Q3 2024 results

23 October 2024

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Summary

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INTRODUCTION

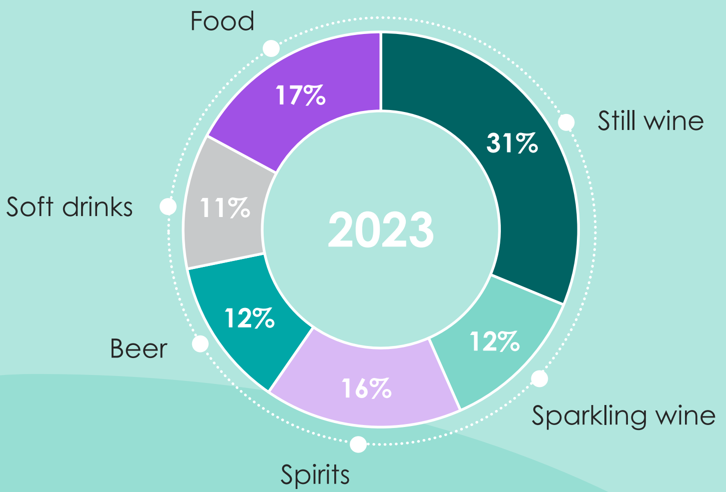
01

Patrice LUCAS
CEO

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

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- ~10,000 customers
- ~11,000 employees
- 16+ billion bottles/jars p.a.
- 19 cullet recycling centers
- 64 furnaces
- 35 glass plants
- 5 decoration plants
- 12 countries

Note: Footprint as of July 2024 post-acquisition of Vidrala's glass operations in Italy.

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

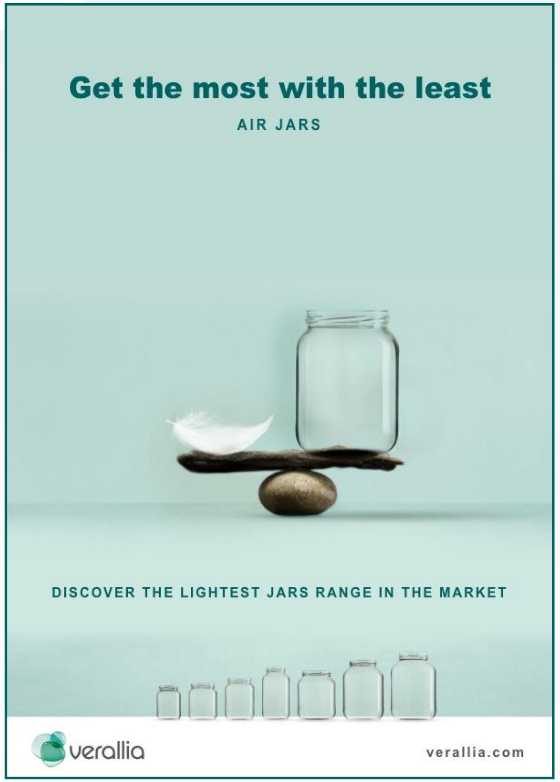
Verallia Air Range:
Moving forward with lightweighting

BORDELAISE AIR 300G

8,8 MILLION UNITS SOLD

Industry recognition

- Innovation award at Vinitech (FR)
- Innovation award by Wine Industry Expo (US)
- Finalist at Pentawards- Sustainable Packaging – (WW)
- Finalist at Environmental Packaging Award (UK)
- Finalist at Grocers Gold Awards (UK)



AIR JARS

Recently launched

- 7 jars from 37 cl to 265 cl
- Offering end consumers the best packaging in terms of sustainability and modern design
- Reducing weight and CO_2 emissions from 10 to 27% depending on the size

World premiere: inauguration of the first 100% electric furnace in Cognac

- Walking the talk, we align with the Group's ambitious **decarbonisation strategy roadmap**
- Major **step forward** for the food glass packaging industry
- **Optimizing energy consumption** at our sites and developing **low-carbon furnaces.**
- **-60% CO2 emissions** confirmed

NEXT STEP : OUR FIRST HYBRID FURNACE IN ZARAGOZA

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Soft market environment and cautious near-term outlook

- Continued soft consumption trends in Europe (poor weather and on-trade trends)
- Destocking coming to an end in the faster moving segments but still under way in the more premium, export-oriented segments
- Still cautious customer trends
- Adverse geopolitical environment (eg trade tensions)
- Temporary and permanent capacity adaptation measures in the glass industry
- Good market momentum in LatAm

⇨ **Soft current trading and cautious near-term outlook consistent with the low end of our July 2024 revised assumptions**

Returning to organic volume growth in Q3 2024 while delivering solid profitability

	REVENUE	ADJUSTED EBITDA	NET DEBT
Q3 2024	• **-6.6%** yoy to €871m • **-4.7%** yoy organic growth	• **€210m,** -14.3% vs. Q3 2023 • Margin at **24.1%** vs. 27.5% in Q3 2023 (-336 bps)	• Leverage: **2.3x** LTM adj. EBITDA vs 1.9x end of Jun. 24 and 1.2x end of Dec. 23
9M 2024	• **-14.3%** yoy to €2,635m • **-8.7%** yoy organic growth	• **€641m,** -29.9% vs. 9M 2023 • Margin at **24.3%** vs. 29.8% in 9M 2023 (-543 bps)	

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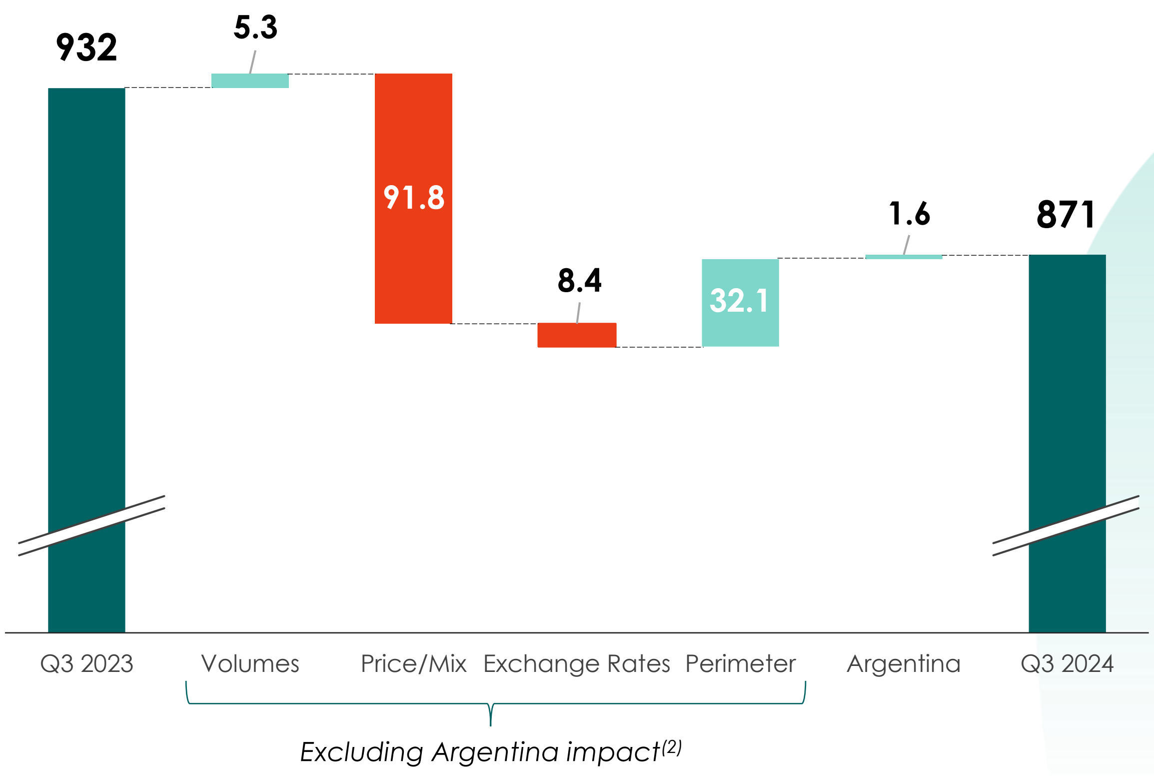
Q3 2024 FINANCIAL RESULTS

03

Nathalie DELBREUVE
CFO

Q3 2024 Consolidated Revenue Variance Analysis

REPORTED REVENUE (IN €M)[1]



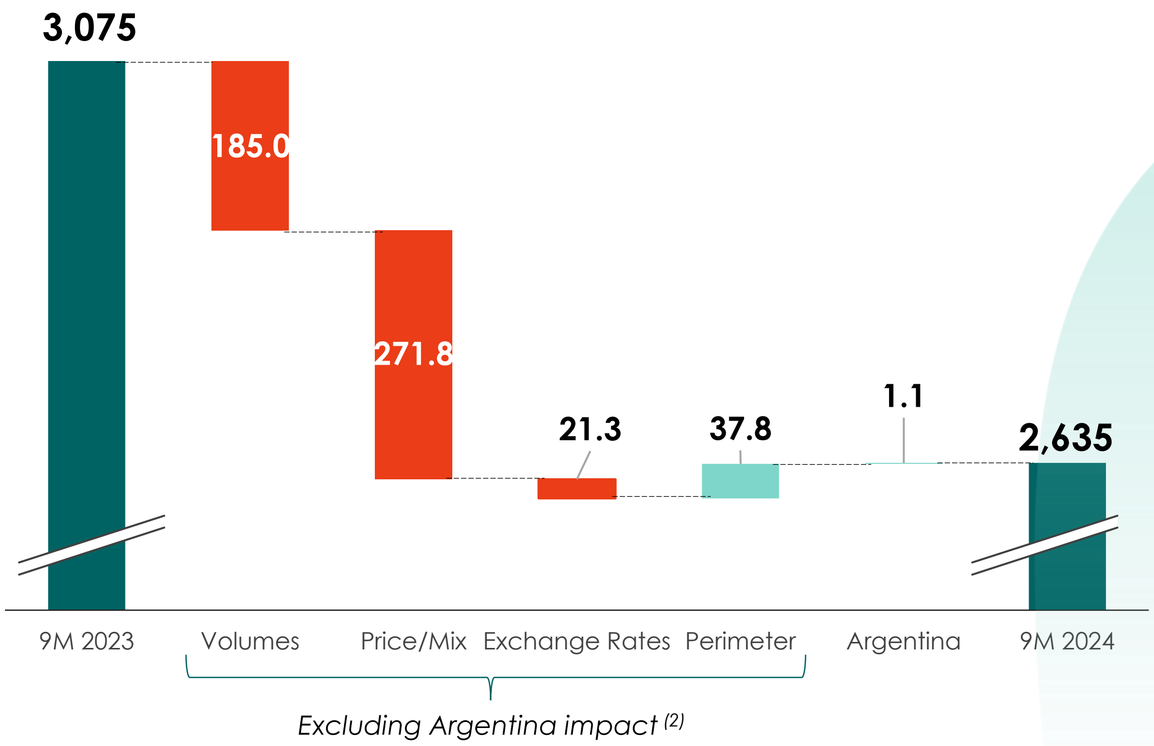
- Organic growth: -4.7% in Q3 24 (-9.7% excluding Argentina)
- Volumes up year-on-year organically combined with contribution of newly acquired Vidrala Italy operations
  - Europe: positive volume growth led by beer and to a lesser extent food
  - LatAm: strong yoy increase in volumes led by beer and NAB
- Price / mix
  - Broad-based price declines with full impact of H1 price negotiations
  - Negative price/mix impact of €(92)m despite slightly positive contribution from mix (SWE)
- FX / perimeter effect
  - €(8)m negative FX impact, mostly linked to Brazilian real
  - Perimeter effect primarily linked to the acquisition of Vidrala's glass business in Italy (Q3 2024)

DECLINE IN REVENUE ENTIRELY DUE TO NEGATIVE PRICE MIX, DESPITE ORGANIC VOLUME GROWTH

(1) New presentation excluding Argentina from individual legs of the bridge
(2) Please see appendix for bridges reflecting former presentation (Argentina allocated across factors)

9M 2024 Consolidated Revenue Variance Analysis

REPORTED REVENUE (IN €M)(1)



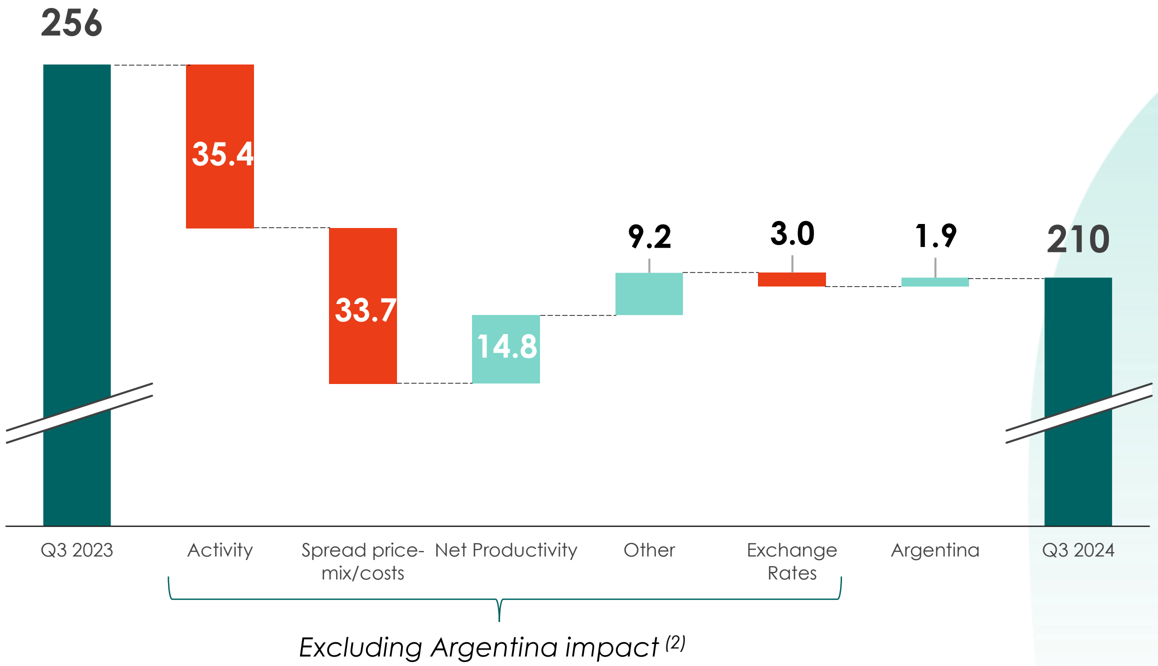
- Organic growth: -8.7% in 9M 24 (-15.3% excluding Argentina)
- Lower volumes (down mid-single digit) despite a slight yoy increase in Q3
  - Europe: volumes down yoy mostly in spirits and NAB and impacted by a strong H1 comp base
  - LatAm: strongly positive yoy volume evolution with strong performance of beer and still wine
- Price / mix
  - Strongly negative contribution driven by lower selling prices especially in Europe
  - Contribution from mix negative over 9M but slightly positive in Q3
- FX / perimeter effect
  - Negative FX linked to Brazilian real depreciation
  - Perimeter effect from the acquisition of cullet treatment centers in Iberia (Q4 2023) and Vidrala's Italian glass business (Q3 2024)

LOWER REVENUE DRIVEN BY PRICE/MIX AND VOLUMES DESPITE YOY VOLUME GROWTH IN Q3

(1) New presentation excluding Argentina from individual legs of the bridge
(2) Please see appendix for bridges reflecting former presentation (Argentina allocated across factors)

Q3 2024 Consolidated Adjusted EBITDA Variance Analysis

ADJUSTED EBITDA (IN €M AND % OF SALES)[1]



	Q3 2024	Q3 2023
	-336bps	
Adjusted EBITDA margin	24.1%	27.5%

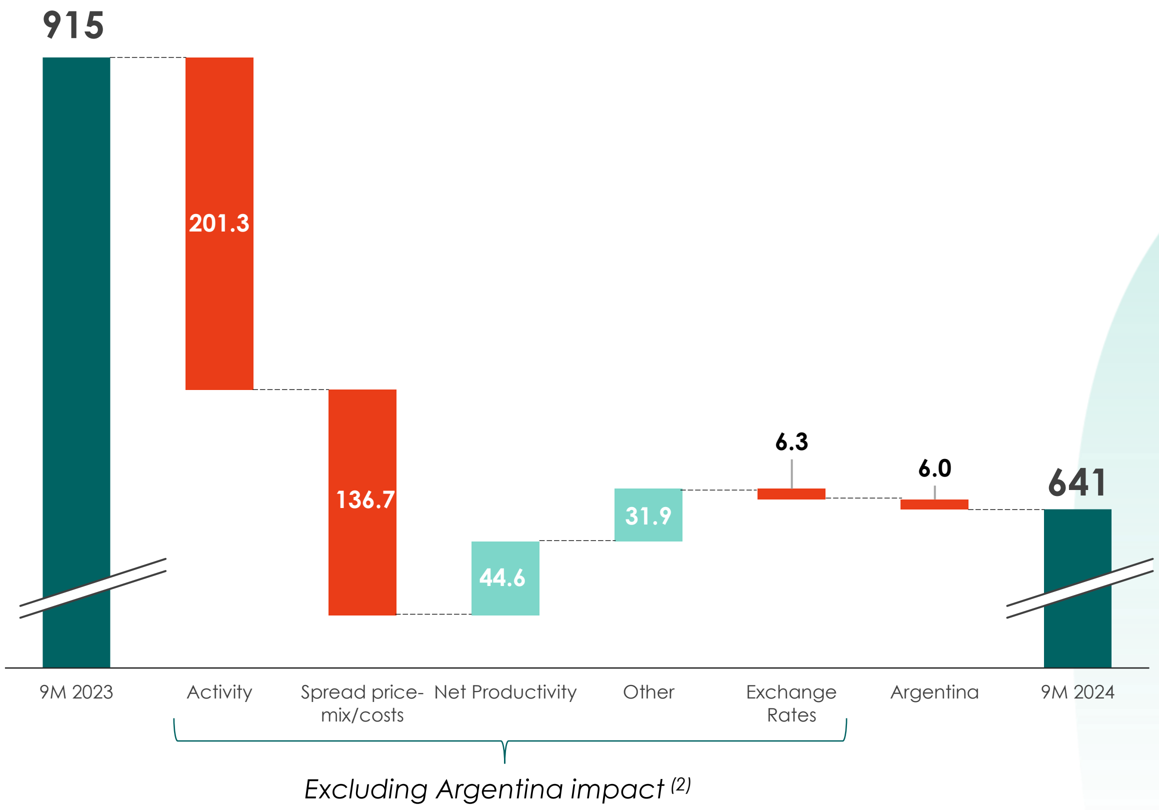
- Activity / Operating leverage
  - Positive yoy organic growth in sales volumes in Q3
  - Negative activity impact entirely due to a negative comp on inventory variation (restocking in 3Q23 vs stable inventory in 3Q24)
- Negative price-mix / cost spread
  - Negative spread over the period driven by lower selling prices, not fully offset by lower costs
  - Slightly positive mix contribution (SWE)
- Net PAP
  - Strong performance at 2.9% cash production cost reduction
- Other
  - Includes reduction in SG&A costs, perimeter impact mainly from Vidrala Italia acquisition and some one-offs
- €(3)m negative FX impact primarily linked to Brazilian real (translation)

SOLID PROFITABILITY DESPITE NEGATIVE INVENTORY VARIATION AND SPREAD VS Q3 23

(1) New presentation excluding Argentina from individual legs of the bridge
(2) *Please see appendix for bridges reflecting former presentation (Argentina allocated across factors)*

9M 2024 Consolidated Adjusted EBITDA Variance Analysis

ADJUSTED EBITDA (IN €M AND % OF SALES)[1]



-543bps

	9M 2024	9M 2023
Adjusted EBITDA margin	24.3%	29.8%

- Activity / Operating leverage
  - Sales volumes down yoy in H1 especially in Europe but up slightly in Q3
  - Negative comp on inventory variation in all three quarters (restocking in 9M23 vs stable inventory in 9M24)
- Negative price-mix / cost spread
  - Negative spread over the period driven by lower selling prices and negative mix, despite declining costs
- Net PAP
  - Strong performance in all quarters at 2.7% cash production cost reduction
- Other
  - Includes reduction in SG&A costs, perimeter impact mainly from Vidrala Italia acquisition and some one-offs
- FX translation-related (especially BRL)
- Slightly negative net contribution from Argentina (but positive in Q3)

SOLID PROFITABILITY DESPITE NEGATIVE ACTIVITY (LOWER INVENTORY VARIATION VS 2023) AND SPREAD

(1) New presentation excluding Argentina from individual legs of the bridge
(2) Please see appendix for bridges reflecting former presentation (Argentina allocated across factors)

30 September 2024 Group Net Debt Evolution and Leverage

In € million	30/09/2024	30/06/2024	31/12/2023	30/09/2023
Net Debt	1,888.0	1,645.7	1,364.5	1,304.2
LTM Adjusted EBITDA	834.2	880.3	1,108.0	1,126.4
Net Debt / LTM Adjusted EBITDA	**2.3x**	**1.9x**	**1.2x**	**1.2x**

- LTM adjusted EBITDA at **€834.2m**
- Net debt at **€1,888.0m** including rights-of-use for **€74.4m**
- Acquisition of Vidrala's Italian business in July 100% financed by **€250m** of debt
- Dividend payment in May for **€252m**
- Long-term credit rating **confirmed by Moody's** (Baa3, outlook stable) in March 2024 and **S&P** (BBB-, outlook stable) in May 2024

LEVERAGE RATIO DRIVEN UP BY LATEST ACQUISITION IN ITALY

30 September 2024 Financial Structure and Liquidity

In € million	Nominal amount or max. Amount drawable	Maturity	Nominal rate	30 September 2024
Sustainability-Linked Bond – May 2021[1]	500.0	May 2028	1.625%	501.4
Sustainability-Linked Bond – November 2021[1]	500.0	November 2031	1.875%	502.3
Term Loan B (TLB)[1]	550.0	April 2028	Euribor+1.50%	550.6
Term Loan 2024 (TLV 24)[1]	250.0	April 2027 + 1 year + 1 year extensions	Euribor+1.05%	252.5
Revolving Credit Facility (RCF)	550.0	April 2029 + 1 year extension	Euribor+1.00%	-
Negotiable Commercial Papers Neu CP[1]	500.0			398.1
Other debt[2]				183.9
Total borrowings				**2,388.7**
Cash				(500.7)
Net Debt				**1,888.0**

- A significant part of the **Group's floating rate exposure is hedged** through interest rate CAPs (*i.e. 77% of total long-term debt is fixed either by being at fixed rate or by being hedged)*
- **Total available liquidity**[3] reached **€649.2** million as of September 30th, 2024
- Verallia contemplates a bond issue (diversification of funding sources and extend debt maturities), that would partially be used to **repay a portion of the Group's existing debt**

(1) Including accrued interest
(2) o/w IFRS16 leasing (€74.4m)
(3) Calculated as the Cash + Undrawn Revolving Credit Facilities – Outstanding Commercial Papers

2024 GUIDANCE

Patrice LUCAS
CEO

04

2024 outlook: continued focus on execution to mitigate confirmed slower recovery pace

Confirmed FY24 guidance

- **Adjusted EBITDA expected at a level comparable to that of 2022 (2nd best year in group history)**

Executing for 2024 & preparing for 2025

- Business focus on agility, cost discipline and cash management
- Pricing policy / value-based pricing
- Capacity adjustment for inventory control
- Productivity (PAP)
- SG&A flex
- Cash generation (capex, working cap)

FOCUS ON DELIVERING 2024 AND STARTING 2025 IN A STRONG POSITION

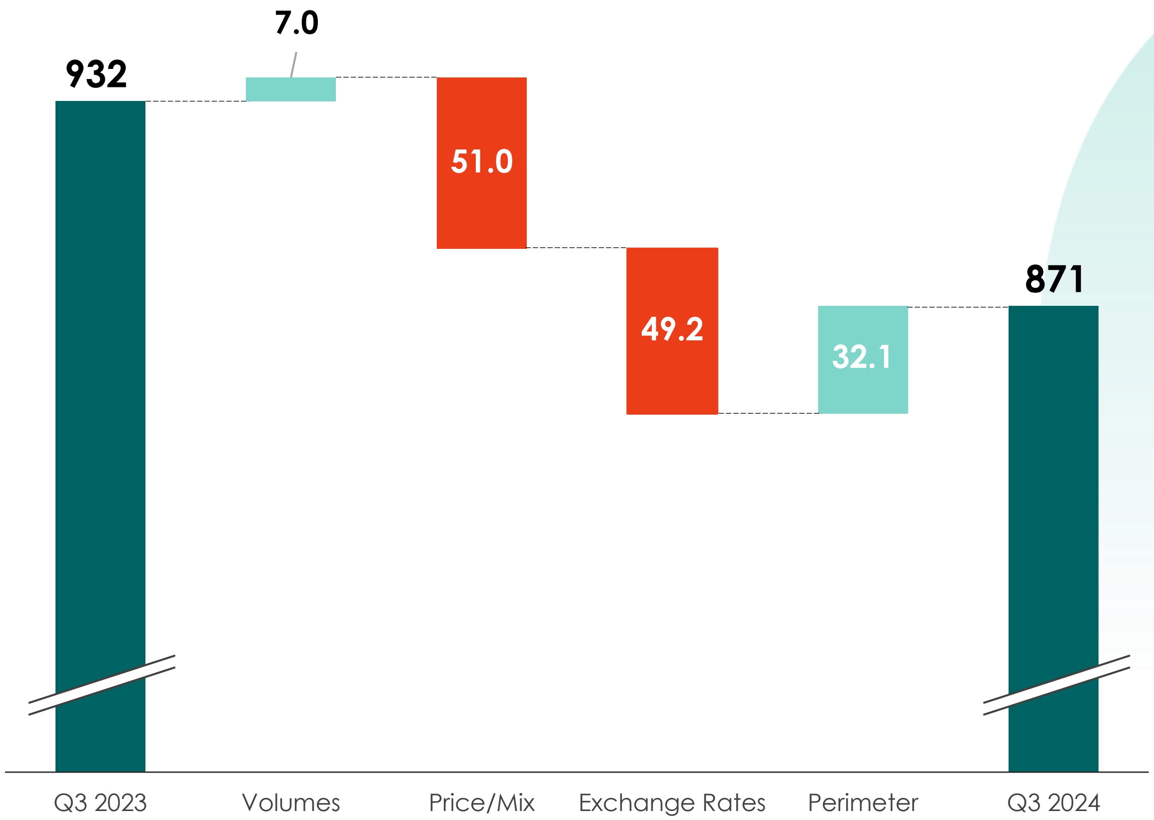
Q&A

APPENDICES

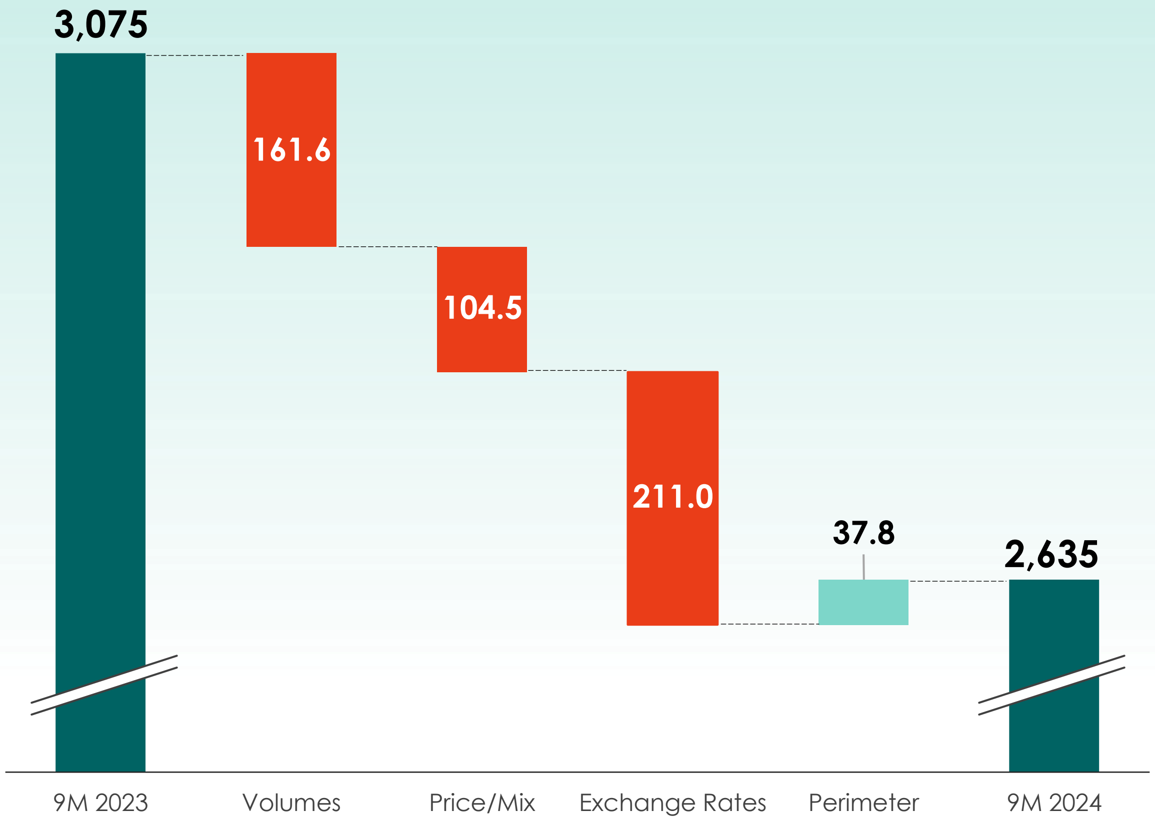
Consolidated Revenue Variance Analysis – Former presentation

REPORTED REVENUE (IN €M)(1)

Q3 2024



9M 2024



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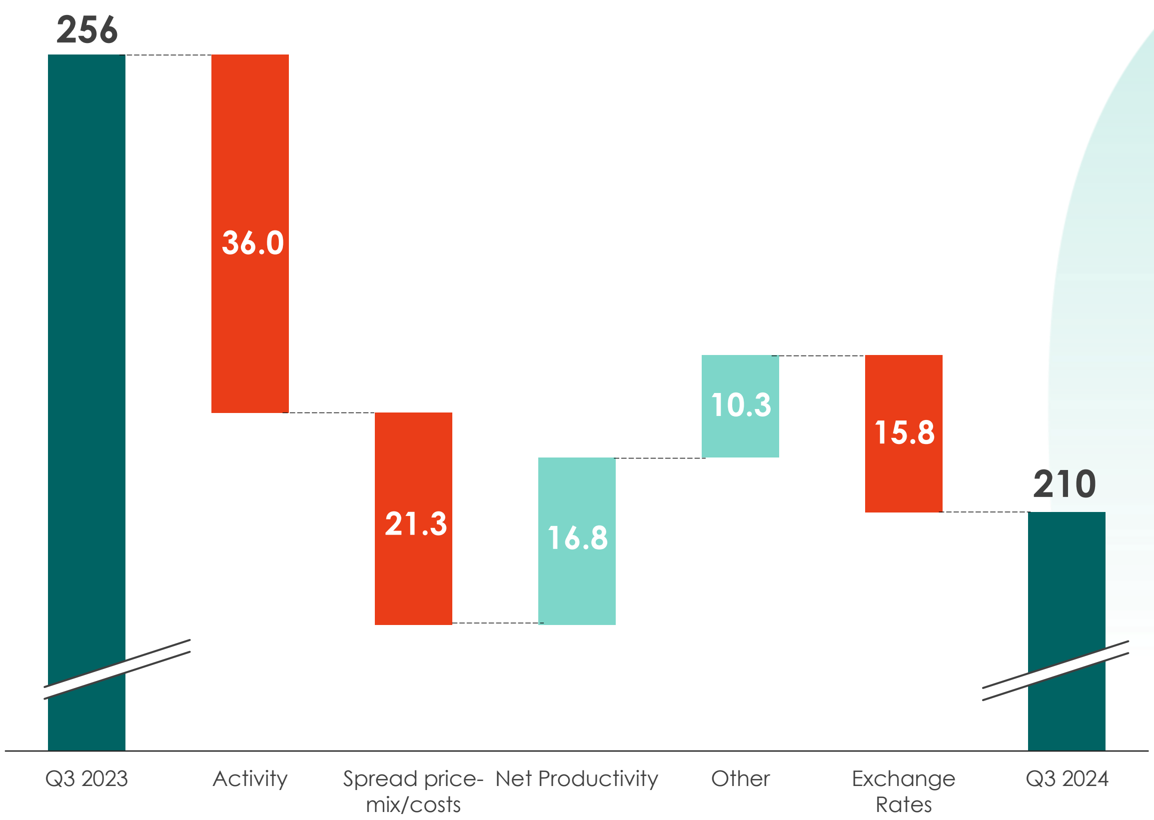
(1) Bridges presented in the previous format (i.e.allocating Argentina accros the various legs)

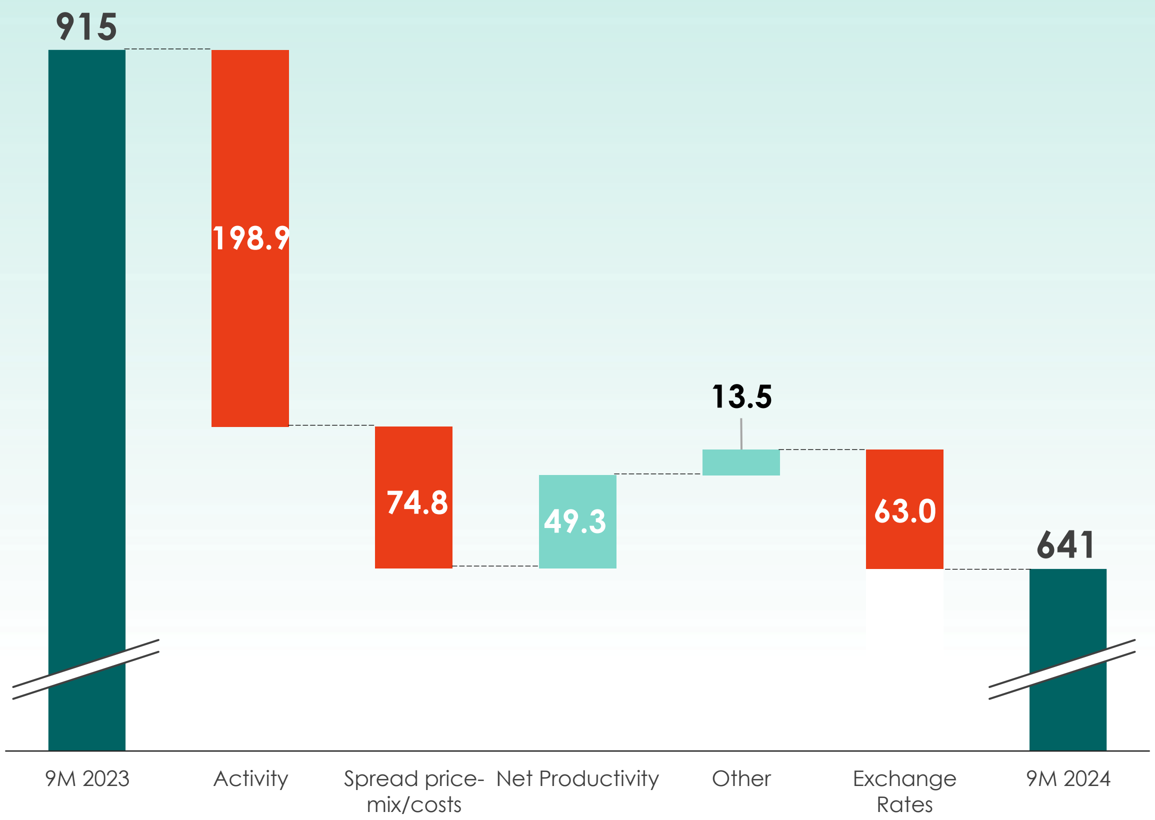
Consolidated EBITDA Variance Analysis – Former presentation

ADJUSTED EBITDA (IN €M AND % OF SALES)(1)

Q3 2024



9M 2024



(1) Bridges presented in the previous format (i.e.allocating Argentina accros the various legs)

Mid-term financial guidance 2022-2023-2024

as presented during the October 2021 investor day

	2022-2023-2024	ASSUMPTIONS	SITUATION AS OF END 2023	ESTIMATED SITUATION AS OF END 2024
ORGANIC SALES GROWTH[1]	**+4-6 % CAGR**	From ca half volume and half price/mix Moderate inflation in raw material and energy costs after 2022	26 % CAGR	Greater than 6%
ADJUSTED EBITDA MARGIN	**28 %-30 % in 2024**	Positive price/cost spread Net PAP > 2% of production cash cost (i.e. > !35m per annum)	Adjusted EBITDA: €1,108m Margin: 28,4 %	Lower than 28 %
CUMULATIVE FREE CASH-FLOW[2]	**ca €900m over 3 years**	Recurring and strategic capex @ ca 10% of sales, including CO_2-related capex and 3 new furnaces by 2024	€729m (2022-2023)	Lower than ca 900 M€
EARNINGS PER SHARE (excl. PPA)[3]	**ca €3 in 2024**	Average cost of financing (pre-tax) @ ca 2% Effective tax rate @ ca 27%	€4.40	Lower than ca 3 €
SHAREHOLDER RETURN POLICY	**DPS growth > 10% per annum + Accretive share buy-backs**	Net income growth > 10% per annum Investment grade trajectory (leverage < 2x)	Dividends : +43% CAGR Share buy-back: €50m Leverage: 1,2x	2024 dividend to be proposed by the Board of Directors at a later stage

Notes : (1) At constant FX and excluding changes in perimeter.
(2) Defined as the Operating Cash Flow - Other operating impact - Interest paid & other financing costs – Cash Tax.
(3) Earnings excl. amortization expense for customer relations (PPA) recognized upon the acquisition from Saint-Gobain, of ca !0.38 / share (net of taxes).

Reconciliation of operating profit to adjusted EBITDA

In €m	9M 2024	9M 2023
Operating profit	**362.7**	**663.5**
Depreciation and amortization[1]	257.5	243.1
Restructuring costs	12.7	2.8
Acquisition and M&A costs	1.9	0.5
IAS 29, Hyperinflation (Argentina)[2]	(1.7)	(1.2)
Management share ownership plan and associated costs	4.7	6.4
Other	3.5	-
Adjusted EBITDA	**641.3**	**915.1**

(1) Includes depreciation and amortization of intangible assets and property, plant and equipment, amortization of intangible assets acquired through business combinations and impairment of property, plant and equipment. (2) 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