PRESS RELEASE

2021 Annual Results: Another successful year in a challenging environment

+5.4% increase in revenue
Sales volumes return to their 2019 level
Growth in adjusted EBITDA to €678 million (+8.4%)
Reduction in CO_2 emissions in line with CSR objectives

Paris, 16 February 2022

Highlights

- **Increase in revenue of +5.4% to €2.674 billion (+6.8% at constant exchange rates and scope)**(1) compared to 2020
- **Growth in adjusted EBITDA to €678 million in 2021**, from €626 million in 2020 (+8.4%)
- **Improvement in adjusted EBITDA margin to 25.4% in 2021** compared to 24.7% in 2020 (+68 bps vs 2020)
- **Net income(2) at €249 million** compared to €210 million in 2020 (+19% vs 2020) and **earnings per share(2)** of **€2.01**
- **Reduction in net debt leverage to 1.9x** 2021 adjusted EBITDA, against 2.0x as of 31 Dec. 2020
- **Reduction in Scope 1 & 2 CO_2 emissions of -3.6%** vs 2020 and **external cullet usage(3) rate of 55%** (+3.4 points vs 2020) in 2021
- **Proposal to pay a dividend per share of €1.05(4)**

(1) Growth in revenue at constant exchange rates and scope excluding Argentina of +5.0% in 2021 compared to 2020.
(2) Net income for 2021 includes an amortisation expense for customer relationships recognised upon the acquisition of Saint-Gobain's packaging business in 2015, of €43 million and €0.36 per share (net of taxes). By not taking this expense into account, net income would be €292 million and €2.37 per share. This expense was €43 million and €0.37 per share in 2020.
(3) Recycled glass.
(4) Subject to the approval of the Annual General Shareholders' Meeting which will take place on 11 May 2022.

"Verallia publishes its 2021 results, which are in line with its forecasts. Annual sales volumes returned to their 2019 pre-crisis level, as the Group took advantage of the momentum of the glass market thanks to the quality of its products and its excellent flexibility. In addition, thanks to the operating leverage related to the increase in volumes and improved operational efficiency (Performance Action Plan - PAP), adjusted EBITDA showed signs of solid growth despite the highly inflationary environment of the second half of the year. After paying dividends and significant share buybacks, the Group continued to reduce its financial leverage. In addition, Verallia is well in line with the CO_2 emission reduction and cullet usage targets it released when issuing Sustainability-linked bonds (SLB). I would like to give a warm welcome to Patrice Lucas, future Chief Executive Officer, who I will be delighted to work alongside leading the Group as Chairman", commented **Michel Giannuzzi**, Chairman and CEO of Verallia.

Revenue

Revenue breakdown by region

In € million	2021	2020	% Change	Of which is organic growth (i)
Southern and Western Europe	1,832.2	1,744.5	+5.0%	+5.1%
Northern and Eastern Europe	537.6	554.4	-3.0%	-1.8%
Latin America	304.2	237.0	+28.3%	+39.3%
Group Total	**2,674.0**	**2,535.9**	**+5.4%**	**+6.8%**

(i) 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. The growth in revenue at constant exchange rates and scope excluding Argentina was up +5.0% in 2021 compared to 2020.

Revenue in 2021 totalled **€2.674 billion**, a strong **5.4% increase on a reported basis** compared to last year.
The impact of **exchange rates** was -1.3% in 2021 (-€33 million), primarily concentrated in the first half of the year. It was in large part linked to the depreciation of the Argentine peso and the Brazilian real and, to a lesser extent, the Russian rouble. In the fourth quarter, the impact of exchange rates was positive at +2.2% (+€13 million).

At **constant exchange rates and scope,** revenue grew **+6.8%** over the year (and +5.0% excluding Argentina), with an acceleration in the fourth quarter leading to organic growth of +10.2% (and +9.4% excluding Argentina). After a volatile 2020, which formed an extremely variable basis for comparison from one quarter to another, Group sales volumes in 2021 recorded growth, returning to their 2019 pre-Covid level.

All product categories recorded increased sales over the year, with the exception of non-alcoholic beverages and food jars. Those two categories experienced strong momentum in 2020, thanks to the specific context of various lockdowns, and still showed growth in the fourth quarter of 2021. Sparkling wine and spirits rebounded sharply over the year as exports to Asia and the United States picked up.

An increase in sales prices in Latin America and a good product mix over the year at Group level also contributed to the growth in revenue.

By region, revenue for 2021 can be broken down as follows:

- Southern and Western Europe saw revenue grow by +5.0% on a reported basis and by +5.1% at constant exchange rates and scope. The region took full advantage of new production capacities in the second half of the year. All product categories were up for the year, except food jars. Still wine and spirits recorded strong growth, after a difficult year in 2020. Sparkling wine has recovered well: the champagne market indeed achieved a record year in 2021, recording higher activity than in 2019, while prosecco continues to be popular in Italy and for exports. Beer is also doing well in all countries. Sales prices remained stable in the region.
- In Northern and Eastern Europe, revenue on a reported basis decreased by -3.0% and by -1.8% at constant exchange rates and scope. Exchange rate variations had a negative impact of -1.2%, as a result of the depreciation of the Russian rouble. The decrease in revenue was concentrated in the first half of the year, with an increase in sales in the region in the second half of the year, which

was particularly pronounced in sparkling wine and spirits. Sales prices also remained stable over the year.

- In Latin America, the Group reaped the benefits of having increased capacity in 2020. Revenue shows a strong reported increase of +28.3% and +39.3% organic growth. Annual revenue grew in all product categories except food jars. In addition, previous increases in selling prices in the region – particularly in Argentina in response to local hyperinflation – also contributed to the strong growth in revenue. Sales volumes, on the other hand, fell slightly in Argentina in the second half of the year, impacted by a fire in the third quarter which temporarily disrupted customer supply over the six-month period.

Adjusted EBITDA

Breakdown of adjusted EBITDA by region

In € million	2021	2020
Southern and Western Europe		
Adjusted EBITDA (i)	452.8	419.1
Adjusted EBITDA margin	*24.7%*	*24.0%*
Northern and Eastern Europe		
Adjusted EBITDA (i)	117.0	126.4
Adjusted EBITDA margin	*21.8%*	*22.8%*
Latin America		
Adjusted EBITDA (i)	108.2	80.1
Adjusted EBITDA margin	*35.6%*	*33.8%*
Group Total		
Adjusted EBITDA (i)	**678.1**	**625.7**
Adjusted EBITDA margin	***25.4%***	***24.7%***

(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.

Adjusted EBITDA increased by +8.4% in 2021 (and +10.2% at constant exchange rates and scope) to **€678 million**. The unfavourable effect of **exchange rates**, concentrated in the first half of the year, reached -€11 million in 2021 and is mainly attributable to the depreciation of Latin American currencies as well as the depreciation of the Russian rouble.

Activity improved over the year thanks to higher sales volumes as well as a decrease in destocking compared to last year, which more than offset the additional fixed costs related to the start-up of two new furnaces (in Spain and Italy) in H1. The inventory level reached at the end of December was still lower than expected, due to the very high activity level at the end of the year.

Verallia generated a slightly positive inflation spread[1] at Group level thanks to a strong product mix effect and despite the very sharp rise in the cost of energy, transportation and packaging. However, the inflation spread is negative in Europe, where sales prices have remained stable compared to 2020, thus not offsetting the strong increase in certain costs. On the other hand, inflation spread remains positive in Latin America thanks to dynamic sales price increases in the region.

The net reduction in cash production costs (PAP) once again strongly contributed to the improvement in EBITDA of €40 million (i.e. 2.4% of cash production costs).

The **adjusted EBITDA margin** increased to **25.4%** from 24.7% in 2020.

By region, adjusted EBITDA for 2021 breaks down as follows:

- Southern and Western Europe reported an adjusted EBITDA of €453 million (vs €419 million in 2020) and a margin of 24.7% compared to 24.0%. Higher sales volumes and a positive product mix drove the increase in EBITDA. However, the inflation spread turned negative in the second half of the year due to the sharp rise in certain costs. Ultimately, the region's industrial performance was also good, despite the difficulties encountered by France at the start of the year due to social movements linked to the transformation plan, which affected production.
- In Northern and Eastern Europe, adjusted EBITDA was €117 million (vs €126 million in 2020), decreasing its margin to 21.8%, compared to 22.8%. This decline is mainly attributable to the negative inflation spread linked to the sharp rise in factor costs, as well as to the slight decline in volumes in the first half the year. In addition, the region's industrial performance is in line with the cost reduction objective.
- In Latin America, adjusted EBITDA amounted to €108 million (vs €80 million in 2020), achieving a margin of 35.6% compared to 33.8%. This excellent performance is due to the increase in sales volumes in a highly dynamic market, combined with a positive inflation spread and solid industrial performance. Additionally, in the first half of the year, Brazil benefited from the decision of the Brazilian Federal Supreme Court on the Tax on Commerce and Services (ICMS), the positive impact of which was offset by a fire in Argentina in the third quarter.

The increase in **net income** to **€249 million** (and €2.01 per share) is mainly due to the improvement in adjusted EBITDA, which more than offset the increase in financial expenses and income tax. Net income for 2021 includes, as it does every year, an amortisation expense for customer relationships, recognised upon the acquisition of Saint-Gobain's packaging business in 2015, of €43 million et €0.36 per share (net of taxes). **By not taking this expense into account, net income would be €292 million and €2.37 per share**. This expense was €43 million and €0.37 per share in 2020.

The **capital expenditure recorded** amounted to **€256 million** (i.e. 9.6% of total revenue), compared to €251 million in 2020. These investments consist of €218 million of recurring investments (compared with €203 million in 2020) and €38 million of strategic investments (vs €47 million in 2020) mainly for the building of a new furnace in Brazil on the Jacutinga site and the CO_2 emissions reduction capex.

[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).

The **operating cash flow**[2] came in much higher at **€502 million**, compared to €442 million in 2020, thanks to the growth in adjusted EBITDA as well as a sharp drop in the working capital requirement. Indeed, in terms of the number of days of sales compared to the end of December 2020, inventory remained at a very low level given the strong activity, while late payments remain extremely low.
Free cash-flow[3] totalled **€329 million**, up compared to 2020.

Very solid balance sheet

Verallia improved its net debt ratio in 2021. At the end of December 2021, Verallia's **net debt** totalled €1.268 billion, after three buyback operations by the Group of its own shares (€221 million) and the payment of €114 million in dividends in July. The debt ratio was **1.9x 2021 adjusted EBITDA,** compared with 2.0x at the end of December 2020.

Finally, in order to diversify its funding sources and in line with its ESG strategy unveiled in 2021, Verallia successfully placed two issues of "**Sustainability-Linked**" bonds:

- for a total of €500 million with a 7-year maturity and an annual coupon of 1.625% on 14 May 2021,
- for a total of €500 million with a 10-year maturity and an annual coupon of 1.875% on 10 November 2021.

With two Sustainability-Linked bond issues in less than a year, Verallia demonstrates that its creditworthiness is regarded very favourably by investors, bolstered by its leadership in terms of sustainable development in the glass packaging sector in Europe.

The Group still had significant **liquidity**[4] **of €844 million** as of 31 December 2021.

Share buyback

In 2021, Verallia participated in three accelerated private placements carried out by Apollo in the gradual sale of its remaining stake in the Group.

Verallia thus acquired 2.1 million shares for €60 million on 5 March 2021. These shares have been kept and are used to cover employee share ownership programmes (the sixth of which ended on 24 June 2021) and Group performance share plans.
On 9 June 2021, Verallia bought back 1.6 million shares for €49 million. These shares were cancelled on 24 June 2021.
Finally, on 3 November 2021, Verallia bought back circa 3.7 million shares for €112 million. These shares were kept.

As a result of these three transactions, Verallia now holds **5,517,943 of its own shares, i.e. 4.51% of its capital**.

[2] Operating cash flow represents adjusted EBITDA less capex, plus changes in operating working capital requirement including changes in payables to fixed asset suppliers.
[3] Cash flow from operating activities – Other operating impact – Financial interest paid and other financing costs – Taxes paid.
[4] Calculated as the Cash + Undrawn Revolving Credit Facilities – Outstanding Commercial Paper.

Sustainable development indicators

Verallia's "Scope 1 and 2" CO_2 emissions totalled 2,833 kt CO_2 for the year 2021, a **decrease of -3.6%** compared to 2020 emissions, which totalled 2,941 kt CO_2. Verallia is therefore in line with its trajectory for reducing its "Scope 1 and 2" CO_2 emissions by 46% in absolute terms by 2030 (reference year 2019)[5].

In addition, the **external cullet usage rate[6] reached 55.0%** in 2021, compared to 51.6% in 2020: a significant improvement of 3.4 points.

Changes in governance

During their meeting of 6 December 2021, taking note of Mr Michel Giannuzzi's desire to see evolve his responsibilities within the Group and with a view to applying best governance practices, the Board of Directors decided to separate the functions of Chairman of the Board of Directors and Chief Executive Officer, with effect from the close of the Annual General Shareholders' Meeting of 11 May 2022. Mr Michel Giannuzzi will remain Chairman of the Board of Directors and Mr Patrice Lucas will be appointed Chief Executive Officer and Board member on May 11, 2022.

Mr Patrice Lucas joined Verallia on 1 February 2022 as Deputy Chief Executive Officer.

In addition to the appointment of Mr. Patrice Lucas as Board member, will also be submitted to the vote at the General Meeting of Shareholders of May 11, 2022, the appointment of Mr. Didier Debrosse as independent Board member and the appointment of a member representing the employees shareholders.

Finally, the Board of Directors having noted the resignation of Mr. José Arozamena (independent Board member) and the election of Mr. Xavier Massol (Board member representing the employees), the composition of the Board's committees is now the following:

- Audit Committee: Ms Marie-José Donsion (Chairwoman), Brasil Warrant Administração de Bens e Empresas S.A. (represented by Ms Marcia Freitas) and Mr Pierre Vareille;
- Compensation Committee: Ms Cécile Tandeau de Marsac (Chairwoman), BW Gestão de Investimentos Ltda. (represented by Mr João Salles), Mr Dieter Müller and Mr Pierre Vareille;
- Nomination Committee: Ms Cécile Tandeau de Marsac (Chairwoman), BW Gestão de Investimentos Ltda. (represented by Mr João Salles), Ms Virginie Hélias and Mr Pierre Vareille;
- Sustainable Development Committee: Ms Virginie Hélias (Chairwoman), Bpifrance Investissement (represented by Mr Sébastien Moynot), Mr Michel Giannuzzi, Mr Xavier Massol and Mr Dieter Müller; and
- Strategic Committee: Mr Pierre Vareille (Chairman), BW Gestão de Investimentos Ltda. (represented by Mr João Salles) and Mr Michel Giannuzzi.

2021 dividend

During their meeting on 16 February 2022, the Verallia Board of Directors decided to propose the payment of a dividend of €1.05 per share in cash for the 2021 financial year. This amount will be subject to approval of the Annual General Shareholders' meeting which will take place on 11 May 2022.

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[5] Target to be validated by the SBT initiative.

[6] Recycled glass.

2022 Outlook

Provided that the situation linked to the COVID-19 pandemic does stabilize, that the inflation in costs and the geopolitical context do not deteriorate further, Verallia is expecting a sharp growth in its annual revenue.

In the current environment of accelerating inflation since the second half of 2021, Verallia anticipates a significant increase in its production costs in 2022, of which energy is a major factor.

Despite this highly inflationary climate, the Group is aiming for an increase in adjusted EBITDA to a level above €700 million. Adjusted EBITDA margin percentage will be mathematically reduced due to the dilutive impact of the strong revenue growth.

Verallia is still implementing its ESG roadmap and reiterates the ambitious financial and environmental objectives it announced on 7 October 2021, which are recapped below.

Capital Markets Day on 7 October 2021 and confirmation of the medium-term objectives released:

On 7 October, Verallia took a vital step in its **ESG strategy** 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)[7]
- **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[8]	+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[9]	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[10])	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)

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

The Verallia Group's consolidated financial statements for the financial year ended 31 December 2021 were approved by the Board of Directors on 16 February 2022. The consolidated financial statements have been audited by the Statutory Auditors.

An analysts' conference call will be held on Thursday, 17 February 2022 at 9.00 am (CET) via an audio webcast service (live and replay) and the results presentation will be available on www.verallia.com.

Financial calendar

- 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 2021, Verallia produced more than 16 billion glass bottles and jars and posted revenue of €2.6 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
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APPENDICES

Key figures

In € million	2021	2020
Revenue	**2,674.0**	**2,535.9**
Reported growth	*+5.4%*	*-1.9%*
Organic growth	*+6.8%*	*+2.1%*
of which Southern and Western Europe	1,832.2	1,744.5
of which Northern and Eastern Europe	537.6	554.4
of which Latin America	304.2	237.0
Cost of sales	(2,042.4)	(1,968.2)
Selling, general and administrative expenses	(173.9)	(160.8)
Acquisition-related items	(59.7)	(60.4)
Other operating revenue and expenses	(4.9)	(30.1)
Operating profit	**393.1**	**316.4**
Finance costs – net	(56.8)	(45.8)
Profit (loss) before tax	**336.3**	**270.6**
Income tax	(89.4)	(62.4)
Share of net profit (loss) of associates	2.4	1.4
Net income (i)	**249.3**	**209.6**
Earnings per share (i)	**€2.01**	**€1.67**
Adjusted EBITDA (ii)	**678.1**	**625.7**
Group Margin	***25.4%***	***24.7%***
of which Southern and Western Europe	452.8	419.1
Southern and Western Europe margin	*24.7%*	*24.0%*
of which Northern and Eastern Europe	117.0	126.5
Northern and Eastern Europe margin	*21.8%*	*22.8%*
of which Latin America	108.2	80.1
Latin America margin	*35.6%*	*33.8%*
Net borrowings at end of period	**1,268**	**1,279**
Last 12 months adjusted EBITDA	**678.1**	**625.7**
Net debt/last 12 months adjusted EBITDA	*1.9x*	*2.0x*
Total capex (iii)	**256.3**	**250.5**
Cash conversion (iv)	62.2%	60.0%
Change in operating working capital	80.5	67.0
Operating cash flow (v)	**502.3**	**442.1**
Free Cash-Flow (vi)	**329.3**	**315.7**
Strategic investments (vii)	**38.1**	**47.1**
Recurring investments (viii)	**218.2**	**203.4**

(i) Net income for 2021 includes an amortisation expense for customer relationships recognised upon the acquisition of Saint-Gobain's packaging business in 2015, of €43 million and €0.36 per share (net of taxes). By not taking this expense into account, net income would be €292 million and €2.37 per share. This expense was €43 million and €0.37 per share in 2020.
(ii) 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.

(ii) Capex (capital expenditure) 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.
(iv) Cash conversion represents adjusted EBITDA less capex, divided by adjusted EBITDA.
(v) Operating cash flow represents adjusted EBITDA less capex, plus changes in operating working capital requirement including changes in payables to fixed asset suppliers.
(vi) Defined as the Operating Cash Flow - Other operating impact - Interest paid & other financing costs - Cash Tax.
(vii) 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 also include the investments related to the implementation of the plan to reduce CO_2 emissions.
(viii) Recurring investments 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.

Change in revenue by type in € million during 2021

In € million	
Revenue 2020	**2,535.9**
Volumes	*+67.6*
Price/Mix	*+103.8*
Exchange rates	*(33.3)*
Revenue 2021	**2,674.0**

Change in adjusted EBITDA by type in € million during 2021

In € million	
2020 Adjusted EBITDA (i)	**625.7**
Activity contribution	*+29.2*
Spread price mix/costs	*+4.1*
Net productivity	*+40.4*
Exchange rates	*(11.2)*
Other	*(10.1)*
2021 Adjusted EBITDA (i)	**678.1**

(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.

Key figures for the fourth quarter

In € million	Q4 2021	Q4 2020
Revenue	**651.8**	**580.1**
Reported growth	*+12.4%*	
Organic growth	*+10.2%*	
Adjusted EBITDA	**150.5**	**151.3**
Adjusted EBITDA margin	*23.1%*	*26.1%*

Reconciliation of operating profit to adjusted EBITDA

In € million	2021	2020
Operating profit	**393.1**	**316.4**
Depreciation, amortisation and impairment (i)	281.1	276.4
Restructuring costs (ii)	(2.7)	19.8
Acquisition costs and M&A	0.0	0.1
IAS 29 Hyperinflation (Argentina) (iii)	(4.8)	2.9
Management share ownership plan and associated costs	10.1	5.8
Other	1.3	4.3
Adjusted EBITDA	**678.1**	**625.7**

(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 in 2020.
(ii) Corresponds mainly to the transformation plan in France.
(iii) The Group has applied IAS 29 (Hyperinflation) since 2018.

Reconciliation of Cash conversion to adjusted EBITDA

In € million	2021	2020
Adjusted EBITDA	**678.1**	**625.7**
Capex	*(256.3)*	*(250.5)*
***Cash flows** (adjusted EBITDA – Capex)*	***421.8***	***375.2***
Cash conversion	**62.2%**	**60.0%**

Adjusted EBITDA and Cash conversion are alternative performance indicators within the meaning of AMF position no. 2015-12.

Adjusted EBITDA and cash conversion are not standardised accounting measures that meet a single, generally accepted definition as per IFRS. They must not be considered as a substitute for operating income and cash flow from operating activities which are measures defined by IFRS, or as a measure of liquidity. Other issuers may calculate adjusted EBITDA and Cash conversion differently from the definition used by the Group.

IAS 29: Hyperinflation in Argentina

Since 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 2021, the net impact on revenue was **+€14 million**. The hyperinflation impact has been excluded from Group adjusted EBITDA as shown in the table "Reconciliation of operating profit to adjusted EBITDA".

Financial structure

In € million	Nominal amount or max. amount drawable	Nominal rate	Final maturity	31 Dec. 2021
Sustainability-Linked Bond – May 2021 (i)	500.0	May 2028	1.625%	502.2
Sustainability-Linked Bond – November 2021 (i)	500.0	Nov. 2031	1.875%	492.9
Term Loan A - TLA (i)	500.0	October 2024	Euribor+1.25%	497.4
Revolving Credit Facility RCF1	500.0	October 2024	Euribor+0.85%	-
Neu CP (i)	400.0			150.2
Other debt (ii)				120.4
Total borrowings				**1,763.0**
Cash				(494.6)
Net Debt				**1,268.4**

(i) Including accrued interest.
(ii) o/w IFRS16 leasing (€47.3m), local debts (€57.5m), factoring recourse (€17.7m).

Consolidated income statement

In € million	2021	2020
Revenue	**2,674.0**	**2,535.9**
Cost of sales	(2,042.4)	(1,968.2)
Selling, general and administrative expenses	(173.9)	(160.8)
Acquisition-related items	(59.7)	(60.4)
Other operating revenue and expenses	(4.9)	(30.1)
Operating profit	**393.1**	**316.4**
Finance costs – net	**(56.8)**	**(45.8)**
Profit (loss) before tax	**336.3**	**270.6**
Income tax	(89.4)	(62.4)
Share of net profit (loss) of associates	2.4	1.4
Net income (i)	**249.3**	**209.6**
Attributable to shareholders of the Company	242.6	202.1
Attributable to non-controlling interests	6.7	7.5
Basic earnings per share (in €)	**2.01**	**1.67**
Diluted earnings per share (in €)	**2.01**	**1.67**

(i) Net income for 2021 includes an amortisation expense for customer relationships recognised upon the acquisition of Saint-Gobain's packaging business in 2015, of €43 million and €0.36 per share (net of taxes). By not taking this expense into account, net income would be €292 million and €2.37 per share. This expense was €43 million and €0.37 per share in 2020.

Consolidated balance sheet

In € million	31 Dec. 2021	31 Dec. 2020
ASSETS		
Goodwill	530.2	529.7
Other intangible assets	372.2	430.9
Property, plant and equipment	1,351.1	1,288.5
Investments in associates	5.1	2.0
Deferred tax	64.7	27.1
Other non-current assets	152.1	30.8
Non-current assets	**2,475.4**	**2,309.0**
Current portion of non-current assets and financial assets	1.3	-
Inventories	404.3	386.9
Trade receivables and other current assets	440.1	158.7
Current tax receivables	1.2	5.0
Cash and cash equivalents	494.6	476.2
Current assets	**1,341.5**	**1,026.8**
Total Assets	**3,816.9**	**3,335.8**
LIABILITIES		
Share capital	413.3	416.7
Consolidated reserves	333.1	121.6
Equity attributable to shareholders	**746.4**	**538.3**
Non-controlling interests	53.3	39.5
Equity	**799.7**	**577.8**
Non-current financial liabilities and derivatives	1,569.0	1,569.1
Provisions for pensions and other employee benefits	117.5	134.0
Deferred tax	263.8	146.0
Provisions and other non-current financial liabilities	21.3	24.1
Non-current liabilities	**1,971.6**	**1,873.2**
Current financial liabilities and derivatives	197.2	185.7
Current portion of provisions and other non-current financial liabilities	39.5	59.8
Trade payables	521.4	367.5
Current tax liabilities	23.6	21.8
Other current liabilities	263.9	250.0
Current liabilities	**1,045.6**	**884.8**
Total Equity and Liabilities	**3,816.9**	**3,335.8**

Consolidated cash flow statement

In € million	2021	2020
Net income	**249.3**	**209.6**
Depreciation, amortisation and impairment of assets	281.1	276.4
Interest expense on financial liabilities	32.0	35.4
Change in inventories	(16.9)	55.3
Change in trade receivables, trade payables & other receivables & payables	107.2	15.8
Current tax expense	107.9	73.0
Taxes paid	(91.4)	(60.2)
Changes in deferred taxes and provisions	(46.8)	(4.5)
Other	19.1	8.8
Net cash flows from operating activities	**641.5**	**609.6**
Acquisition of property, plant and equipment and intangible assets	(256.3)	(250.5)
Increase (decrease) in debt on fixed assets	(10.7)	2.8
Other	(4.5)	1.3
Net cash flows from (used in) investing activities	**(271.5)**	**(246.4)**
Capital increase (reduction)	15.7	20.1
Dividends paid	(114.2)	(13.1)
Increase (decrease) in treasury stock	(221.1)	-
Transactions with shareholders	**(319.6)**	**7.0**
Transactions with non-controlling interests	**(1.5)**	**(2.2)**
Increase (reduction) in bank overdrafts and other short-term borrowings	2.9	(40.9)
Increase in long-term debt	1,039.1	207.0
Reduction in long-term debt	(1,041.0)	(228.5)
Financial interest paid	(31.4)	(31.6)
Change in gross debt	**(30.4)**	**(94.0)**
Net cash flows from (used in) financing activities	**(351.5)**	**(89.2)**
Increase (reduction) in cash and cash equivalents	**18.5**	**274.0**
Impact of changes in foreign exchange rates on cash and cash equivalents	0.0	(17.1)
Opening cash and cash equivalents	**476.2**	**219.2**
Closing cash and cash equivalents	**494.6**	**476.2**

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. Since 2021, they also include the 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 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).