Press release
Paris, 24 April 2024

First quarter 2024 results: activity down compared to Q1 2023 as expected, gradual recovery in line with the outlook presented in the full-year results

HIGHLIGHTS

- **Revenue down to €836 million in Q1 2024,** or -20.5% compared to Q1 2023 (-12.7% at constant scope and exchange rates)[1]
- **Adjusted EBITDA[2] at €204 million (24.4% margin)** from €307 million in Q1 2023 (29.2% margin)
- **Strong net debt ratio maintained at 1.5x last 12-month adjusted EBITDA,** compared to 1.3x at March 31, 2023 and 1.2x at December 31, 2023
- **Awaiting regulatory approval for the acquisition** of Vidrala's Italian glass business for an enterprise value of €230 million
- **Start-up of the 100% electric furnace in Cognac,** a world premiere that will reduce CO_2 emissions by 60%
- **Confirming guidance** of an adjusted EBITDA of around €1 billion in 2024

"Verallia started the year in line with expectations, with lower activity and prices compared to Q1 2023 which set a high basis of comparison. As expected, we are seeing encouraging signs of recovery from the Q4 2023 low. The continued commitment of our teams and the impact of the Performance Action Plan have enabled us to post a sequentially improving performance in the current market context. We confirm our guidance of an adjusted EBITDA of around €1 billion in 2024, with performance gradually improving over the course of the year. We are also pursuing our targeted external growth policy with the signing at the end of February of an agreement to acquire Vidrala's glass activities in Italy," commented Patrice Lucas, Chief Executive Officer of Verallia.

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[1] Revenue growth at constant scope and exchange rates. Revenue growth at constant exchange rates is calculated by applying the same exchange rates to the financial indicators presented for the two periods being compared (by applying the exchange rates of the previous period to the financial indicators for the current period). Growth in revenue at constant scope and exchange rates excluding Argentina was -20.7% in the first quarter of 2024 compared to the first quarter of 2023.

2 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, disposal-related effects and subsidiary contingencies, site closure costs, and other items.

Revenue

In millions of euros	Q1 2024	Q1 2023
Revenue	**836.4**	**1,051.6**
Reported growth	**-20.5%**	**+40.2%**
Organic growth	**-12.7%** *(-20.7% excl. Argentina)*	**+34.7%** *(+31.3% excl. Argentina)*

Revenue for the first quarter of 2024 amounted to €836 million, down -20.5% on a reported basis compared to the first quarter of 2023.

Foreign exchange impact was -8.2%, or -€85.8 million. It is almost entirely linked to the sharp depreciation of the Argentinian peso over the period.

The scope effect, related to the acquisition of cullet processing centers in Iberia in Q4 2023, contributed **€4 million, or +0.4%.**

At constant scope and exchange rates, revenue was down -12.7% (-20.7% excluding Argentina). As expected, sales volumes were down sharply compared to Q1 2023, but up slightly from the Q4 2023 low point. This start of recovery, which should intensify in the second quarter, is in line with the outlook presented in the 2023 annual results.

Selling prices are also down across Europe compared to the peak reached in H1 2023. Only Argentina recorded a sharp increase linked to local inflation. Product mix was also slightly negative in the first quarter.

By geographical area:

- In Southern and Western Europe, volumes were down compared to the first quarter of 2023, but have month after month returned to a positive trend compared to the end of last year.
- In Northern and Eastern Europe, the decline in volumes was particularly pronounced in Germany and the United Kingdom, especially in beer and spirits.
- In Latin America, volumes were down in the quarter despite the sharp rebound in demand in Chile after a difficult 2023. Business was stable in Argentina, where price increases offset the impact of foreign exchange. Volumes were down in Brazil (wine and grape juice in particular).

Adjusted EBITDA

In millions of euros	Q1 2024	Q1 2023
Adjusted EBITDA	**203.9**	**307.4**
Adjusted EBITDA margin	**24.4%**	**29.2%**

Adjusted EBITDA was €204m in the first quarter of 2024.

As anticipated, the impact of activity was significant at -€91 million, taking into account the decline in volumes sold and the lower stocking effect compared to Q1 2023 when the Group was fully utilizing its capacities to replenish its inventories. Inflation spread[3] was negative and also weighed on EBITDA for the quarter to the tune of -€9 million despite a positive spread of +€24 million in Argentina.

Also the Performance Action Plan (PAP) once again delivered excellent results, generating a net reduction in cash production costs of 2.8% or €18 million over the quarter.

Finally, the unfavorable impact of foreign exchange rates amounted to -€26 million. It is mainly due to the depreciation of the Argentinian peso and offsets in absolute terms the positive impact of price increases and spread in local currency.

Adjusted EBITDA margin decreased to 24.4% compared to 29.2% in Q1 2023.

A VERY STRONG BALANCE SHEET

At the end of March 2024, Verallia's net debt stood at €1,496 million, leading to a **debt ratio of 1.5x last 12-month adjusted EBITDA**, compared with 1.3x at March 31, 2023 and 1.2x at December 31, 2023.

In March 2024, Verallia exercised the option to extend the €1.1 billion syndicated credit facility closed in April 2023 by 1 year, bringing the maturities to 2028 for the Term Loan and 2029 for the revolving credit facility.

The Group had **liquidity[4] of €725 million** as of March 31, 2024.

Its long-term credit rating was confirmed by Moody's (Baa3 – outlook stable) on 26 March 2024.

[3] The spread corresponds to the difference between (i) the increase in selling prices and the mix applied by the Group after passing any increase in production costs onto these selling prices and (ii) the increase in production costs. The spread is positive when the increase in selling 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, before industrial variance and taking into consideration the impact of the Performance Action Plan (PAP).

[4] Calculated as available cash + undrawn revolving credit facilities – outstanding commercial paper (Neu CP)

SIGNING OF AN AGREEMENT FOR THE ACQUISITION OF THE ITALIAN GLASS ACTIVITIES OF VIDRALA

On February 28, 2024, Verallia entered into an agreement to acquire Vidrala's glass business in Italy, which generated revenue of €131 million and EBITDA of €33 million in 2023. With this acquisition, Verallia would expand its capabilities in the Italian market, where the Group would operate 7 production sites. Transaction amounts to €230 million in enterprise value and will be financed through external debt.

The completion of the transaction is subject to the approval of the Italian Competition Authorities under the Italian Merger Control Law and the Italian Government under the Foreign Investment Regulations, as well as the customary conditions precedent.

The Group aims to complete the acquisition between the second and third quarters of 2024.

START OF THE COGNAC 100% ELECTRIC FURNACE, A WORLD PREMIERE

Verallia started up the 100% electric furnace in Cognac in March 2024. This furnace, with a capacity of 180 tons per day, is a world premiere in the glass packaging industry.

It will produce flint glass bottles for Cognac consumers. The first deliveries are expected by the end of Q2 2024.

Thanks to a 60% reduction in CO_2 emissions, this furnace will contribute to the industrial decarbonization of Verallia France. With this investment, Verallia takes on a leading role within the sector, with a view to decarbonizing the industry.

2024 OUTLOOK

After 2023 saw a sharp weakening in demand in Europe under the combined effect of a drop in end consumption and destocking, Verallia confirms its forecast of a gradual recovery in activity in 2024. The first quarter was in line with our expectations, with volumes gradually improving compared to end-2023 levels.

In this context, Verallia confirms its objective of achieving an adjusted EBITDA of around €1 billion in 2024, with such EBITDA down year-on-year in the first half (high 2023 comparison base) but up year-on-year in the second half (rebound in volumes).

This objective will be achieved thanks to the expected growth in activity combined with another annual reduction in cash production costs (PAP) of 2%.

Verallia is also set to continue its developments in the areas of new eco-designed products, cullet processing and decarbonation, which lie at the heart of its CSR roadmap.

An analysts' conference call will be held at **9.00am** (CET) on Thursday 25 April 2024 via an audio webcast service (live and replay) and the earnings presentation will be available on www.verallia.com.

FINANCIAL CALENDAR

- 26 April 2024: Annual General Shareholders' Meeting.
- 3 July 2024: start of the quiet period.
- 24 July 2024: 2024 half-year results - Press release after market close and conference call/presentation the following day at 9:00 a.m. CET.
- 1 October 2024: start of the quiet period.
- 22 October 2024: 9M 2024 results - Press release after market close and conference call/presentation the following day at 9:00 a.m. 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 new, beneficial and sustainable solutions for all.

With around 11,000 employees and 34 glass production facilities in 12 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.

Verallia produced more than 16 billion glass bottles and jars in 2023 and recorded revenue of €3.9 billion. Verallia is listed on compartment A of the regulated market of Euronext Paris (Ticker: VRLA – ISIN: FR0013447729) and trades on the following indices: CAC SBT 1.5°, STOXX600, SBF 120, CAC Mid 60, CAC Mid & Small and CAC All-Tradable.

Verallia press contacts

Annabel Fuder & Stéphanie Piere
verallia@wellcom.fr | +33 (0)1 46 34 60 60

Verallia investor relations contacts

David Placet | david.placet@verallia.com
Michele Degani | michele.degani@verallia.com

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APPENDICES – Key figures

In millions of euros	Q1 2024	Q1 2023
Revenue	**836.4**	**1,051.6**
Reported growth	-20.5%	+40.2%
Organic growth	-12.7%	+34.7%
Organic growth excluding Argentina	-20.7%	+31.3%
Adjusted EBITDA	**203.9**	**307.4**
Group margin	**24.4%**	**29.2%**
Net debt at end of period	**1,496.3**	**1,304.4**
Last 12-month adjusted EBITDA	**1,004.4**	**990.3**
Net debt/last 12-month adjusted EBITDA	*1.5x*	*1.3x*

Change in revenue by type in millions of euros over the first quarter

In millions of euros	
Revenue Q1 2023	**1,051.6**
Volumes	*-125.7*
Price / Mix	*-7.7*
Foreign exchange impact	*-85.8*
Scope effect	*+4.0*
Revenue Q1 2024	**836.4**

Change in adjusted EBITDA by type in millions of euros over the first quarter

In millions of euros	
Adjusted EBITDA Q1 2023	**307.4**
Activity contribution	*-91.0*
Price-mix/Cost spread	*-8.8*
Net productivity	*+17.5*
Foreign exchange impact	*-26.2*
Other	*+4.8*
Adjusted EBITDA Q1 2024	**203.9**

Reconciliation of operating profit (loss) to adjusted EBITDA

In millions of euros	Q1 2024	Q1 2023
Operating profit/(loss)	**119.0**	**224.7**
Depreciation and amortisation [5]	82.3	79.0
Restructuring costs	0.5	0.5
Company acquisition costs and earn-out	0.6	0.1
IAS 29 Hyperinflation (Argentina)[6]	(0.9)	0.3
Management share ownership plan and associated costs	1.6	2.8
Other	0.7	-
Adjusted EBITDA	**203.9**	**307.4**

[5] 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.
[6] The Group has applied IAS 29 (Hyperinflation) since 2018.

IAS 29: hyperinflation in Argentina

The Group has applied IAS 29 in Argentina since 2018. The adoption of this standard requires the restatement of non-monetary assets and liabilities and of the statement of income 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 financial income and expense.

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

In Q1 2024, the net impact on revenue was €2.6 million. The hyperinflation impact has been excluded from consolidated adjusted EBITDA as shown in the table "Reconciliation of operating profit (loss) to adjusted EBITDA".

Financial structure

In millions of euros	Nominal or max. drawable amount	Nominal rate	Final maturity	31 March 2024
Sustainability-Linked bond - May 2021[7]	500	1.625%	May 2028	505.3
Sustainability-Linked bond - November 2021[7]	500	1.875%	Nov. 2031	497.1
Term loan B – TLB[7]	550	Euribor +1.25%	Apr. 2028	549.8
Revolving credit facility - RCF	550	Euribor +0.75%	Apr. 2029 + 1 year extension	-
Negotiable commercial papers (Neu CP)[7]	500			254.9
Other borrowings [8]				121.4
Total borrowings				**1,928.5**
Cash and cash equivalents				(432.3)
Net debt				**1,496.3**

[7] Including accrued interest.
[8] o/w IFRS16 leasing (74.9 M€)

GLOSSARY

Activity: corresponds to the sum of the change in volumes plus or minus the change in inventories.

Organic growth: corresponds to revenue growth at constant scope and exchange rates. Revenue growth at constant exchange rates is calculated by applying the same exchange rates to the financial indicators presented for the two periods being compared (by applying the exchange rates of the previous period to the financial indicators for the current period).

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 subsidiary contingencies, site closure costs, and other items.

Capex: short for "capital expenditure", this corresponds to purchases 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 requirements, or to increase the Group's capacity. The acquisition of securities is excluded from this category.

Recurring capex: recurring capex corresponds to purchases 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 requirements. It mainly includes furnace renovations and maintenance of IS machines.

Strategic capex: strategic capex corresponds to purchases 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 it has also included investments associated with implementing 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 operating cash flow - other operating impacts - interest paid & other financing costs - taxes paid.

The Southern and Western Europe segment comprises production sites located in France, Spain, Portugal and Italy. It is also designated by its acronym "SWE".

The Northern and Eastern Europe segment comprises production sites located in Germany, the United Kingdom, Russia, Ukraine and Poland. It is also designated by its acronym "NEE".

The Latin America segment comprises production sites located in Brazil, Argentina and Chile and, since January 1, 2023, Verallia's operations in the USA.

Liquidity: calculated as available cash + undrawn revolving credit facilities – outstanding negotiable commercial paper (Neu CP).

Amortisation of intangible assets acquired through business combinations: corresponds to the amortisation of customer relationships recognised upon acquisition.