FY 2023 results

15 February 2024

verallia

Summary

INTRODUCTION

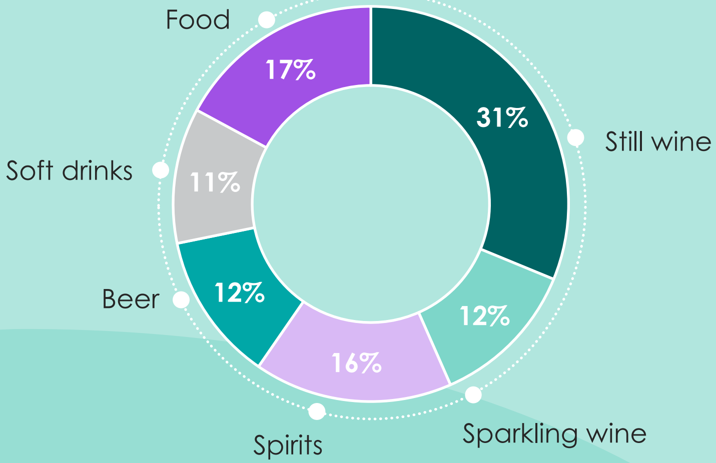
Patrice LUCAS
CEO

01

A global leader in glass packaging

DIVERSIFIED AND BALANCED END-MARKETS

2023 Glass packaging[(1)] sales split by end-market[(2)]



N°1 in Europe[(3)]
90% of 2023 sales

N°2 in Latin America[(4)]
10% of 2023 sales

N°3 Globally

12 countries

10,000 employees

5 decoration plants

16+ billion bottles/jars p.a.

34 glass plants

19 cullet recycling centers

63 furnaces

Sources: Companies public information, management estimates and Advancy (IPO related study).

Notes: (1) For bottles and jars only (98% of total Verallia sales). (2) The consolidated financial statements are presented in millions of euros, with amounts rounded up or down to the nearest million. So rounding differences could be present in some graphics or tables, mainly if presented in percentage without digits after the comma. (3) Based on 2022 sales; "Europe" using each company's definition/management estimates. (4) Based on 2022 volumes in Argentina, Brazil and Chile.

KEY HIGHLIGHTS

Patrice LUCAS
CEO

02

Major 2023 achievements – preparing for the future

- **Strong financial performance**
  - ✓ Highest-ever **EBITDA**, crossing the €1bn mark for the first time, **x2 since 2017**
  - ✓ **Strong cash flow generation** and **continued deleveraging**
- **Inventory control** thanks to faultless **team commitment and agility**
  - ✓ **Inventory rebuild in H1** and **capacity adaptation in H2** to prepare for 2024
- **Strengthened financing structure**
  - ✓ €1.1bn refinancing, **no significant maturity until 2027**
  - ✓ **Investment Grade** corporate credit rating
- Successful **Allied Glass integration** (UK)
- Relentless **ESG and decarbonation roadmap** roll out
  - ✓ New **lightweight** products, highly **innovative furnaces**, continued **cullet integration**

Verallia continues to deliver a strong performance in a challenging market environment

REVENUE

- **+16.5%** to **€3.904bn**
- **+21.4%** organic growth(1)

ADJUSTED EBITDA

- **€1.108bn** (+28.0% vs. 2022)
- **Margin** at **28.4%** vs. 25.8% in 2022 (+256 bps)

NET INCOME & EPS(2)

- **Net Income: €475m** (+33.7% vs. 2022)
- **EPS: €4.02**

NET DEBT

- **Leverage: 1.2x FY23 Adj EBITDA** (vs. 1.6x end of 22)
- After **€167m** of **dividends, €42m** of **share buy-backs** and the **acquisition** of six cullet treatment centres

DIVIDEND

- **Dividend per share of € 2.15**(4)
- **+54%** increase versus 2022

EXTRA-FINANCIAL INDICATORS

- **CO_2 emissions**(3) (scope 1&2): **-5.6 %** vs. 2022 to 2,602 kt CO_2 **-15.8 % vs. 2019**
- **External cullet**(3) **usage: 54.1%** -1.6 point vs. 2022

(1) Growth in revenue at constant exchange rates and scope (+14.3% in 2023 compared to 2022 when excluding Argentina).
(2) Net income for 2023 includes an amortisation expense for customer relationships recognised upon the acquisition of Saint-Gobain's packaging business in 2015 and applicable until 2027, of €45m and €0.38 per share (net of taxes). If this expense had not been taken into account, net income would be €520m and €4.40 per share. This expense was €44m and €0.38 per share in 2022.
(3) Cullet = recycled glass; the external cullet rate and amount of CO2 emissions are expressed at constant scope and exclude the contribution from Allied Glass / Verallia UK so as to make them comparable with the starting point of 2019.
(4) Subject to the approval of the Annual General Shareholders' Meeting which will take place on 26 April 2024.

Continuous progress in ESG ratings and performance

CDP

A- rating maintained in the "Climate Change" category

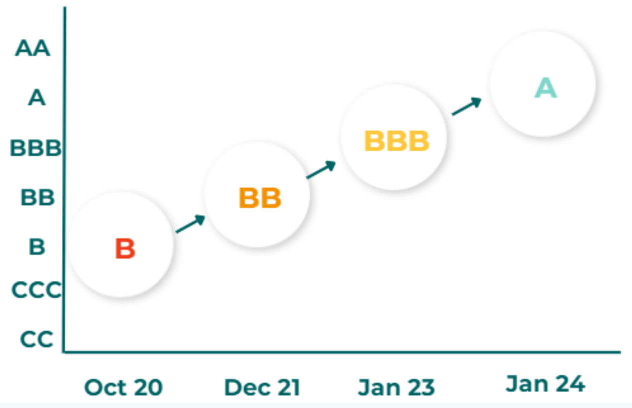
Effectiveness of measures to **address climate change**

B rating achieved in the **"Water Security"** category

First participation of Veralllia

MSCI

2023 MSCI (ESG) rating **upgraded to A**



Constant progression over 4 years

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CO_2 emissions progressing towards our 2030 target

2023 "Scope 1 and 2" CO_2 emissions down
-5.6% to 2,602 kt (-15.8% vs. 2019)[1]

In line with our trajectory to **reduce CO_2 emissions by 46% in absolute terms by 2030** vs 2019

2023	Continued rollout of energy consumption reduction programs	Low carbon electricity share (scope 2) up to 60% from 50% in 2022

(1) Expressed at constant scope and exclude the contribution from Allied Glass / Verallia UK so as to make them comparable with the starting point of 2019.

Verallia continues to invest in cullet as a glass packaging circular economy leader

Key Actions

- **Latam**: **increase collection** => 1,000+ boxes installed (Brazil, Chile)
- **France and Germany**: **15M€ invested** to modernize treatment centers
- **Spain**: **acquisition** of 6 cullet treatment facilities

2023 external cullet usage

- **Latam**: **up to 36%** from 32% in 2022
- **Western Europe**: at **60.4%** vs. 62.3% in 2022 impacted by lower availability in Southern Europe

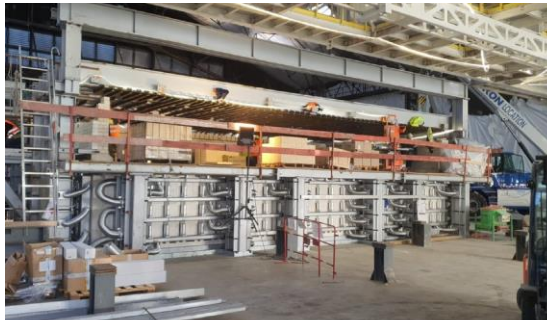
(1) All external cullet rate data are expressed at constant scope and exclude the contribution from Allied Glass / Verallia UK so as to make them comparable with the starting point of 2019.

Verallia at the forefront of technical innovation to support our 2030 CO_2 reduction roadmap

Electrical Furnace, Cognac

Strategic partnership with FIVES Group

Pilot on track (150t/d), start of production Q2 2024



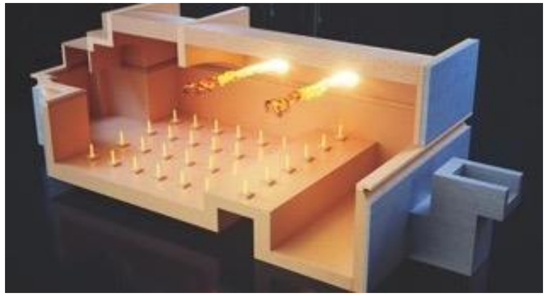
World premiere in the glass packaging industry

Hybrid Furnace

Location chosen: Zaragoza, Spain

Project development on track

Start of production end of 2024



2nd Hybrid Furnace

Location chosen: Saint Romain-le-Puy

On track (110KT/y), start of production early 2026

Replacing current End Port furnace, nearing end of life

Capacity increase plans fine tuned to reflect market conditions

Additional Capacity confirmed

Commissioning delayed

Campo Bom 2 • *Brazil*

- **Furnace design** and technology finalized: oxy-combustion furnace
- **18% reduction in CO_2** emissions
- Start of production delayed by **6 months to Q3 2024**

Pescia 2 • *Italy*

- **Furnace design** and technology finalized: oxy-combustion furnace
- **18% reduction of CO_2** emissions
- Start of production delayed by 9 months to **Q2 2025**

Additional Capacity to be confirmed

Technical studies in progress

1 new furnace *in Spain*

- **Located** in Montblanc
- **Postponed by 1 year to Q1 2027**

1 new furnace *in Italy*

- **Site and start of production date to be confirmed**

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On track to deliver all targets of the 2022-24 mid-term plan

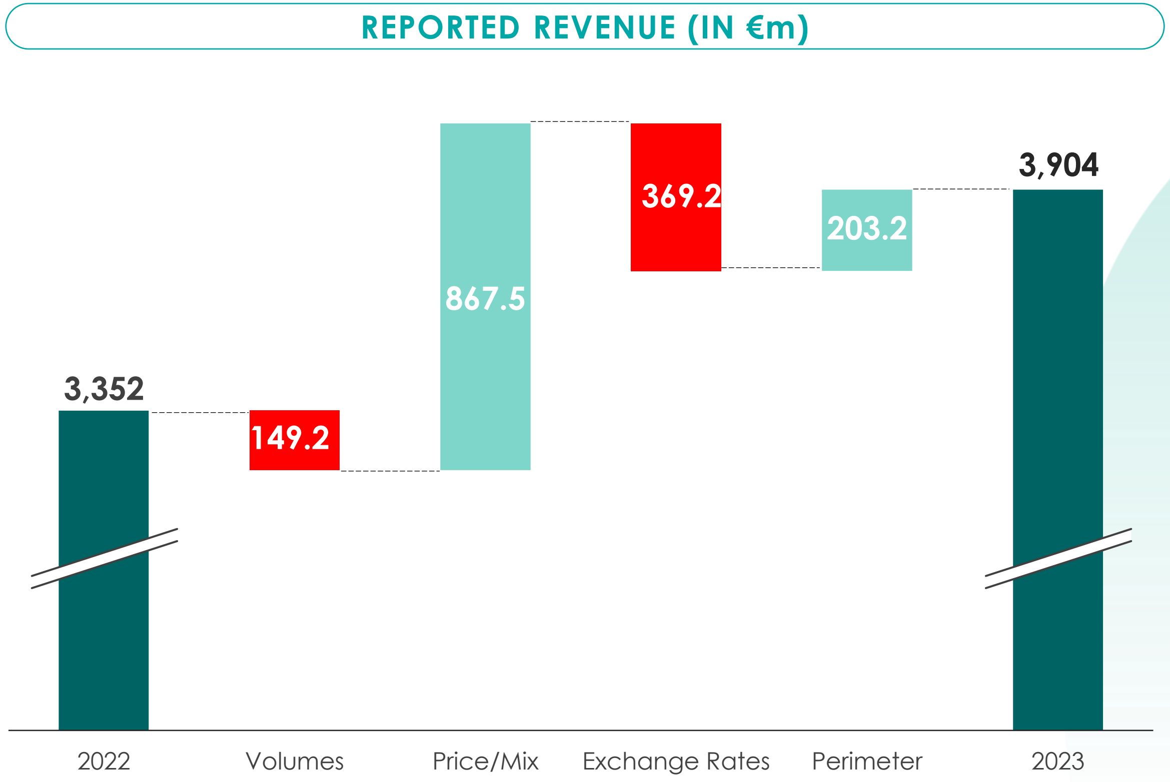
	On track?	Guidance: Target	Guidance: Realized
Organic growth	✓	+4-6% CAGR	**2021-23 CAGR: >20%**
Adjusted EBITDA margin *Implied 2024 EBITDA*	✓	28-30% in 2024 *€800-950m*	**2023: 28.4%**
Cumulative FCF	✓	ca €900m over 3 yrs	**2022-23: €729m**
EPS excl. PPA	✓	€3 in 2024	**2023: 4.40**
Shareholder return policy	✓ ✓	DPS growth > 10% pa Share buy-backs	**2021-24 CAGR: +31%** **2022-23: €50m**

FY 2023 FINANCIAL RESULTS

Nathalie DELBREUVE
CFO

03

2023 Consolidated Revenue Variance Analysis



- Organic growth: +21.4% in 2023 and +18.1% in Q4
- Negative volume impact reflecting slower consumption and significant destocking down the chain in H2
- By product category
  - Strongest decline in beer and to a lesser extent still wine
  - Spirits resilient in H1 but down sharply in H2 after a strong period of growth
  - More resilient demand in food jars, NAB and sparkling wines (eg Champagne, Prosecco)
- Price / mix
  - In Europe, carryover impact from selling price increases passed in 2022 and early 2023 (peak in selling prices) to offset sharp (but softening) rise in production costs
  - In LatAm, dynamic selling prices variation to adapt to local inflation
  - Positive contribution from mix at Group level (especially Italy)
- FX
  - Almost entirely due to the Argentinian peso including latest devaluation in December
- Perimeter effect from the 12-month consolidation of Allied Glass (closed November 2022)

SALES DRIVEN BY A STRONG PRICE / MIX EFFECT AMID PRESSURE ON VOLUMES AND NEGATIVE FX

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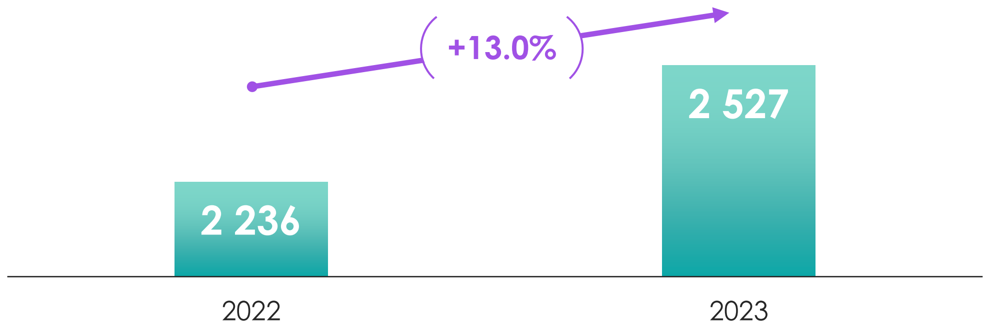
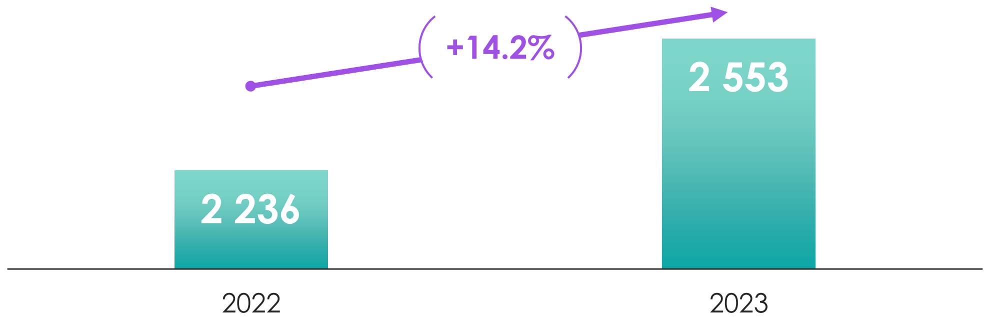
2023 SWE[1] Revenue Evolution

REPORTED REVENUE (IN €M)



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



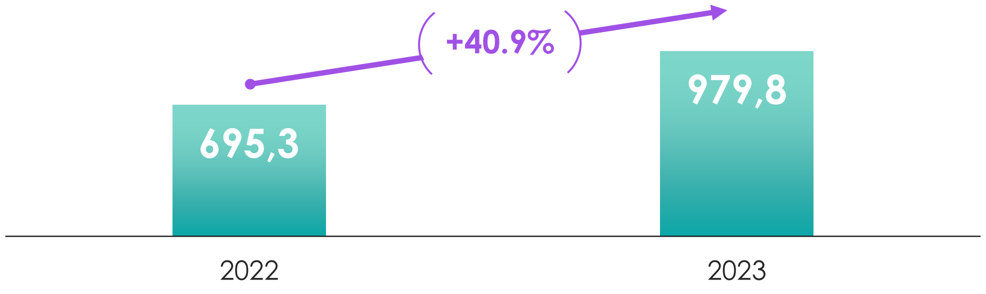
- Lower year-on-year volumes across geographies, especially in H2
- Beer most affected end market as early as H1
- Spirits down in H2 among lower end demand (eg Cognac)
- Some resilient end markets:
  - Resilient food jars and NAB volumes
  - Still dynamic sparkling wines (Champagne, Prosecco)
- Mix positive especially in Italy

LOWER VOLUMES OFFSET BY HIGHER PRICES AND POSITIVE MIX

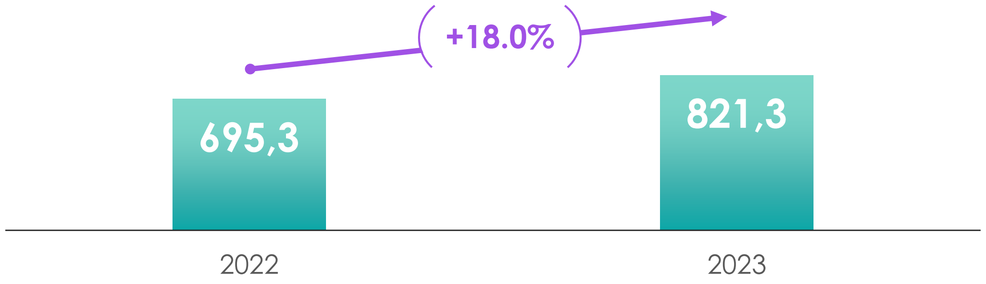
(1) Southern and Western Europe comprises France, Italy, Spain and Portugal. (2) Perimeter effect linked to the internal reorganisation of a commercial activity

2023 NEE[1] Revenue Evolution

REPORTED REVENUE (IN €M)



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



- Volumes down despite recovery in Ukraine (reopening of Zorya's second furnace in early 2023)
- Sharp decline in beer and still wine in Germany, only partly offset by resilient sparkling volumes (Sekt)
- Resilient food jar volumes

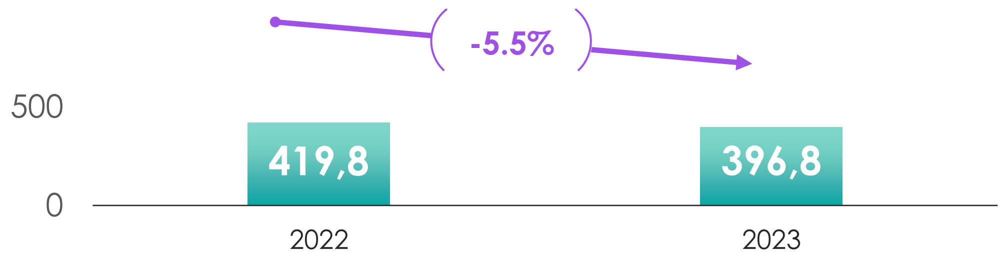
- -6.3% negative FX impact from the depreciation of the Russian ruble and Ukrainian hryvnia
- +29.1% perimeter effect from the 12-month consolidation of Allied Glass (closed in November 2022), with strong additional spirits revenues

LOWER VOLUMES OFFSET BY HIGHER PRICES AND CONTRIBUTION OF VERALLIA UK

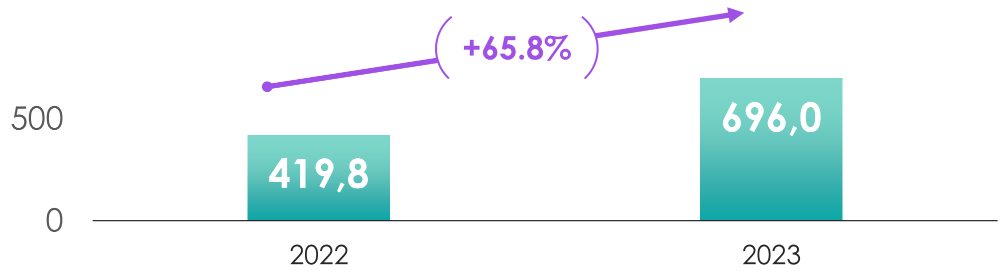
(1) Northern and Eastern Europe comprises Germany, UK, Poland, Ukraine and Russia.

2023 LATAM[1] Revenue Evolution

REPORTED REVENUE (IN €M)



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



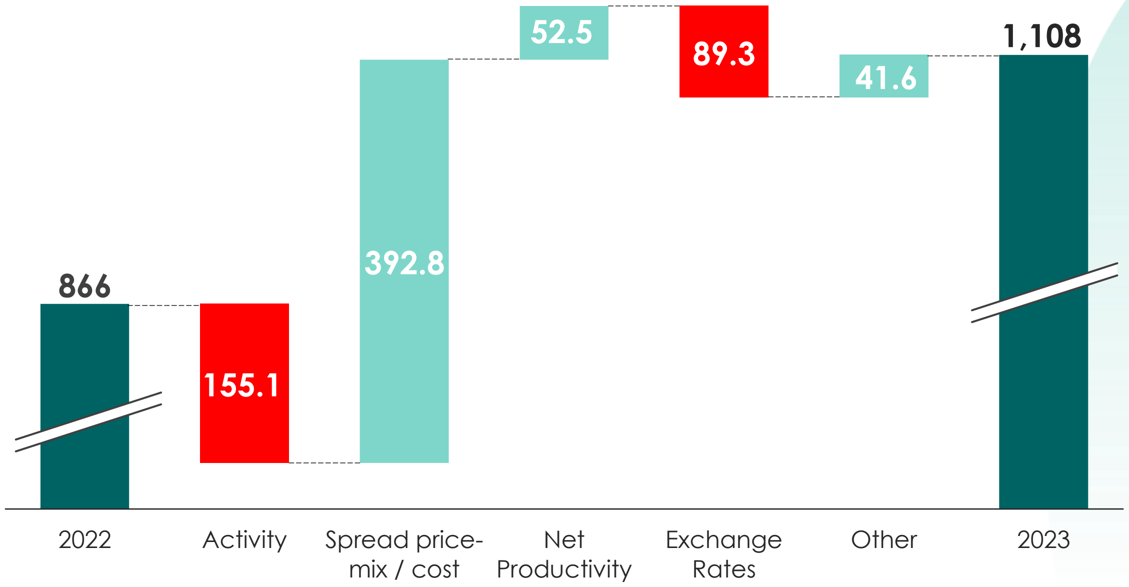
- Volumes increase in Brazil with the second Jacutinga furnace rapid ramp-up (opened in December 2022)
- Lower activity in Chile and Argentina
- Significant increase in selling prices, especially in Argentina to cope with local hyperinflation
- Sharply negative exchange rate impact entirely due to the sharp depreciation of the Argentinian peso

CONTINUED ORGANIC GROWTH OFFSET BY SHARPLY NEGATIVE FX IMPACT FROM ARGENTINIAN PESO

(1) Latin America comprising production plants located in Brazil, Argentina and Chile scope.
(2) At constant exchange rates and scope, organic growth in Latam excluding Argentina would be +5.6%; perimeter effect linked to the internal reorganisation of a commercial activity.

2023 Consolidated Adjusted EBITDA Variance Analysis

ADJUSTED EBITDA (IN €m)



+256bps

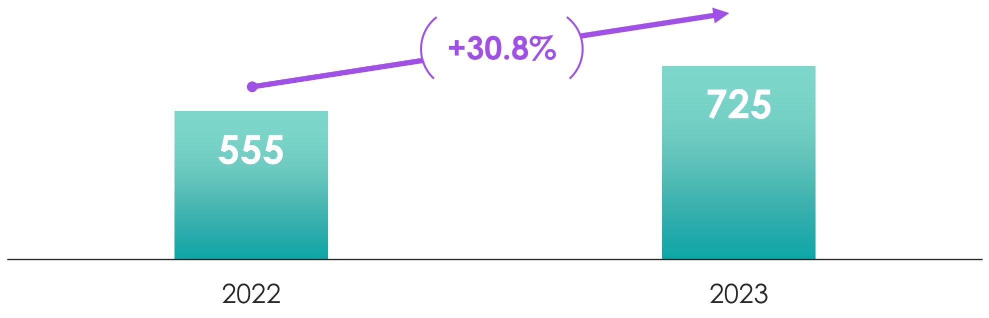
	FY 2023	FY 2022
Adjusted EBITDA margin	28.4%	25.8%

- Activity / Operating leverage
  - Volumes down from 2022, especially in H2
  - Capacity adjustments in H2 following inventory rebuild in H1
- Positive price-mix / cost spread
  - Strongly positive price / cost spread, particularly in H1 (peak in selling prices)
  - Positive mix contribution (Italy)
- Net PAP
  - Another solid performance at 2.1% cash production cost reduction
- Adverse FX effect (mostly Argentinian peso)
- Other includes Allied Glass contribution minus some negative items

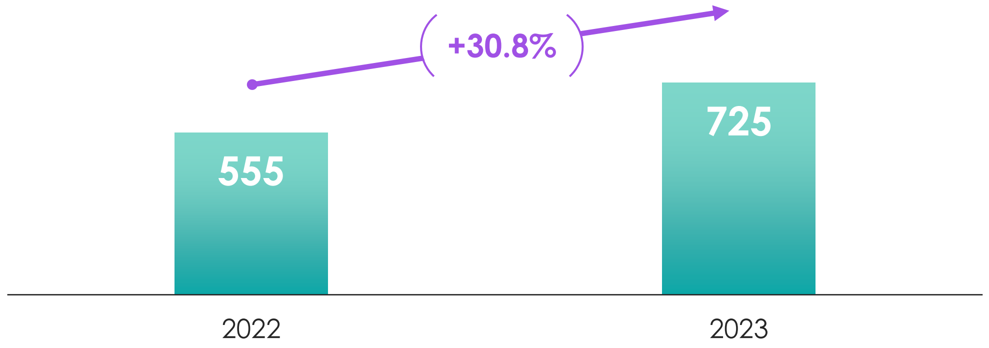
STRONG INCREASE IN EBITDA AND MARGIN DRIVEN BY POSITIVE SPREAD AND PAP IMPACT

2023 SWE[1] Adjusted EBITDA Evolution

ADJUSTED EBITDA (IN €M)



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



+390bps

	2023	2022
Adjusted EBITDA margin	28.7%	24.8%

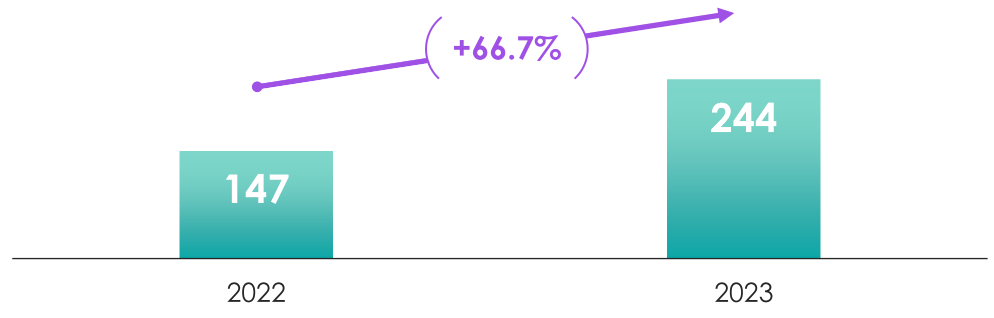
- Positive inflation spread compensating the sharp rise in costs
- Positive product mix
- Good industrial performance
- Strong increase in EBITDA margin

STRONG MARGIN IMPROVEMENT DRIVEN BY POSITIVE MIX AND PAP IMPACT

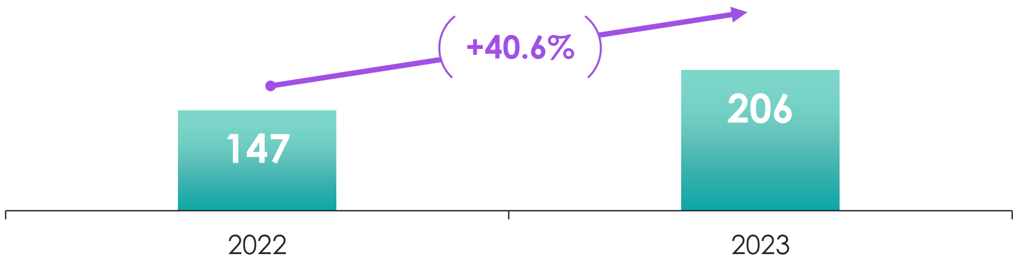
(1) Southern and Western Europe comprises France, Italy, Spain and Portugal.

2023 NEE[1] Adjusted EBITDA Evolution

ADJUSTED EBITDA (IN €M)



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



	2023	2022
Adjusted EBITDA margin	24.9%	21.1%

+386bps

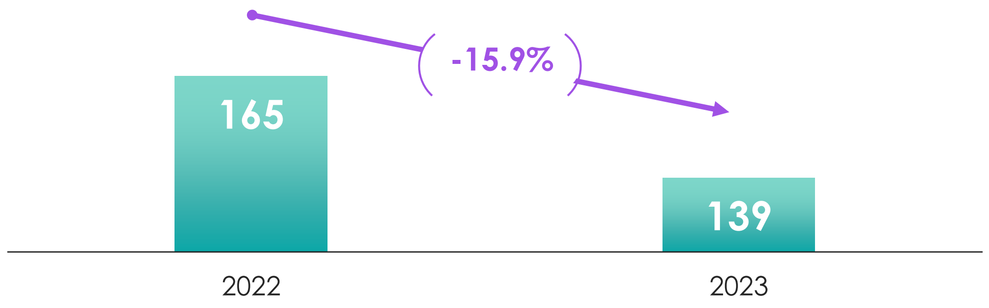
- Positive inflation spread on sales across the region
- Recovery in Ukraine following the restart of Zorya's second furnace in early 2023
- Strong industrial performance (PAP)
- Negative FX impact from the depreciation of the ruble and the hryvnia
- Strongly positive impact from the 12-month consolidation of Verallia UK (Allied Glass, acquired November 2022)

STRONG INCREASE IN EBITDA DRIVEN BY MARGIN IMPROVEMENT AND ALLIED CONSOLIDATION

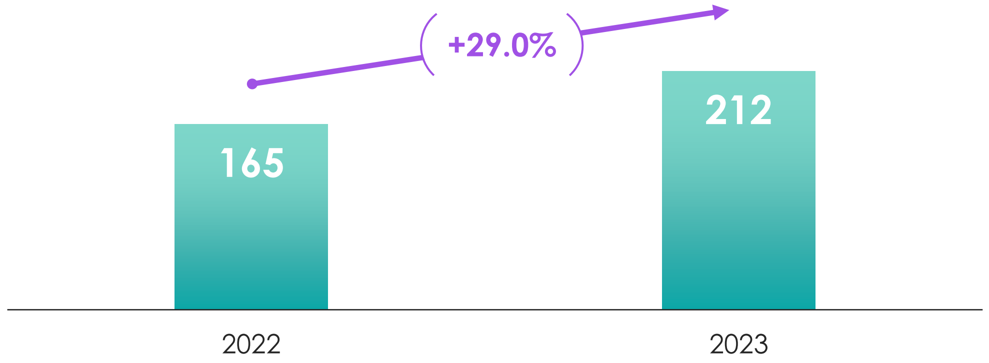
(1) Northern and Eastern Europe comprises Germany, UK, Poland, Ukraine and Russia.

2023 LATAM[1] Adjusted EBITDA Evolution

ADJUSTED EBITDA (IN €M)



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



-430bps

	2023	2022
Adjusted EBITDA margin	34.9%	39.2%

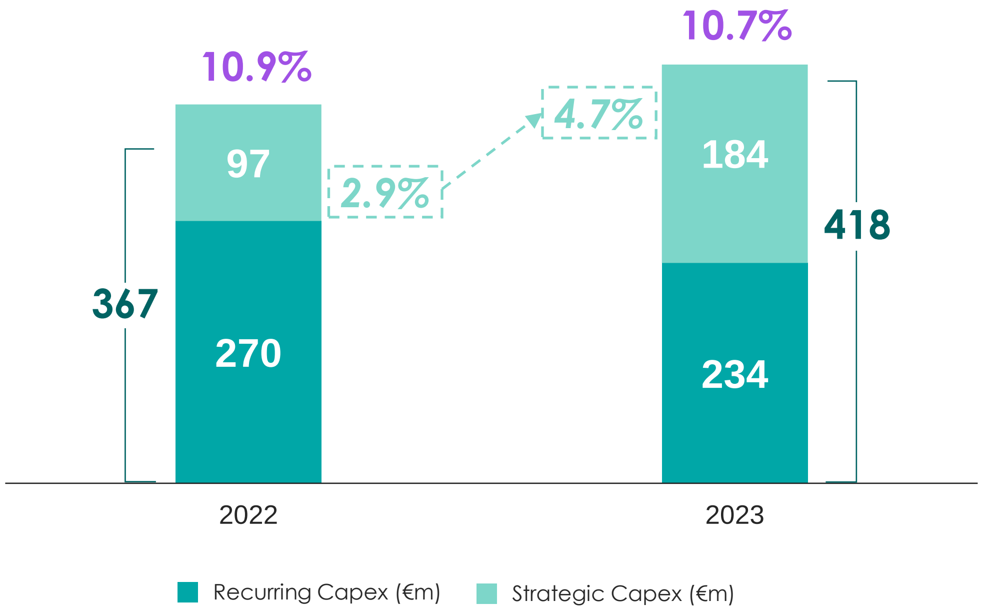
- Decline in EBITDA entirely due to Argentina and the FX impact from the peso devaluation (including latest one in December)
- EBITDA otherwise up organically with good activity and ability to pass price increases to follow inflation
- Strong industrial performance (PAP) and margins still best-in-class

ORGANIC INCREASE IN EBITDA OFFSET BY NEGATIVE FX IMPACT (ARGENTINIAN PESO)

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

2023 Capex Evolution: preparing for the future

TOTAL BOOKED CAPEX AS % OF SALES - In € million



- 2023 total booked capex in line with ~10% of sales objective
- Recurring capex down vs 2022 reflecting lighter furnace repair calendar
- Strategic capex up from **2.9% to 4.7%** of sales, comprising:
  - Ongoing construction of the 2 new furnaces planned for opening in 2024: Campo Bom (Brazil) and Pescia (Italy)
  - CO_2 emissions reduction capex including investments linked to the new furnace technologies (eg Cognac electric furnace)

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

2023 Group Cash-flow Generation

In € million	FY 2023	FY 2022
Adjusted EBITDA	**1,108.0**	**865.5**
Total Capex	418.0	367.0
Cash Conversion	**62.3%**	**57.6%**
Change in operating working capital	(108.2)	39.4
of which Capex WCR	*(1.5)*	*75.2*
Operating Cash-Flow	**581.7**	**537.9**
Other operating impact	(10.9)	(14.6)
Interest paid & other financing costs	(74.0)	(53.6)
Cash Tax	(131.4)	(105.9)
Free Cash-Flow	**365.3**	**363.8**

- Strong growth in **adjusted EBITDA**
- Increase in cash conversion despite higher **total capex** linked to higher strategic investments (new furnaces, CO2)
- Increase in **operating working capital** requirement driven by H1 inventory rebuild
- **Other operating impact**: IFRS 16 and adjustments to EBITDA with a cash effect
- **Interest paid and other financial costs**: short-term financing impacted by Euribor 3M increase, partially off-set by deposit income
  - 89% of our long-term debt is fixed (fixed rates / hedges)

ANOTHER YEAR OF STRONG FREE CASH FLOW GENERATION

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.

2023 Group Net Debt Evolution and Leverage

In € million	31/12/2023	31/12/2022
Net Debt	1,364.5	1,405.9
LTM Adjusted EBITDA	1,108.0	865.5
Net Debt / LTM Adjusted EBITDA	**1.2x**	**1.6x**

- €209m of cash returns to shareholders in 2023 (€167m dividend + €42m share buy-backs)
- Net debt at €1,365m including €62m rights-of-use
- Verallia corporate credit rating upgraded to **Investment Grade** at both Moody's and Standard & Poor's in 2023

FURTHER DELEVERAGING, LEVERAGE DOWN TO 1.2X AFTER €209M SHAREHOLDER CASH RETURNS

2023 Financial Structure and Liquidity

In € million	Nominal amount or max. amount drawable	Maturity	Nominal rate	31 Dec. 2023
Sustainability-Linked Bond – May 2021 (1)	500.0	May 2028	1.625%	503.2
Sustainability-Linked Bond – November 2021 (1)	500.0	November 2031	1.875%	494.6
Term Loan B (TLB)(1)	550.0	April 2027 + 1 yr extension	Euribor+1.25%	550.2
Revolving Credit Facility (RCF)	550.0	April 2028 +1 yr +1 yr extensions	Euribor+0.75%	-
Neu CP(1)	500.0			158.2
Other debt(2)				132.9
Total borrowings				**1,839.1**
Cash				(474.6)
Net Debt				**1,364.5**

- A significant part of the Group's floating rate exposure is hedged through interest rate CAPs (i.e. 89% of total long-term debt is fixed either by being at fixed rate or by being hedged)
- Total available liquidity(3) reaches **€866m** as of December 31, 2023

STRONG LIQUIDITY, NO SIGNIFICANT MATURITY UNTIL 2027

(1) Including accrued interest. (2) o/w IFRS16 leasing (€61.5m). (3) Calculated as Cash + Undrawn Revolving Credit Facilities – Outstanding Commercial Papers.

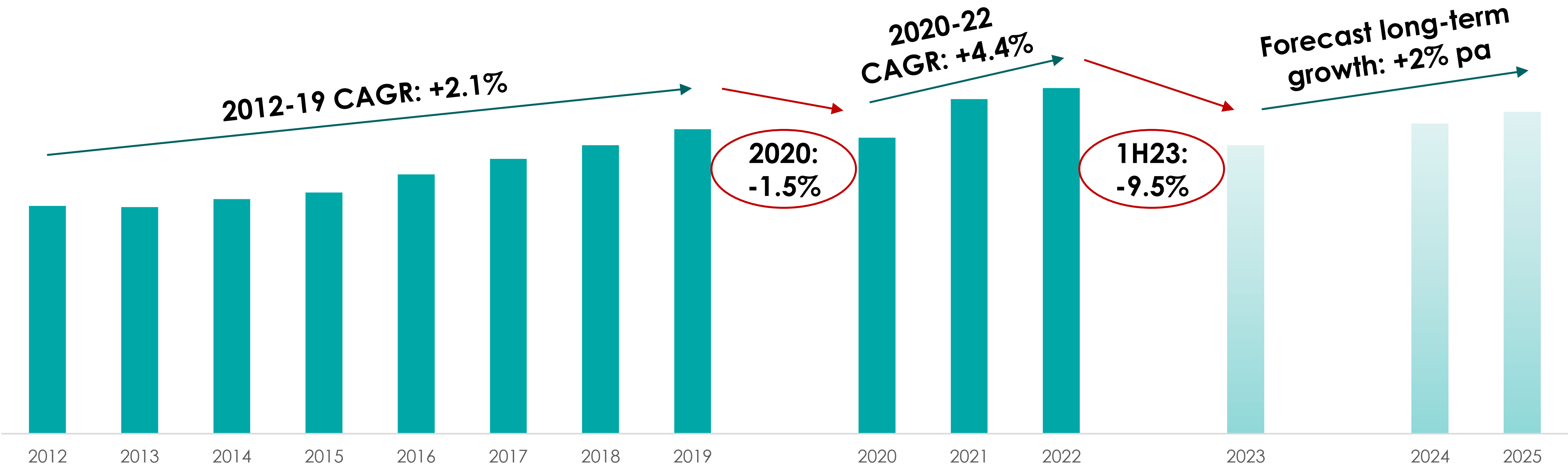
2024 GUIDANCE

04

Patrice LUCAS
CEO

Towards a normalization of the European Food & Beverage glass container market

European domestic F&B glass container sales in mT (FEVE perimeter)



2012-19: regular 2% growth pa

2020: steady demand despite Covid lockdown

2021-22: strong growth fueled by higher end demand, tight supply and business continuity fears

2023: sharp drop driven by lower end demand and destocking

2024: normalization
2025 & beyond: back to 2% long-term annual growth

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

2024 guidance

Gradual rebound in activity

Volumes up year-on-year

Adjusted EBITDA

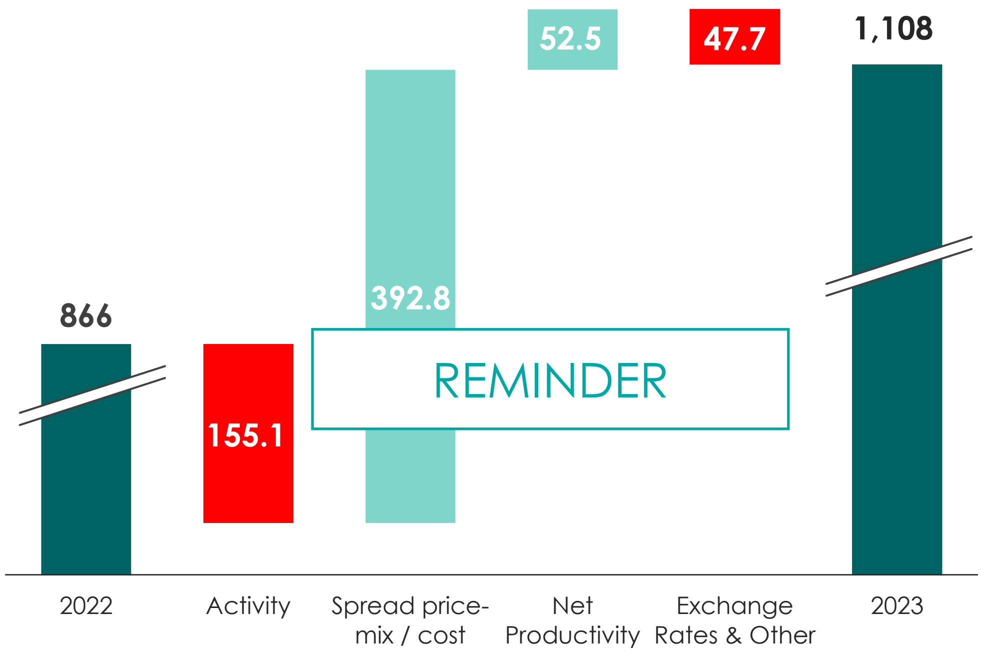
around €1bn

Sequential improvement *through the year*

- *1H24 EBITDA below 1H23*
- *2H24 EBITDA above 2H23*
- *2H24 EBITDA above 1H24*

2023-24 adjusted EBITDA bridge dynamics

ADJUSTED EBITDA: 2022-23 BRIDGE (€m)



ADJUSTED EBITDA: 2023-24 BRIDGE (€m)

Q&A

APPENDICES

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

Reconciliation of operating profit to adjusted EBITDA

In €m	2023	2022
Operating profit	**761.3**	**558.3**
Depreciation and amortisation (i)	326.7	295.9
Restructuring costs	3.4	(0.8)
IAS 29 Hyperinflation (Argentina) (ii)	5.8	4.3
Management share ownership plan and associated costs	6.2	6.2
Company acquisition costs and earn-outs	0.7	5.1
Other	3.9	(3.5)
Adjusted EBITDA	**1,108.0**	**865.5**

(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.

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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. The 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 recorded during the acquisition of the Saint-Gobain packaging business in 2015 (initial gross value of €740 million over a useful life of 12 years).

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