Q1 2024 results

25 April 2024

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Summary

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INTRODUCTION

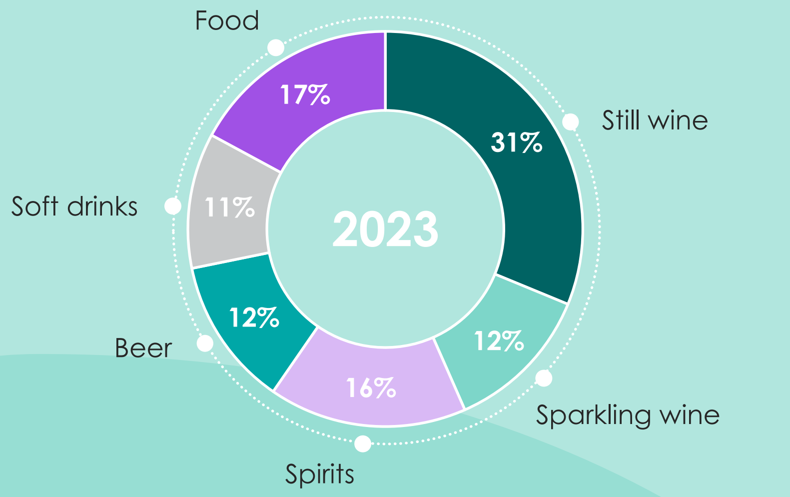
Patrice LUCAS
CEO

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
- **~11,000** 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

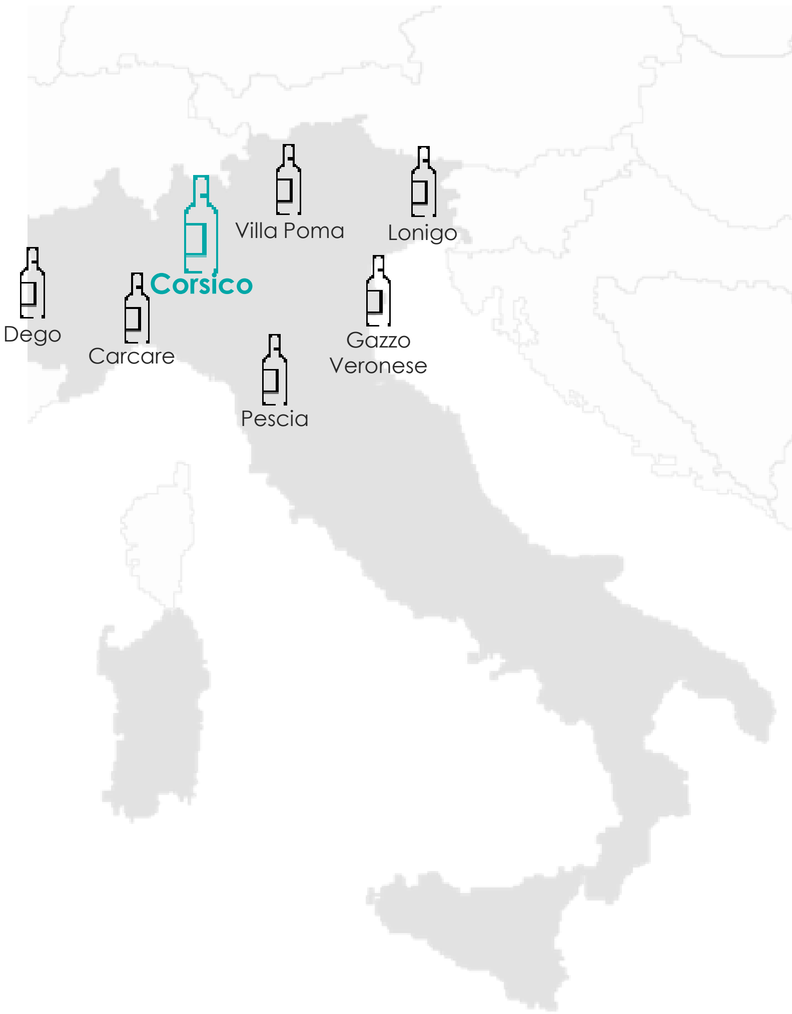
Verallia has entered into an agreement to acquire Vidrala's glass business in Italy

- Transaction announced **February 28, 2024; €230m** enterprise value
- Willingness to **further invest in a strategic and growing market**
- **Reinforce our glass container offering** to the food and beverage industry in italy **for the benefit of all our customers**

- In 2023, the company generated **revenue of €131 million** and **EBITDA of €33 million** (1)
- **One production** site in Corsico near Milan with **two furnaces**

- **Completion of the transaction** is subject to the approval of the Italian competition authority under the Italian merger control law and of the Italian government under foreign investment rules as well as customary conditions precedent
- The Group aims to complete the acquisition **between the second and third quarters of 2024**

VERALLIA ITALIAN GLASS PRODUCTION FOOTPRINT



(1) Figure as of 31 December 2023

Start of the first 100% electrical furnace, in Cognac, France

- **A 100% electric furnace** with the largest production capacity in the world (180T/D)
- **Reducing CO_2 emissions** by 60%, contributing to industry decarbonisation in France
- **Start up** on 18 March 2024
- **This furnace produces** white glass bottles for Cognac customers
- **First deliveries expected** at the end of Q2 2024

World premiere in the glass packaging industry

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Group CSR performance once again recognized and rewarded

ECOVADIS – PLATINUM MEDAL – SCORE: 85/100

For the third year running, the Group has won the highest distinction awarded by EcoVadis with a **much-improved score**:

85

vs 78/100 in 2023

Verallia remains in the

top 1%

of the 90,000 most virtuous companies in terms of the environment, human rights, ethics and responsible purchasing

Bordelaise Air 300g moves forward

- Bottle already produced in **France**, **Spain**, **Germany** & **Italy**
- **Chile** will launch it in Q4 2024
- Bottle selected by wineries from UK, France, Spain & Germany to **minimize their carbon footprint**
- **Lancaster Wines** from UK and **Grand Bourry** are already using this bottle at their facilities
- Strong customer interest at **Prowein** will lead to additional colors such as flint or light green

2024 sales forecast: 10 million units

Activity down vs Q1 2023 as expected, gradual recovery in line with the outlook presented in the full-year results

REVENUE

- **-20.5%** yoy to €836m
- **-12.7%** yoy organic growth

ADJUSTED EBITDA

- **€204m,** -33.7% vs. Q1 2023
- Margin at **24.4%** vs. 29.2% in Q1 2023 (-485 bps)

NET DEBT

- Leverage: **1.5x** LTM adj. EBITDA vs 1.2x end of Dec. 23

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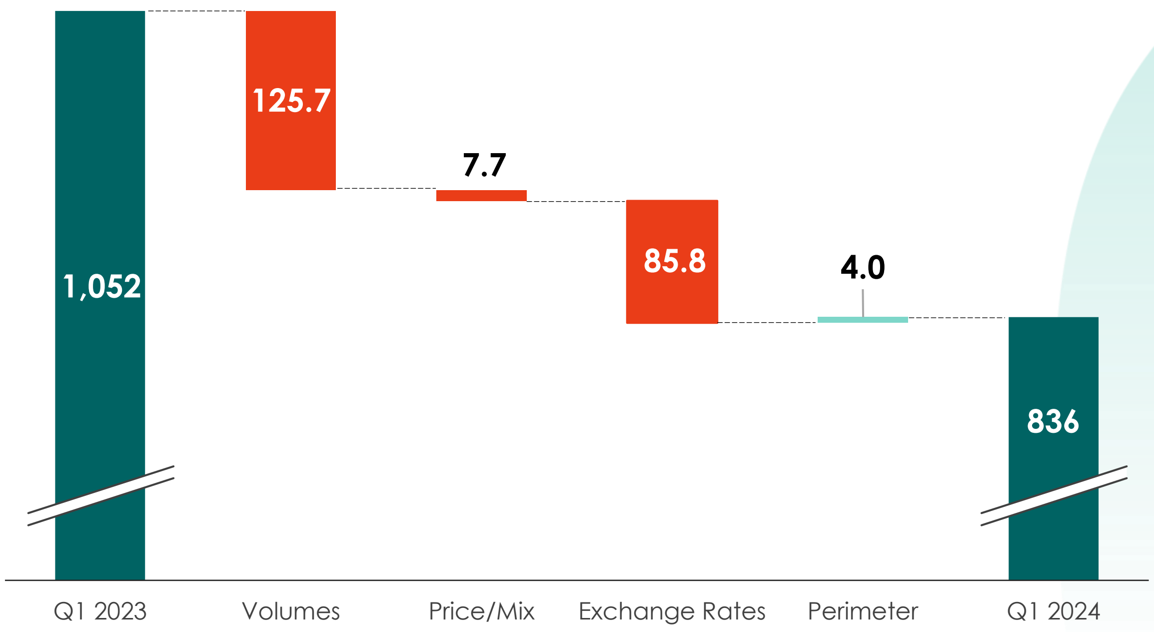
03

Q1 2024
FINANCIAL RESULTS

Nathalie DELBREUVE
CFO

Q1 2024 Consolidated Revenue Variance Analysis

REPORTED REVENUE (IN €M)

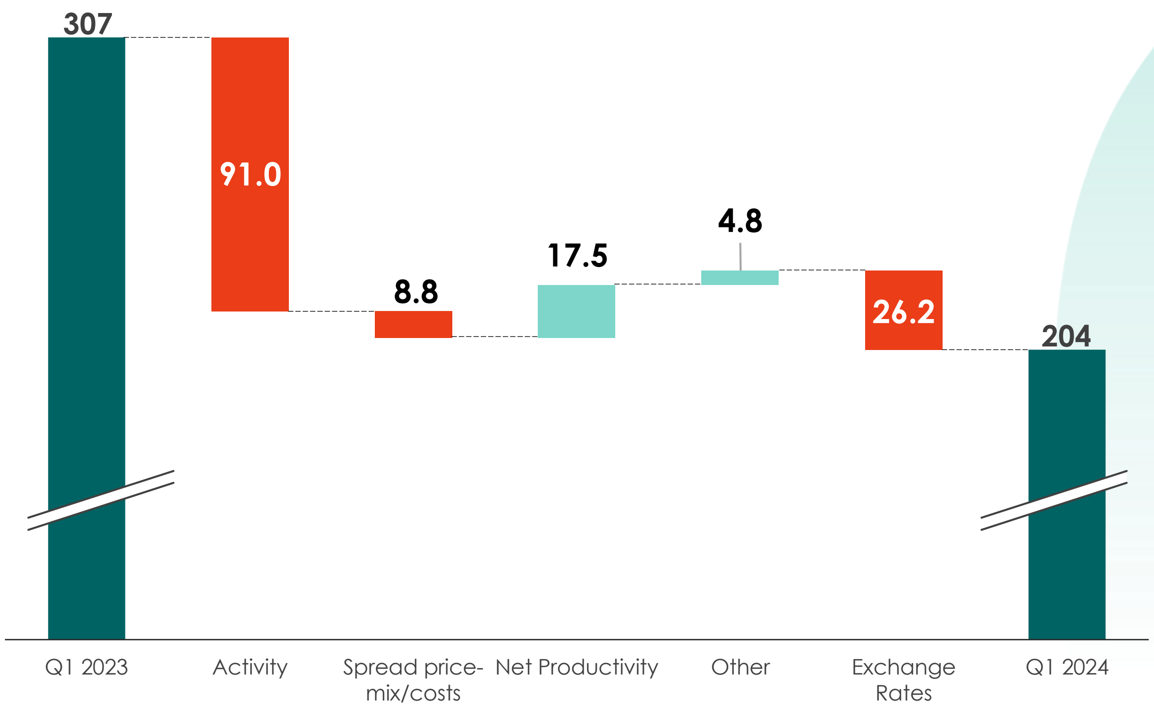


- Organic growth: -12.7% in Q1 24 (-20.7% excluding Argentina)
- Lower volumes versus strong Q1 last year
  - Europe: soft start in beer, spirits (Germany and UK) and soft drinks, sparkling and food showing greater resilience
  - LatAm: strong rebound in Chile, slight pickup in Argentina, some softness in Brazil
- Price / mix
  - Widespread year-on-year decline in selling prices from peak reached in Q1-Q2 2023, offset by strongly positive Argentina impact
  - Slightly negative contribution from mix
- FX
  - Very limited impact excluding Argentinian peso
- Perimeter effect
  - From the acquisition of cullet treatment centers in Iberia (Q4 2023)
- Key Argentina Impacts (captured in bridge)
  - Positive impact of ca +€11m on activity, +€68m on price/mix and negative €(81m) impact on FX

LOWER VOLUMES AND PRICES IN LINE WITH EXPECTATIONS

Q1 2024 Consolidated Adjusted EBITDA Variance Analysis

ADJUSTED EBITDA (IN €M AND % OF SALES)



-485bps

	Q1 2024	Q1 2023
Adjusted EBITDA margin	24.4%	29.2%

- Activity / Operating leverage
  - Impact of lower volumes in Q1 as anticipated, against a strong Q1 23
  - Further impact from lower stocking
- Negative price-mix / cost spread
  - Negative spread as anticipated after a very positive Q1 23
  - Negative mix contribution
- Net PAP
  - Excellent performance at 2.8% cash production cost reduction
- Limited FX effect excluding Argentina
- Key Argentina Impacts (captured in bridge)
  - Positive impact of ca +€6m on activity and +€24m on spread and negative €(25)m impact on FX

MIX OF LOWER ACTIVITY AND NEGATIVE SPREAD VARIATION

31 March 2024 Group Net Debt Evolution and Leverage

In € million	31/03/2024	31/12/2023	31/03/2023
Net Debt	1,496.3	1,364.5	1,304.4
LTM Adjusted EBITDA	1,004.4	1,108.0	990.3
Net Debt / LTM Adjusted EBITDA	**1.5x**	**1.2x**	**1.3x**

- Adjusted EBITDA at **€1,004.4m**
- Net debt at **€1,496.3m** including rights-of-use for **€74.9m**
- Long-term credit rating **confirmed by Moody's** (Baa3 – outlook stable) on 26 March 2024
- Option exercised in March 2024 to **extend €1.1bn credit facility by one year**, with maturities now pushed to 2028-29

ROBUST NET DEBT RATIO, CREDIT RATING CONFIRMED, CREDIT FACILITY EXTENDED

31 March 2024 Financial Structure and Liquidity

In € million	Nominal amount or max. Amount drawable	Maturity	Nominal rate	31 March 2024
Sustainability-Linked Bond – May 2021[(1)]	500.0	May 2028	1.625%	505.3
Sustainability-Linked Bond – November 2021[(1)]	500.0	November 2031	1.875%	497.1
Term Loan B (TLB)[(1)]	550.0	April 2028	Euribor+1.25%	549.8
Revolving Credit Facility (RCF)	550.0	April 2029 + 1 year extension	Euribor+0.75%	-
Negotiable Commercial Papers Neu CP[(1)]	500.0			254.9
Other debt[(2)]				121.4
Total borrowings				**1,928.5**
Cash				(432.3)
Net Debt				**1,496.3**

- 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)] reached **€725.4** million as of March 31, 2024

(1) Including accrued interest
(2) o/w IFRS16 leasing (€74.9m)
(3) Calculated as the Cash + Undrawn Revolving Credit Facilities – Outstanding Commercial Papers

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2024 GUIDANCE

Patrice LUCAS
CEO

04

2024 Guidance confirmed

Gradual rebound in activity

Volumes up year-on-year

Adjusted EBITDA

around €1bn

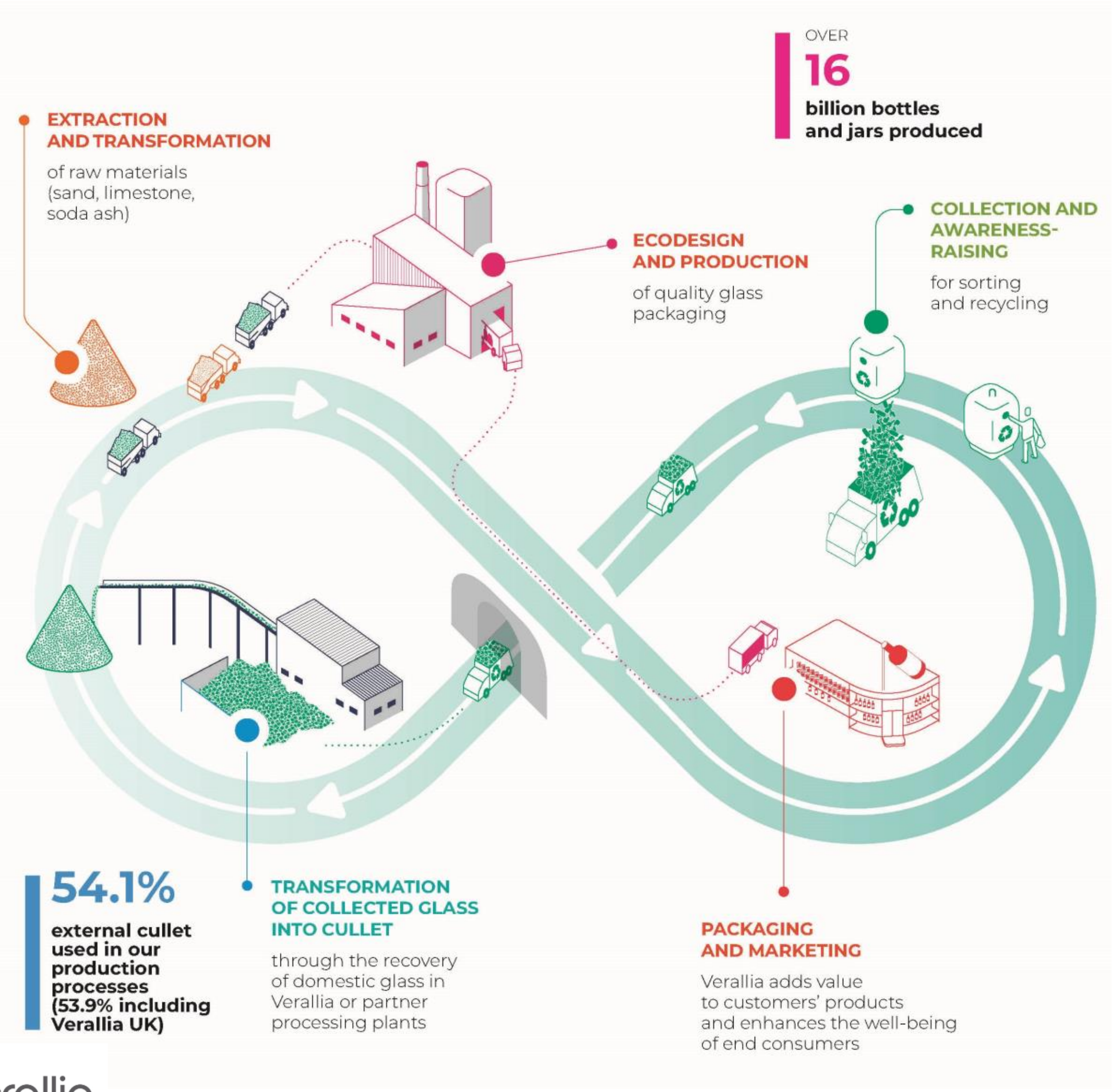
***Sequential improvement** through the year*

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

Q&A

APPENDICES

Circularity is core to our model



SAVINGS*

+10pts
of cullet

-5%
of CO_2 emissions

-2.5%
of energy consumption

Source: Company fillings
* 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

Reconciliation of operating profit to adjusted EBITDA

In €m	Q1 2024	Q1 2023
Operating profit	**119.0**	**224.7**
Depreciation, amortisation and impairment (i)	82.3	79.0
Restructuring costs	0.5	0.5
Acquisition and M&A costs	0.6	0.1
IAS 29, Hyperinflation (Argentina)	(0.9)	0.3
Management share ownership plan and associated costs	1.6	2.8
Other	0.7	-
Adjusted EBITDA	**203.9**	**307.4**

(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) 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. 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.

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