showed good resilience.

In addition, revenue growth was again driven by higher average selling prices than in 2022 and product mix was also strongly positive during the first 9 months of the year.

Revenue by region broke down as follows:

- Volumes contracted significantly over the quarter in Southern and Western Europe; revenue remained up over Q3 2022 as the price effect remained positive and the mix was favourable, especially in Italy.
- Volumes in Northern and Eastern Europe were down, largely because of weak demand in Germany (especially in the beer market), while the reopening of our second furnace in Ukraine gave local business activity there a boost. Verallia UK, the integration of which still progresses very satisfactorily, also contributed positively to the growth in revenue.
- Volumes in Latin America continued to grow over the quarter in Brazil and the situation in Chile is returning to normal but activity remains weak in Argentina as the country remains penalised by political hesitancy and economic upheaval.

ADJUSTED EBITDA

In millions of euros	9M 2023	9M 2022
Adjusted EBITDA	**915.1**	**654.2**
Adjusted EBITDA margin	**29.8%**	**26.0%**

In millions of euros	Q3 2023	Q3 2022
Adjusted EBITDA	**256.1**	**228.8**
Adjusted EBITDA margin	**27.5%**	**26.0%**

Adjusted EBITDA surged in the first 9 months of 2023 to €915 million (+39.9% compared with 9M 2022) despite a sharply unfavourable foreign exchange impact of €(64) million resulting largely from the steep depreciation in the Argentine peso. These negative foreign exchange impacts were partially offset by the positive contribution of Verallia UK.

The inflation spread[3] remained largely positive at €296 million in the first 9 months of 2023, with base effects still favourable in Q3.

Net reduction in cash production costs (PAP) remains in line with Group target and drove a €39 million improvement in EBITDA in the first 9 months of 2023 (2.0% of cash production costs).

Adjusted EBITDA margin expanded to 29.8% during the first nine months of 2023 from 26.0% in 9M 2022. **It remained high in Q3 at 27.5%** (26.0% in Q3 2022) despite slower business activity.

VERY SOLID BALANCE SHEET

Verallia's net debt at end-September 2023 stood at €1,304 million, putting its **leverage ratio at 1.2x last 12 months adjusted EBITDA** compared with 1.3x at 30 June 2023 and 1.1x at 30 September 2022 (prior to the acquisition of Allied Glass).

The Group had **liquidity[4] in the amount of €947 million** at 30 September 2023. It enjoys a healthy maturity profile on its long-term debt with the nearest due date in April 2027 and the following ones spread over four years.

[3] The 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 selling 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 any production gap and Performance Action Plan (PAP) effect.

[4] Calculated as available cash + undrawn revolving credit facilities – outstanding negotiable commercial paper (NEU CP).

SHORT-TERM FINANCING PROGRAMME (NEU CP) TRANSFERRED TO VERALLIA SA

On 28 September 2023, the Verallia Group transferred its short-term financing programme of Negotiable European Commercial Paper (NEU CP) to Verallia SA, listed on Euronext Paris, to replace the existing programme held by its subsidiary Verallia Packaging, wholly owned by Verallia SA.

The Group pursues the centralization of its financing on Verallia S.A., as were the two Sustainability Linked bonds and its syndicated loan facilities.

The NEU CP programme has been increased to a maximum principal amount of €500 million versus €400 million previously. The former programme of Verallia Packaging will be turned off as from the first issuances are made by Verallia S.A. and will progressively be switched off until its outstanding issuances arrive at maturity.

The programme will not be rated as the securities and shares issued by Verallia S.A. are admitted to trading on the regulated market of Euronext Paris. It is recalled that Moody's and Standard & Poor's have attributed the credit rating of Baa3 (with stable outlook) and BBB- (with positive outlook) to Verallia S.A.; both Sustainability Linked bonds are rated BBB- by Standard & Poor's.

2023 OUTLOOK

With market conditions deteriorating since August, we are temporarily adjusting production capacity as we prepare to begin 2024 under good conditions. We consider the current market situation to be temporary and intend to pursue our profitable growth strategy.

On the back of its fundamentals (positive inflation spread, performance action plan) and its agility, Verallia confirms its 2023 adjusted EBITDA target of more than €1.1 billion.

Verallia will also make further progress with the ongoing developments in the areas of new products, cullet treatment and decarbonisation, which are central to its CSR roadmap.

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

FINANCIAL CALENDAR

- 14 January 2024: start of the quiet period.
- 14 February 2024: financial results for Q4 and FY 2023 - Press release after market close and conference call/presentation the next day at 9.00am CET.
- 3 April 2024: start of the quiet period.
- 24 April 2024: financial results for Q1 2024 - Press release after market close and conference call/presentation the next day at 9.00am CET.
- 26 April 2024: Annual General Shareholders' Meeting.
- 3 July 2024: start of the quiet period.
- 24 July 2024: results for H1 2024 - Press release after market close and conference call/presentation the next day at 9.00am CET.
- 1 October 2024: start of the quiet period.
- 22 October 2024: financial results for 9M 2024 - 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 making common cause with our customers, suppliers and other partners across the whole value chain to develop new beneficial and sustainable 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 code: 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 millions of euros	9M 2023	9M 2022
Revenue	**3,074.5**	**2,517.6**
Reported growth	+22.1%	
Organic growth	+22.5%	
Adjusted EBITDA[5]	**915.1**	**654.2**
Group margin	**29.8%**	**26.0%**
Net debt at end of period	**1,304.2**	**921.6**
Last 12 months adjusted EBITDA	**1,126.4**	**804.7**
Net debt/last 12 months adjusted EBITDA	*1.2x*	*1.1x*

Growth in revenue by nature in millions of euros during the first 9 months

In millions of euros	
9M 2022 revenue	**2,517.6**
Volumes	*-160.8*
Price/Mix	*+727.9*
Exchange rates	*-180.6*
Scope	*+170.4*
9M 2023 revenue	**3,074.5**

Growth in adjusted EBITDA by nature in millions of euros during the first 9 months

In millions of euros	
9M 2022 adjusted EBITDA	**654.2**
Contribution from activity	*-39.2*
Price-mix/Cost spread	*+296.2*
Net productivity	*+39.2*
Exchange rates	*-63.5*
Other	*+28.2*
9M 2023 adjusted EBITDA	**915.1**

[5] Adjusted EBITDA is calculated based on 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

In millions of euros	9M 2023	9M 2022
Operating profit (loss)	**663.5**	**432.2**
Depreciation, amortisation and impairment[6]	243.1	215.6
Restructuring costs	2.8	0.4
Acquisition and M&A costs	0.5	1.3
IAS 29, Hyperinflation (Argentina)[7]	(1.2)	(2.2)
Management share ownership plan and associated costs	6.4	6.7
Other	-	0.1
Adjusted EBITDA	**915.1**	**654.2**

Adjusted EBITDA is an alternative performance measure according to AMF Position no. 2015-12.

Adjusted EBITDA is not a standardised accounting measure meeting a single, generally accepted definition under IFRS. It must not be considered as a substitute for operating profit (loss) or cash flows from operating activities, which are measures defined by IFRS, or as a measure of liquidity. Other issuers may calculate adjusted EBITDA differently from the definition used by the Group.

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 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 financial income (expense).

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

The net impact on revenue during the first nine months of 2023 amounted to €(3.6) million. The hyperinflation impact has been excluded from consolidated adjusted EBITDA as shown in the table "Reconciliation of operating profit (loss) to adjusted EBITDA".

[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 "Hyperinflation" since 2018.

Financial structure

In millions of euros	Nominal or max. amount drawable	Nominal rate	Final maturity	30 September 2023
Sustainability-linked bond May 2021[8]	500	1.625%	May 2028	501.0
Sustainability-linked bond November 2021[8]	500	1.875%	November 2031	501.4
Term loan – TL[8]	550	Euribor +1.25%	April 2027 + 1-year extension	549.6
Revolving credit facility (RCF)	550	Euribor +0.75%	April 2028 + 1-year + 1-year ext.	-
Negotiable commercial paper (NEU CP)[8]	400			160.2
Other liabilities[9]				150.0
Total debt				**1,862.2**
Cash and cash equivalents				558.0
Net debt				**1,304.2**

[8] Including accrued interest.
[9] o/w IFRS 16 leases (€61.1 million), Engie collateral (€49.5 million), local debts (€14.2 million).

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 scope and exchange rates. Revenue at constant exchange rates is calculated by applying the same exchange rates to the financial indicators presented for the two periods being compared (i.e. by applying the exchange rates from the previous period to the financial indicators for the current period).

Adjusted EBITDA: adjusted EBITDA is a non-IFRS financial measure. It is an indicator for monitoring the underlying performance of activities adjusted for certain expenses and/or income which are non-recurring or liable to distort the Company's performance. Adjusted EBITDA is calculated based on 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 corresponds to purchases of the 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. Securities purchases are excluded from this category.

Recurring capex: this refers to purchases of the 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 renovations and the maintenance of IS machines.

Strategic capex: this refers to the strategic acquisition of assets that significantly increase the Group's capacity or its scope (for example, the acquisition of plants or similar facilities, and greenfield or brownfield investments), including the building of additional new furnaces. Since 2021, this has also included investments associated with implementing the CO_2 emissions reduction plan.

Cash conversion: this refers to the ratio between cash flow and adjusted EBITDA. Cash flow is defined as adjusted EBITDA less capex.

Free cash flow: this is defined as cash flow from operating activities – other operating impacts – 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, the United Kingdom, 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: this is calculated as available cash + undrawn revolving credit facilities – outstanding negotiable commercial paper (NEU CP).

Amortisation of intangible assets acquired through business combinations: this corresponds to the amortisation of customer relationships recognised upon acquisition.