PRESS RELEASE

9M 2021 results

+3.4% increase in revenue
Growth in adjusted EBITDA to €528 million (+11.2%) and in adjusted EBITDA margin to 26.1% (+183 bps)
2021 targets confirmed despite the current inflationary tension

Paris, 28 October 2021

Highlights

- **Revenue increased by +3.4% over nine months to €2,022 million** (**+5.8%** at constant exchange rates and scope)(1)
- **Revenue growth of +2.0% to €695 million in Q3** (**+2.1%** at constant exchange rates and scope)(1), despite a high comparative basis in Q3 2020
- **Adjusted EBITDA of €528 million over nine months, up +11.2%** over the previous year
- **Increase in adjusted EBITDA margin to 26.1% over nine months (+183 bps)**
- **Reduction in the net debt ratio to 1.8x adjusted EBITDA for the last 12 months,** compared with 2.2x at the end of September 2020
- **Sales and adjusted EBITDA targets confirmed for 2021 despite the current inflationary tension**

(1) The revenue growth at constant exchange rates and scope, excluding Argentina, was +3.6% over nine months 2021 compared with nine months 2020, and -0.2% in Q3 2021 compared with Q3 2020.

"*Despite a high comparative basis created by a very dynamic third quarter last year, Verallia posted a solid growth in revenue over the third quarter and over the first nine months of the year. Adjusted EBITDA and its margin also improved substantially over the nine months, driven by the Group's three strategic pillars: the operational leverage related to the increase in volumes, a positive mix and inflation spread, and improved operational efficiency (Performance Action Plan (PAP)). We thus confirm our targets for 2021, despite the strong inflationary tensions currently observed. In addition, on October 7th, we presented our strategic roadmap for 2022-2024 with ambitious new financial and environmental targets, reflecting our determination to reinforce our global leadership and our commitment to meaningfully contribute to the limitation of global warming*", commented **Michel Giannuzzi**, Chairman and CEO of Verallia.

Revenue

In € million	9M 2021	9M 2020
Revenue	**2,022.2**	**1,955.8**
Reported growth	*+3.4%*	
Organic growth	*+5.8%*	

In € million	Q3 2021	Q3 2020
Revenue	**694.5**	**681.2**
Reported growth	*+2.0%*	
Organic growth	*+2.1%*	

Over the first nine months of the year, Verallia recorded **revenue** of **€2,022 million**, compared with €1,956 million over the same period in 2020, and thus posted **an increase of +3.4% on a reported basis**.
The impact of **exchange rates** was -2.4% over the first nine months (-€46 million), primarily concentrated in the first half. It was in large part linked to the depreciation of the Argentine peso and the Brazilian real and, to a lesser extent, the depreciation of the Ukrainian hryvnia and the Russian rouble.

At **constant exchange rates and scope**, revenue increased by **+5.8%** over the first nine months of the year (+3.6% excluding Argentina).

The **third quarter** posted **organic growth** of **+2.1%** at Group level, despite the very strong comparative basis of the third quarter of 2020 (organic growth of +8.9% in Q3 2020 vs. Q3 2019). By product family, sales of wine (still and sparkling) and beer continued to grow, while sales of non-alcoholic beverages and food jars normalised after a particularly dynamic third quarter in 2020.
An increase in sales prices at the start of the year and a product mix that remained positive in the third quarter at Group level also contributed to the revenue improvement over the first nine months of the year.

Revenue breakdown by region:

- In Southern and Western Europe, sales were up over the first nine months of the year, despite a slight slowdown in the third quarter because of the strong comparative basis of Q3 2020.
- In Northern and Eastern Europe, the downturn observed in the first half was reduced over the nine months thanks to a solid revenue growth in the third quarter. This improvement is particularly notable in Germany in food jars and beer.
- In Latin America, the strong momentum in volumes recorded in the first half continued over the third quarter in all countries, while increases in sales prices further contributed to revenue growth.

Adjusted EBITDA

In € million	9M 2021	9M 2020
Adjusted EBITDA	**527.6**	**474.4**
Adjusted EBITDA margin	*26.1%*	*24.3%*

In € million	Q3 2021	Q3 2020
Adjusted EBITDA	**182.9**	**175.7**
Adjusted EBITDA margin	*26.3%*	*25.8%*

Adjusted EBITDA rose by +11.2% over the **first nine months of the year** to **€528 million**. Over the **third quarter**, adjusted EBITDA increased by +4.1%, reaching **€183 million**, versus €176 million in Q3 2020. The unfavourable **exchange rate** effect amounted to -€16 million, mainly due to the depreciation of Latin American currencies, the Ukrainian hryvnia and the Russian rouble in the first half.
Verallia generated a positive inflation spread[1] in all regions, with prices remaining stable in Europe and increasing in Latin America to offset cost inflation. The product mix remained favourable and the net reduction in production cash costs of €29 million (or 2.4% of production cash costs) also contributed to the improvement in adjusted EBITDA.

The **adjusted EBITDA margin** rose over the **first nine months of the year to 26.1%** versus 24.3% over the same period in 2020. In the **third quarter,** the margin reached **26.3%**.

Very solid balance sheet

In the first nine months of the year, Verallia continued to improve its net debt ratio, with **net debt** amounting to **€1,213 million** at the end of September 2021, after two share buybacks by the Group for €109 million and the payment of €114 million in dividends in July. The net debt ratio was **1.8x adjusted EBITDA for the last 12 months,** compared with 2.2x at the end of September 2020 and 1.9x at the end of June 2021.

Building on the success of the bond issue tied to two environmental criteria (Sustainability-Linked Bond) last May, the Group plans to continue its policy to diversify its financing sources.

[1] Spread represents the difference between (i) the increase in sales prices and mix applied by the Group after passing the increase in its production costs on to these prices, if required, and (ii) the increase in its production costs. The spread is positive when the increase in sales 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 production gap and the impact of the Performance Action Plan (PAP).

2021 targets

Despite the strong inflationary tensions currently observed on costs, Verallia is confirming for 2021 the targets announced at the publication of its half-year results on 29 July of this year and will achieve the medium-term targets communicated at the time of its IPO in 2019 a year ahead.

Thus, for the year ending 31 December 2021, the Group anticipates:

- **Revenue of around €2.6 billion**;
- A **level of volumes at the same level as those reached in 2019;**
- **Adjusted EBITDA of around €675 million**.

Restatement of the medium-term targets announced at the Capital Markets Day on 7 October 2021:

Verallia went a step further on October 7th, 2021 by setting new goals aligned with the objective of **limiting global warming to 1.5°C:**

- **46% reduction in Scope 1 and 2 emissions by 2030** in absolute terms (base year 2019)[1]
- **Scope 3 emissions maintained below 40%** of total emissions in 2030
- **Net Zero in 2050** for **Scope 1 and 2 emissions**

The Group has also set new **Medium-Term Financial Targets for 2022–2024:**

	2022–2023–2024	Assumptions
Organic Sales Growth[2]	+4-6% CAGR	• From ca half volume and half price/mix • Moderate inflation in raw material and energy costs after 2022
Adj. EBITDA margin	28%-30% in 2024	• Positive price/cost spread • Net PAP > 2% of production cash cost (i.e. > €35m per annum)
Cum. Free Cash Flow[3]	ca €900m over 3 years	• Recurring and strategic Capex @ ca 10% of sales, • Including CO_2-related capex and 3 new furnaces by 2024
Earnings per Share (excl. PPA[4])	ca €3 in 2024	• Average cost of financing (pre-tax) @ ca 2% • Effective tax rate @ ca 27%
Shareholder Return Policy	Dividend / share growth > 10% per annum + Accretive share buy-backs	• Net income growth > 10% per annum • Investment grade trajectory (leverage < 2x)

[1] Target to be validated by the SBT initiative.
[2] At constant FX and excluding changes in perimeter.
[3] Defined as the Operating Cash Flow - Other operating impact - Interest paid & other financing costs - Cash Tax.
[4] Earnings excl. amortization expense for customer relations (PPA) recognized upon the acquisition from Saint-Gobain, of ca €0.38 / share (net of taxes).

An analysts' conference call will be held on Thursday, 28 October 2021 at 9.00 am (CET) via an audio webcast service (live and replay) and the results presentation will be available on [www.verallia.com.](http://www.verallia.com)

Financial calendar

- 16 February 2022: financial results for Q4 and financial year 2021 – *Press release* ***after market close*** *and conference call/presentation* ***the following morning at 9.00 am CET***.
- 20 April 2022: financial results for Q1 2022 – *Press release* ***after market close*** *and conference call/presentation* ***the following morning at 9.00 am CET***.
- 11 May 2022: Annual General Shareholders' Meeting.
- 27 July 2022: results for H1 2022 – *Press release* ***after market close*** *and conference call/presentation* ***the following morning at 9.00 am CET***.
- 19 October 2022: financial results for Q3 2022 – *Press release* ***after market close*** *and conference call/presentation* ***the following morning at 9.00 am 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 joining forces with our customers, suppliers and other partners across the value chain to develop beneficial and sustainable new solutions for all.
With around 10,000 employees and 32 glass production facilities in 11 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 2020, Verallia produced more than 16 billion glass bottles and jars and posted revenue of €2.5 billion. Verallia is listed on compartment A of the regulated market of Euronext Paris (Ticker: VRLA – ISIN: FR0013447729) and is included in the following indices: SBF 120, CAC Mid 60, CAC Mid & Small and CAC All-Tradable.
For more information, visit www.verallia.com
Follow us on LinkedIn, Twitter Facebook and YouTube

Verallia Investor Relations contact

Alexandra Baubigeat Boucheron - alexandra.baubigeat-boucheron@verallia.com

Press contacts

Brunswick – Benoit Grange, Hugues Boëton, Tristan Roquet Montegon -
verallia@brunswickgroup.com – +33 (0)1 53 96 83 83

Disclaimer

Certain information included in this press release does not constitute historical data but constitutes 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 3 "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 press release includes only summary information and does not purport to be comprehensive.

Personal data protection

You can unsubscribe from our press release distribution list at any time by sending your request to the following email address: investors@verallia.com. Press releases will still be available to access via the website https://www.verallia.com/en/investors/.

Verallia SA, as data controller, processes personal data for the purpose of implementing and managing its internal and external communication. This processing is based on legitimate interests. The data collected (last name, first name, professional contact details, profiles, relationship history) is essential for this processing and is used by the relevant departments of the Verallia group and, where applicable, its subcontractors. Verallia SA transfers personal data to its service providers located outside the European Union, who are responsible for providing and managing technical solutions related to the aforementioned processing. Verallia SA ensures that the appropriate guarantees are obtained in order to supervise these data transfers outside of the European Union. Under the conditions defined by the applicable regulations for the protection of personal data, you may access and obtain a copy of the data concerning you, object to the processing of this data and request for it to be rectified or erased. You also have a right to restrict the processing of your data. To exercise one of these rights, please contact the Group Financial Communication Department at investors@verallia.com. If, after having contacted us, you believe that your rights have not been respected or that the processing does not comply with data protection regulations, you may submit a complaint to CNIL (Commission nationale de l'informatique et des libertés — French regulatory body).

APPENDICES

Key figures for the first nine months of the year

In € million	9M 2021	9M 2020
Revenue	**2,022.2**	**1,955.8**
Reported growth	*+3.4%*	
Organic growth	*+5.8%*	

Adjusted EBITDA	**527.6**	**474.4**
Adjusted EBITDA margin	*26.1%*	*24.3%*

Net debt at the end of September	**1,213.4**	**1,358.5**
Last 12 months adjusted EBITDA	**678.8**	**611.8**
Net debt/last 12 months adjusted EBITDA	*1.8x*	*2.2x*

Key figures for the third quarter

In € million	Q3 2021	Q3 2020
Revenue	**694.5**	**681.2**
Reported growth	*+2.0%*	
Organic growth	*+2.1%*	

Adjusted EBITDA	**182.9**	**175.7**
Adjusted EBITDA margin	*26.3%*	*25.8%*

Evolution of revenue by nature in € million during the first nine months

In € million	
9M 2020 revenue	**1,955.8**
Volumes	*+34.2*
Price/Mix	*+78.3*
Exchange rates	*(46.1)*
9M 2021 revenue	**2,022.2**

Evolution of adjusted EBITDA by nature in € million during the first nine months

In € million	
9M 2020 Adjusted EBITDA (i)	**474.4**
Activity contribution	*+0.2*
Price-mix/costs spread	*+44.5*
Net productivity	*+29.0*
Exchange rates	*(15.9)*
Other	*(4.5)*
9M 2021 Adjusted EBITDA (i)	**527.6**

(i) Adjusted EBITDA is calculated on the basis of 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.

Financial structure

In € million	Nominal amount or max. amount drawable	Nominal rate	Final maturity	30 September 2021
Sustainability-Linked Bond (i)	500	1.625%	14 May 2028	500.1
Term loan A (i)	1,000	Euribor +1.25%	7 Oct. 2024	995.7
Revolving credit facility RCF 1	500	Euribor +0.85%	7 Oct. 2024	-
Negotiable debt securities (Neu CP)	400			150.2
Other borrowings (ii)				147.7
Total borrowings				**1,793.7**
Cash and cash equivalents				(580.3)
Net borrowings				**1,213.4**

(i) Including accrued interests.
(ii) Including IFRS 16 lease liabilities for €49.6 million, local borrowing for €29.4 million, receivables assigned with recourse for €16.1 million and received collateral on commodities derivatives for €50.0 million.

Reconciliation of operating profit to adjusted EBITDA

In € million	9M 2021	9M 2020
Operating profit	**317.0**	**238.4**
Depreciation, amortisation and impairment (i)	207.4	207.6
Restructuring costs (ii)	(1.8)	19.8
IAS 29 Hyperinflation (Argentina) (iii)	(2.1)	1.7
Management share ownership plan and associated costs	7.2	2.9
Other	(0.1)	4.1
Adjusted EBITDA	**527.6**	**474.4**

(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, including for 2020 those linked to the transformation plan implemented in France in 2020.
(ii) Corresponds mainly to the transformation plan in France for 2020.
(iii) The Group has applied IAS 29 (Hyperinflation) since the second half of 2018.

IAS 29: Hyperinflation in Argentina

Since the second half of 2018, the Group has applied IAS 29 in Argentina. The adoption of this standard requires the restatement of non-monetary assets and liabilities and of the income statement 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 the finance costs.

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

In the first nine months of 2021, the net impact on revenue was €6.3 million. The hyperinflation impact has been excluded from Group adjusted EBITDA as shown in the table "Reconciliation of operating profit to adjusted EBITDA".

GLOSSARY

Activity category: 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 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 income which are non-recurring or liable to distort the company's performance. Adjusted EBITDA is calculated on the basis of 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 demand and to environmental, health and safety constraints. 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. From 2021 onwards, they will also include 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.

The Southern and Western Europe segment comprises production plants located in France, Spain, Portugal and Italy. It is also designated by the abbreviation "SWE".

The Northern and Eastern Europe segment comprises production plants located in Germany, Russia, Ukraine and Poland. It is also designated by the abbreviation "NEE".

The Latin America segment comprises production plants located in Brazil, Argentina and Chile.

Liquidity: calculated as the Cash + Undrawn Revolving Credit Facilities – Outstanding Neu Commercial Paper.

Amortisation of intangible assets acquired through business combinations: Corresponds to the amortisation of customer relations recognised upon the acquisition of Saint-Gobain's packaging business in 2015 (initial gross value of €740 million over a useful life of 12 years).