9M 2023 results

20 OCTOBER 2023

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Summary

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KEY HIGHLIGHTS

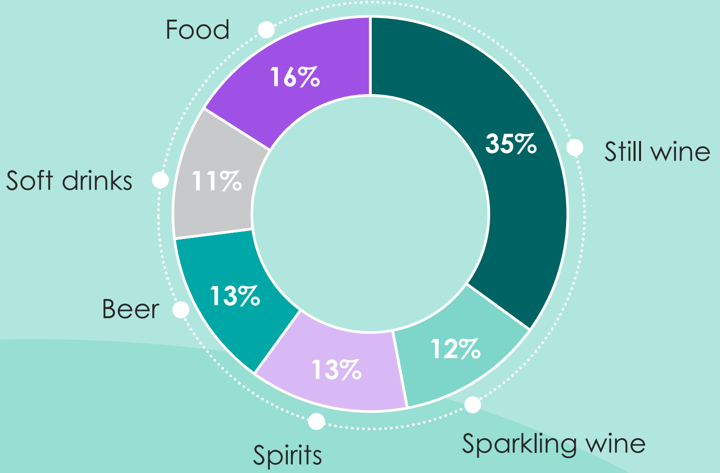
Patrice LUCAS
CEO

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

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.

Cullet, a key resource:
Verallia accelerates long-term investments across Europe

In **France**, Verallia has completed the upgrade of its 2 treatments centers **to maximize color separation** (2022-23)

This represents a **total investment of 10 M€**

In Portugal, Verallia and its partner **TM ALCUDIA** are finalizing the **construction of a new cullet treatment center**

This new entity named **Revimon started operating in October** and will support Verallia plant in Figueira da Foz with **70 kTons of treatment capacity**

In Spain, Verallia has completed the **acquisition of a treatment center close to Seville**

This new entity, named **Infiniver** and with a capacity of **60 kTons per year**, will supply in priority **Verallia Portugal plant**

In Germany, Verallia and its partner **Remondis** finalized the **renovation of their treatment center** in Bad Wurzach

This **investment of 3.5M€** allows the center to achieve a state-of-the-art treatment efficiency of **94%**

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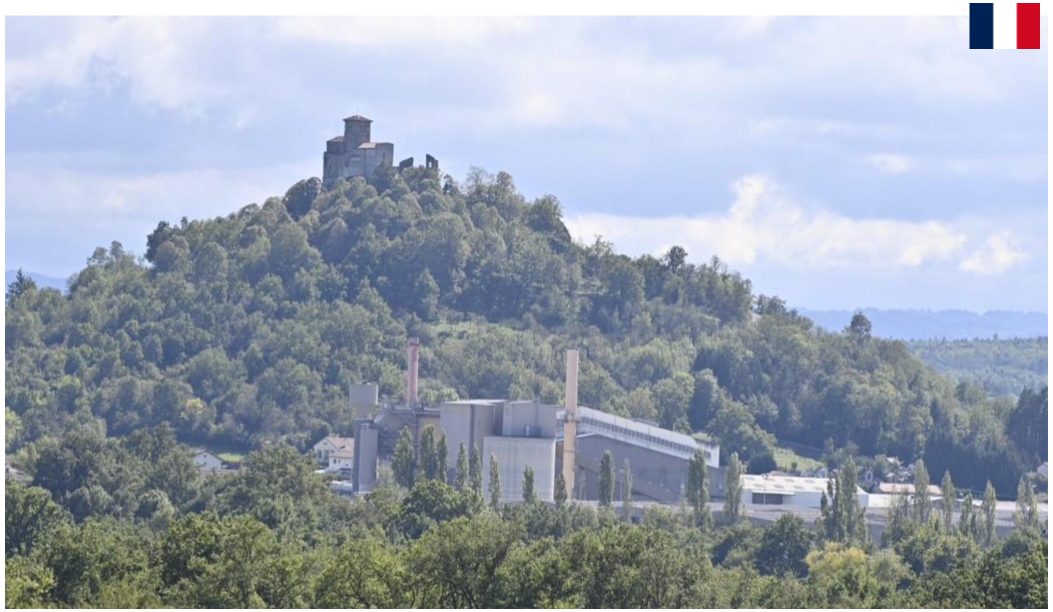
ESG: Verallia decarbonization roadmap on track

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

2nd Hybrid Furnace (Saint Romain-le-Puy)

- On track (110KT/y), start of production early 2026
- Colored glass
- Replacement of the current End Port furnace, reaching its end of life

Verallia at the forefront of innovation: Launch of **Bordelaise Air 300g**

Reinvention of the classic bordelaise: lightest & more aesthetic

Less weight, less CO_2 emissions (17%) to accompany our customers' journey towards decarbonization

Available **end of 2023 worldwide**

Very good 9-month results

REVENUE

- **+22.1%** to **€3.075bn**
- **+22.5%** organic growth(1)

ADJUSTED EBITDA

- **€915m**
  (+39.9% vs. 9M 2022)
- **Margin** at **29.8%** vs. 26.0% in 9M 2022 (+378 bps)

NET DEBT

- **Leverage: 1.2x LTM Adj EBITDA**
  (vs. 1.3x end of June 23 and 1.1x end of September 22)

(1) Growth in revenue at constant exchange rates and scope excluding Argentina of +18.6% in 9M 2023 compared to 9M 2022

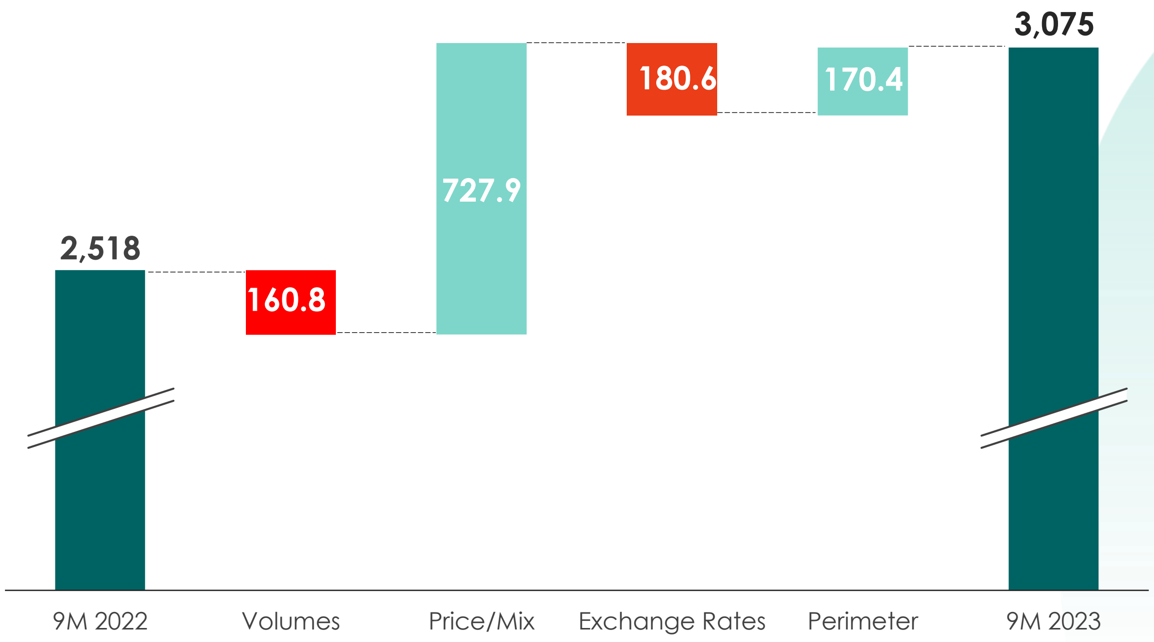
9M 2023 FINANCIAL RESULTS

Nathalie DELBREUVE
CFO

02

9M 2023 Consolidated Revenue Variance Analysis

REPORTED REVENUE (IN €m)

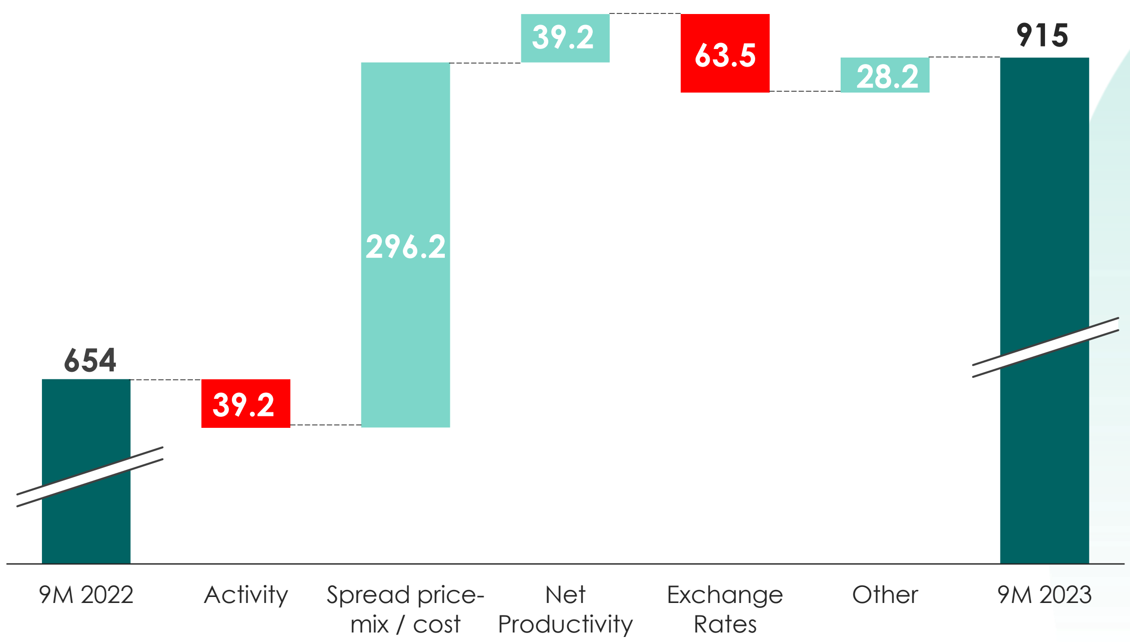


- Organic growth: +22.5% in 9M 23
- Lower YoY volumes
  - More difficult market environment in Q3 (Aug-Sep.) due to slower consumption and destocking down the chain
  - Europe: beer still most affected, good resilience in sparkling, NAB and food jars
  - LatAm: volumes still up in Brazil, Argentina affected by political and macro environment
- Price / mix
  - Continued carry over impact from last year selling price increases, though to a lesser extent in Q3
  - Still positive contribution from mix
- FX
  - Mostly Argentinian peso (sharp devaluation in Q3)
- Perimeter effect
  - Allied Glass acquisition in Nov 2022

STRONG ORGANIC GROWTH AND CONTRIBUTION FROM NEWLY ACQUIRED UK BUSINESS

9M 2023 Consolidated Adjusted EBITDA Variance Analysis

ADJUSTED EBITDA (IN €m)



+378bps

	9M 2023	9M 2022
Adjusted EBITDA margin	29.8%	26.0%

- Activity / Operating leverage
  - Lower volumes, partly offset by inventory rebuild
- Positive price-mix / cost spread
  - Continued positive spread mainly from H1
  - Positive mix contribution (Italy)
- Net PAP
  - Steady performance with 2.0% reduction in cash production costs
- Adverse FX effect
  - Argentinian peso
- Other
  - Includes perimeter impact from Allied Glass acquisition and some one-off costs

STRONG INCREASE IN ADJUSTED EBITDA AND MARGIN

30 September 2023 Group Net Debt Evolution and Leverage

In € million	30/09/2023	30/06/2023	31/12/2022	30/09/2022
Net Debt	1,304.2	1,401.4	1,405.9	921.6
LTM Adjusted EBITDA	1,126.4	1,099.1	865.5	804.7
Net Debt / LTM Adjusted EBITDA	**1.2x**	**1.3x**	**1.6x**	**1.1x**

- Net debt at €1,304.2m including rights-of-use for €61m
- Deleveraging after €167m dividend payments and €47m share buy-back over the last 12 months

- 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)

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

30 September 2023 Financial Structure and Liquidity

In € million	Nominal amount or max. Amount drawable	Maturity	Nominal rate	30 Sept. 2023
Sustainability-Linked Bond – May 2021(1)	500.0	May 2028	1.625%	501.0
Sustainability-Linked Bond – November 2021(1)	500.0	November 2031	1.875%	501.4
Term Loan (1)	550.0	Apr. 2027+1 yr extension	Euribor+1.25%	549.6
Revolving Credit Facility (RCF)	550.0	Apr. 2028+1 yr + 1yr extensions	Euribor+0.75%	-
Negotiable Commercial Papers Neu CP(1)	400.0			160.2
Other debt(2)				150.0
Total borrowings				**1,862.2**
Cash				558.0
Net Debt				**1,304.2**

- 89% of total long-term debt is fixed either by being at fixed rate or by being hedged
- Total available liquidity(3) reaches **€947 million** as of September 30th, 2023

Notes: (1) Including accrued interest
(2) o/w IFRS16 leasing (€61.1m), Collateral Engie (€49.5m), local debts (€14.2m)
(3) Calculated as the Cash + Undrawn Revolving Credit Facilities – Outstanding Commercial Papers

2023 OUTLOOK

Patrice LUCAS
CEO

03

2023 Outlook

More difficult market environment since Aug. 2023
(slower consumption + destocking down the chain)

Strong fundamentals and agility
(positive spread, PAP and capacity adjustments)

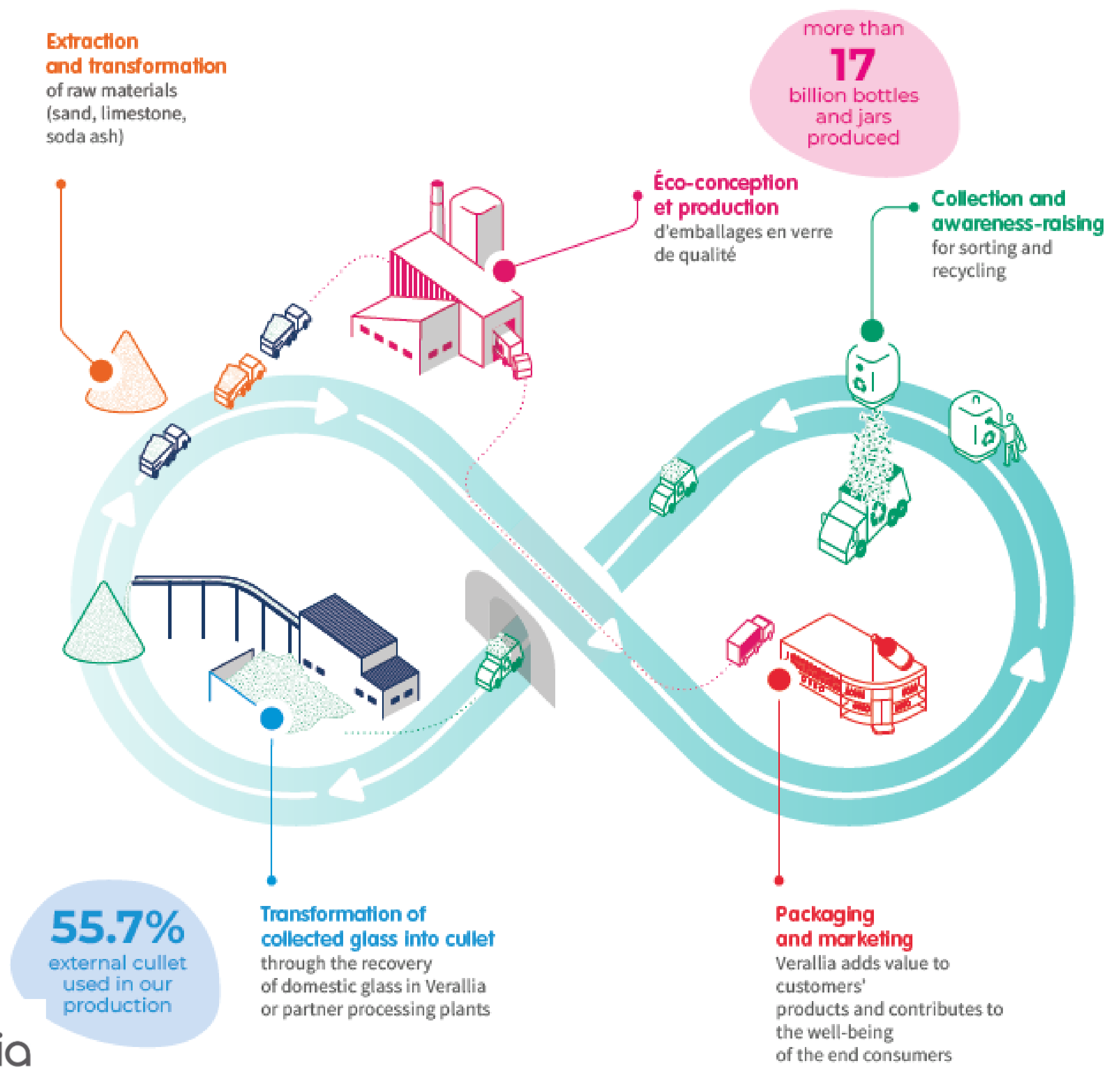
ADJUSTED EBITDA

2023 Adjusted EBITDA confirmed
above €1.1 bn

Q&A

Circularity is core to our model

Our 2022 sustainable business model: at the heart of the circular economy



SAVINGS*

+10pts
of cullet

-5%
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.

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

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Reconciliation of operating profit to adjusted EBITDA

In €m	9M 2023	9M 2022
Operating profit	**663,5**	**432,2**
Depreciation, amortisation and impairment (i)	243,1	215,6
Restructuring costs	2,8	0,4
Acquisition and M&A costs	0,5	1,3
IAS 29, Hyperinflation (Argentina) (ii)	(1,2)	(2,2)
Management share ownership plan and associated costs	6,4	6,7
Other	-	0,1
Adjusted EBITDA	**915,1**	**654,2**

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

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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