



PRESS RELEASE

2021 first quarter results

Improved profitability in a still challenging health situation:

Slight organic decrease in revenue of 2.0%

compared to a strong Q1 in 2020

Stable adjusted EBITDA with an increase in margin to 25.1%

Paris, 29 April 2021

Highlights

- **Decrease in revenue of -6.2% to €605 million in Q1 2021 (-2.0% at constant exchange rates and scope)⁽¹⁾**, compared to high pre-pandemic figures from Q1 2020
- **Adjusted EBITDA stable at €152 million** compared to Q1 2020
- **Strong improvement in the adjusted EBITDA margin to 25.1%**, up 161 basis points
- **Reduction in net debt leverage to 2.1x** adjusted EBITDA for the last 12 months, compared to 2.5x as of 30 March 2020 and 2.0x as of 31 December 2020
- **Verallia bought back its own shares for a total of €60 million (1.7% of the capital)**

(1) Drop in revenue at constant exchange rates and scope (excluding Argentina) of -3.7% in Q1 2021 compared to Q1 2020.

"Amid multiple lockdowns and restrictions due to the COVID-19 pandemic, Verallia has reported a decrease in sales in the first quarter compared to an extremely dynamic first quarter in 2020. Nevertheless, the Group has continued to improve its profitability, benefiting from its Performance Action Plan and a positive inflation spread. Despite uncertainty about the pandemic's end, Verallia can confirm its 2021 objectives thanks to its agility and resilience." commented Michel Giannuzzi, Chairman and CEO of Verallia.

Revenue

<i>In € million</i>	Q1 2021	Q1 2020
Revenue	604.9	644.8
<i>Reported growth</i>	-6.2%	
<i>Organic growth</i>	-2.0%	

In the first quarter of the year, Verallia recorded a **revenue of €605 million**, compared to €645 million in the first quarter of 2020, representing a **6.2% decrease in reported revenue**.

The impact of **exchange rates variation** was -4.1% over the first quarter (-€27 million), primarily linked to the depreciation of Latin American currencies and, to a lesser extent, the depreciation of currencies in Eastern Europe.

At **constant exchange rates and scope**, revenue decreased by **2.0%** in the first quarter of the year (and by -3.7% excluding Argentina), compared to high figures from the prior year. Organic growth had reached +4.0% in the first quarter of 2020 (vs. Q1 2019), even when the effects of the pandemic began to be felt in mid-March. In addition, countries in which the Group operates continue to experience various disruptions due to lockdown measures. While Verallia's sales volume in Europe has decreased compared to the previous year, it continues to record a strong performance in Latin America.

In terms of pricing policy at Group level, sales price increases were more moderate compared to the previous year, in line with expectations and Verallia's objective to offset cost increases. The product mix effect was also positive over the quarter.

Revenue breakdown by region:

- In Southern and Western Europe, trends vary from one country to the other, with a more marked decline in sales in France and Iberia compared to Italy, where Verallia has reported almost stable sales. Operations in France were impacted by social movements until the end of February, when the Group completed its transformation plan.
- The Northern and Eastern Europe region saw a general decline in sales, affected by lockdown measures and an extremely unfavourable comparative basis.
- In Latin America, all countries in the region reported a strong increase in volume over the quarter.

Adjusted EBITDA

<i>In € million</i>	Q1 2021	Q1 2020
Adjusted EBITDA	151.7	151.3
<i>Adjusted EBITDA margin</i>	25.1%	23.5%

The **adjusted EBITDA** remained stable compared to Q1 2020, at **€152 million**. Despite a negative impact on activity, the adjusted EBITDA improved on account of a positive spread¹ and a net reduction in production costs (Performance Action Plan, a.k.a. PAP) of €9 million in the first quarter of 2021. Meanwhile, the **adjusted EBITDA margin** increased by 161 basis points to **25.1%**.

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).

Well-managed net debt

Over the first quarter of the year, Verallia continued to control its **debt level**. Net debt rose to **€1,297 million** at the end of March 2021, after the Group bought back its own shares for €60 million. This corresponds to a net debt ratio of **2.1x the adjusted EBITDA for the last 12 months**, compared to 2.0x on 31 December 2020 and down from 2.5x on 31 March 2020.

Benefiting from a high level of liquidity¹ of €1,059 million as of 31 March 2021, Verallia has decided not to extend its additional credit line of €250 million (RCF2), implemented in April 2020.

As it continues to diversify funding sources, Verallia may consider “green funding”, a sustainability-linked instrument in line with its ESG strategy presented in January 2021, the proceeds of which would be allocated to the refinancing of part of the Group’s existing financial indebtedness.

ESG

In response to the climate emergency, we have decided to align our CO₂ emission reduction targets by following the Science Based Targets initiative (SBTi) and joining the **well-below 2°C trajectory**, which aims to limit the rise in temperatures to less than 2 degrees Celsius above pre-industrial temperatures. Our new target is therefore to reduce our CO₂ emissions by 27.5% by 2030². **In March 2021, this objective to reduce CO₂ emissions was approved by SBTi.**

Fulfilling the commitments we have set ourselves would not be possible without the involvement and engagement of our staff, despite the COVID-19 pandemic. Demonstrating their agility and responsiveness, they have been involved in each stage of our value chain and stepped up the pace of innovation in all plans, whether in terms of energy consumption, the efficiency of our production facilities, introducing renewable energies in the long term and even designing our products and transportation.

On Friday 30 April 2021, the 2020 Statement of Extra-Financial Performance will be published and made available on Verallia’s website.

¹ Calculated as the Cash + Undrawn Revolving Credit Facilities – Outstanding Commercial Papers.

² (Scopes 1 and 2), in absolute terms, using 2019 as the baseline year. The validation by SBTi in early 2021 of this ambitious goal is a fundamental achievement for the Group.

2021 Outlook

In these uncertain times, Verallia is well-equipped to match its 2019 volumes in 2021 and generate a positive organic growth. 2021's adjusted EBITDA is also expected to increase from the previous year to around €650 million, with the adjusted EBITDA margin projected to exceed the medium-term target of 25%.

As announced last February, Verallia has decided to build an additional furnace at its plant in Jacutinga (Brazil). This new strategic investment, totalling approximately €60 million, will be spread across 2021 and 2022.

2021 Annual General Shareholders' Meeting and 2020 dividend

Verallia's Board of Directors met on Wednesday, 28 April 2021 and made a decision regarding the organisation of the 2021 Annual General Shareholders' Meeting, scheduled to take place on Tuesday, 15 June 2021.

Due to the ongoing health crisis, the French Government, following the order of 2 December 2020, extended the order issued on 25 March 2020¹, which simplifies and adjusts the rules regarding the convocation, information, meeting and deliberation of general meetings and governing bodies for legal persons. Verallia's Board of Directors therefore decided to hold its Annual General Shareholders' meeting **in a closed session**. The meeting will be webcast on Verallia's website: www.verallia.com.

Shareholders are invited to cast their vote remotely (via the secure Votaccess website or paper form) and submit their questions in writing in accordance with the procedures which will be detailed in the notice of meeting.

As announced on 24 February 2021, the Board of Directors will also submit, for the approval of shareholders during the Annual General Shareholders' Meeting, the payment of a dividend of **€0.95 per share**, in cash for payment on 5 July 2021.

¹ Ordinance n°2020-321 dated March 25th, 2020 (as amended pursuant to ordinance n°2020-1497 dated December 2nd, 2020) and decree n°2020-418 of April 10th, 2020 (as amended pursuant to decree n°2020-1614 dated December 18th, 2020 and decree n°2021-255 dated March 9th, 2021).

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 new, healthy and sustainable 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 around the world. In 2020, Verallia produced more than 16 billion glass bottles and jars and posted a 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 et CAC All-Tradable. For more information: www.verallia.com

The analysts' conference call will be held on Thursday, 29 April 2021 at 9.00 am (CET) via an audio webcast service (live and replay) and the results presentation will be available at www.verallia.com.

Financial calendar

- 15 June 2021: Annual General Shareholders' Meeting.
- 29 July 2021: results for H1 2021 - *Press release **before the market opening** and conference call/presentation at 9.00 am (CET) of that day.*
- 28 October 2021: financial results for Q3 2021 - *Press release **before the market opening** and conference call at 9.00 am (CET) of that day.*

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APPENDICES

Key figures during the first quarter

<i>In € million</i>	Q1 2021	Q1 2020
Revenue	604.9	644.8
<i>Reported growth</i>	-6.2%	
<i>Organic growth</i>	-2.0%	
Adjusted EBITDA	151.7	151.3
<i>Adjusted EBITDA margin</i>	25.1%	23.5%
Net debt at the end of March	1,296.6	1,574.1
Last 12 months adjusted EBITDA	626.1	624.5
<i>Net debt / last twelve months adjusted EBITDA</i>	2.1x	2.5x

Evolution of revenue per nature in € million during the first quarter

<i>In € million</i>	
Revenue Q1 2020	644.8
<i>Volumes</i>	(32.5)
<i>Price/Mix</i>	19.3
<i>Exchange rates</i>	(26.7)
Revenue Q1 2021	604.9

Evolution of adjusted EBITDA per nature in € million during the first quarter

<i>In € million</i>	
Adjusted EBITDA Q1 2020 (i)	151.3
<i>Activity contribution</i>	(30.4)
<i>Spread price mix/costs</i>	28.0
<i>Net productivity (ii)</i>	8.5
<i>Exchange rates</i>	(9.6)
<i>Other</i>	3.9
Adjusted EBITDA Q1 2021 (i)	151.7

(i) 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.

(ii) Impact of the Performance Action Plan ("PAP") amounting to €9 million.

Reconciliation of operating profit to adjusted EBITDA

<i>In € million</i>	Q1 2021	Q1 2020
Operating profit	83.5	79.5
Depreciation and amortisation (i)	66.9	70.0
Restructuring costs	(0.3)	0.5
IAS 29 Hyperinflation (Argentina) (ii)	(0.1)	0.2
Management share ownership plan and associated costs	1.7	1.0
Other	0.0	0.1
Adjusted EBITDA	151.7	151.3

(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 those linked to the transformation plan implemented in France.

(ii) The Group has applied IAS 29 (Hyperinflation) since the second half of 2018.

Financial structure

<i>In € million</i>	Nominal amount or max. amount drawable	Nominal rate	Final maturity	31/03/2021
Term Loan A	1,500	Euribor +1.50%	07/10/24	1,493.4
Revolving Credit Facility 1	500	Euribor +1.10%	07/10/24	-
Revolving Credit Facility 2 (i)	250	Euribor +1.95%	24/04/21	-
Commercial Papers Neu CP	400			151.8
Other debt				112.5
Total borrowings				1,757.7
Cash				(461.1)
Net Debt				1,296.6

(i) RCF2 maturing in April 2021 – The 6 months extension option has not been activated.

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, leading to a gain or loss on the net monetary position included in the finance costs.

Financial information of the Argentinian subsidiary is converted into euros using the closing exchange rate for the relevant period.

In the first quarter of 2021, the net impact on revenue amounted to +€0.4 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 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. From 2021 onwards, they will also include investments related to the implementation of the plan to reduce CO₂ emissions.

Cash conversion: refers to the ratio between cash flow and adjusted EBITDA. Cash flow refers to adjusted EBITDA less Capex.

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, Russia, Ukraine and Poland. It is also denominated as "NEE".

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

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).