H1 2024 results

25 July 2024

verallia

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INTRODUCTION

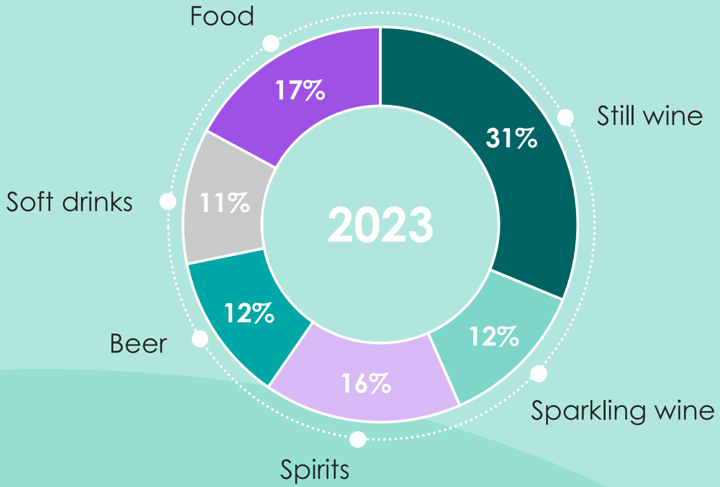
Patrice LUCAS
CEO

01

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 successfully completes the acquisition of Vidrala's Italian glass activities

- **€230 million** enterprise value, financed with a **3-year Term Loan** set up with a pool of international banks (1)
- Confirms Verallia's strategy **to continue investing in key markets**
- Allows Verallia to **expand its glass container offering** to the food and beverage industry in Italy **for the benefit of all its customers**

- In 2023, the company generated **revenue of €131 million** and **EBITDA of €33 million** (2)
- **One production** site in Corsico near Milan with **two furnaces (225Kt/year capacity)**
- **Strong positioning,** especially in the beer, food and spirits markets
- Nearly 200 employees will **strengthen** Verallia's expertise

VERALLIA'S ITALIAN GLASS PRODUCTION FOOTPRINT

(1) This loan was entirely made available to the company on July 1, 2024 and the payment of the transaction took place on July 4, 2024.
(2) Figure as of 31 December 2023

H1 2024: recovery in activity confirmed but slower than anticipated – solid profitability with 24.4% adjusted EBITDA margin

REVENUE

- **-17.6%** yoy to €1,765m
- **-10.4%** yoy organic growth

ADJUSTED EBITDA

- **€431m,** -34.6% vs. H1 2023
- Margin at **24.4%** vs. 30.8% in H1 2023 (-631 bps)

NET DEBT

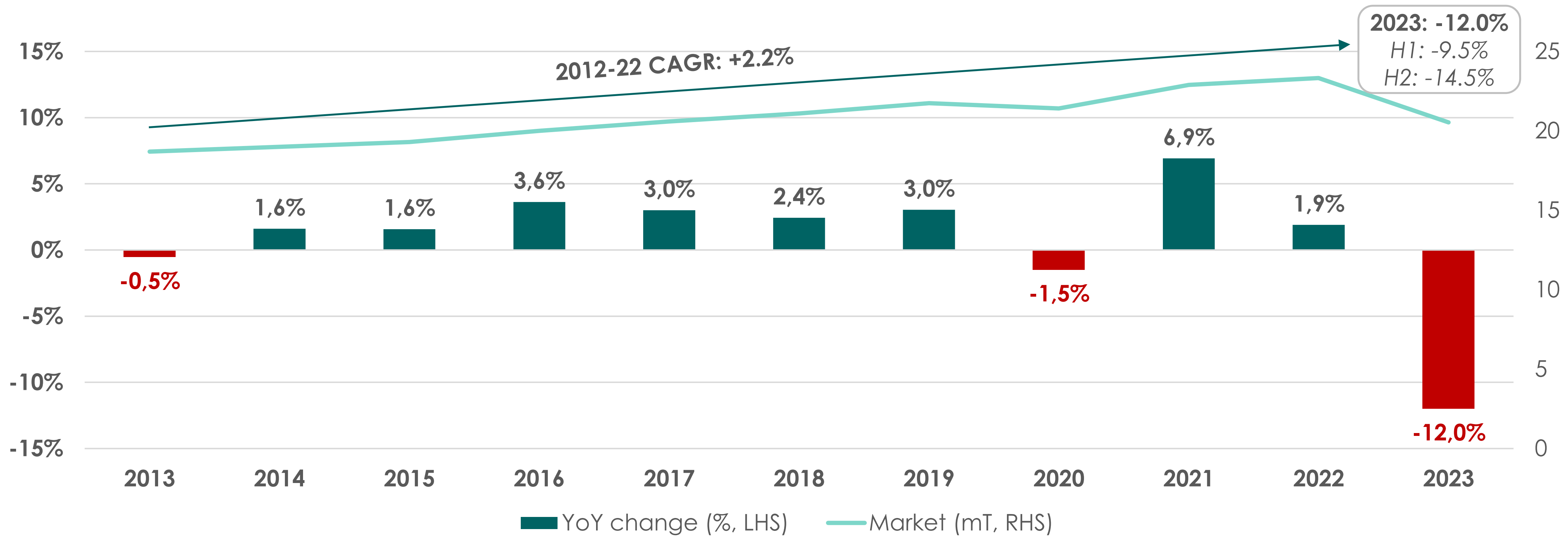
- Leverage: **1.9x** LTM adj. EBITDA vs 1.2x end of Dec. 23

NET INCOME

- **€123m** (-61.3% vs H1 2023)
- **€1.06** EPS / **€1.25** EPS ex-PPA

2023 slump exceeds all recent downturns including 2020 Covid

European domestic F&B glass container sales: YoY change (%) and total (mT) - FEVE perimeter

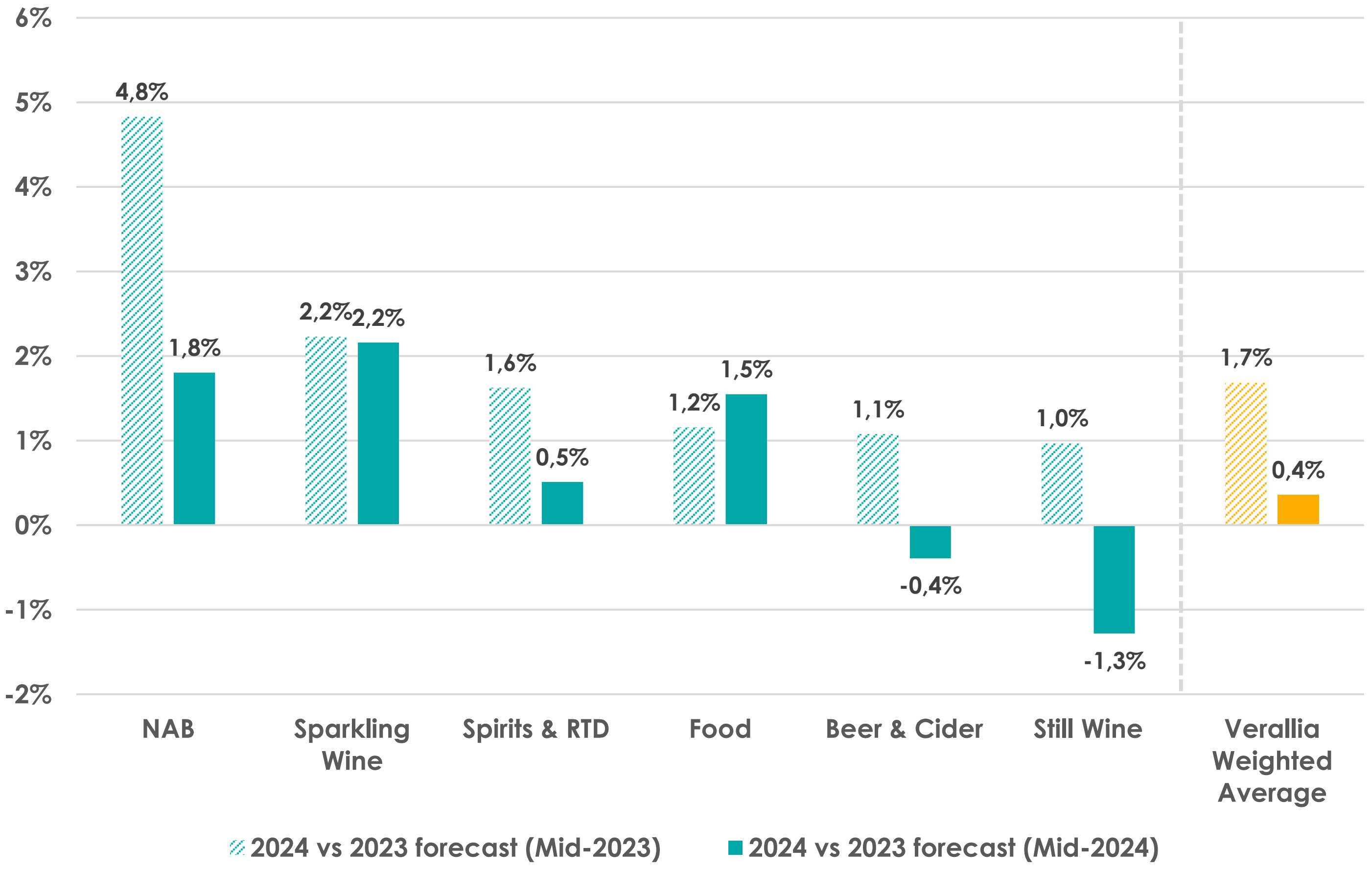


- **2023 drop unprecedented in a historically stable market (-1.5% only in 2020 despite covid crisis)**
- 2023 downturn comes after a decade of steady growth (>2% CAGR from 2012-22)
- **2023 decline in glass demand was mostly led by destocking**

Source: Internal elaboration based on FEVE Data.
Note: Total domestic food & beverage glass container sales for EU27, Switzerland, Turkey and UK. Comparable FEVE data not available prior to 2012.

2024 end consumption forecast revised down from Mid-23 to Mid-24, leading to longer-than-expected destocking period

2023-24 CHANGE IN END CONSUMPTION IN EUROPE (UNITS, GLASS): COMPARISON BETWEEN MID-2023 AND MID-2024 SCENARII(1)



COMMENTS

- 2024 Europe consumption forecasts revised down between mid-2023 and mid-2024 in all categories except food and sparkling wines
  - Poor weather conditions also affecting WE consumption
- -1.3% downward revision over 12 months when applied to VRLA's revenue split
- Negative end consumption leading to longer-than-expected destocking period across the chain

(1) Euromonitor International, comparison between Alcoholic Drinks 2023 edition (Mid-2023) and 2024 edition (Mid-2024) (Beverage Packaging updated in Mid-2024). Delta calculated on million units baseline; Glass Packaging

Activity main takeaways

- Unprecedented decline in glass demand in 2023 (Europe -12% and LatAm -5%), led by destocking
- Post-covid supply chain disruption (supply shortages in 2021/2022) has driven **low short-term visibility** in a usually predictable industry
- **2024 gradual recovery in glass demand confirmed but at a slower pace than expected** with softer end consumption leading to destocking end point delayed
- **Glass demand expected to return to more stable growth** as it reconnects with end consumption

Source: Company estimates.

Mitigation action plan

Pricing	• Tight pricing policy despite challenging environment • Continued focus on value-based pricing
Capacity adjustment	• ca 10% of capacity down in H1 for inventory control (besides planned repairs) • Mix of extended cold repairs, temporary line shuts etc. across countries
Capacity shutdown	• One furnace stopped in Essen, Germany • Close to 90 redundancies, ca €10m one-off restructuring cost
Productivity	• Very strong PAP delivery with 2.6% cash production cost reduction generated in H1 • Renewed focus on productivity as a profitability lever
SG&A	• SG&A flex through cost saving measures taken at all levels of the organization
Cash	• Capex (8.9% of revenue) and inventory (down €(33)m in 1H24) under strict control

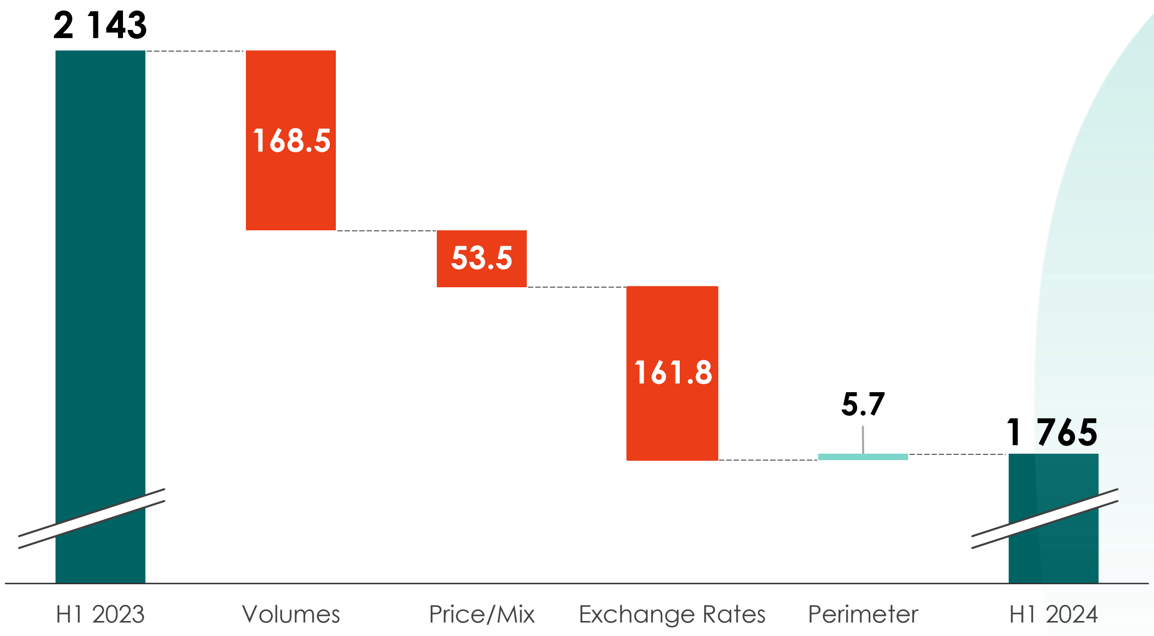
H1 2024
FINANCIAL RESULTS

Nathalie DELBREUVE
CFO

03

H1 2024 Consolidated Revenue Variance Analysis

REPORTED REVENUE (IN €M)



- Organic growth: -10.4% in H1 24 (-17.8% excluding Argentina)
- Lower volumes (down high-single digit) versus strong H1 last year
  - Europe: slow start in spirits and NAB (carbonated soft drinks, fruit juices) despite sequential QoQ improvement. Resilience in food, beer (except Germany) and still wines
  - LatAm: slight decline in volumes with strong rebound in Chile and slight decline in Brazil (but with QoQ improvement)
- Price / mix
  - Broad-based price declines except in LatAm where price increases offset local inflation (Argentina)
  - Negative price/mix impact of €(180)m excluding Argentina with negative contribution from mix (consumers trading down)
- FX / perimeter effect
  - Strong impact of Argentinian peso devaluation
  - Perimeter effect from the acquisition of cullet treatment centers in Iberia (Q4 2023)
- Key Argentina Impacts (captured in bridge)
  - Positive impact of ca +€22m on activity and +€127m on price/mix; negative €(149)m impact on FX

LOWER REVENUE DESPITE SEQUENTIAL IMPROVEMENT

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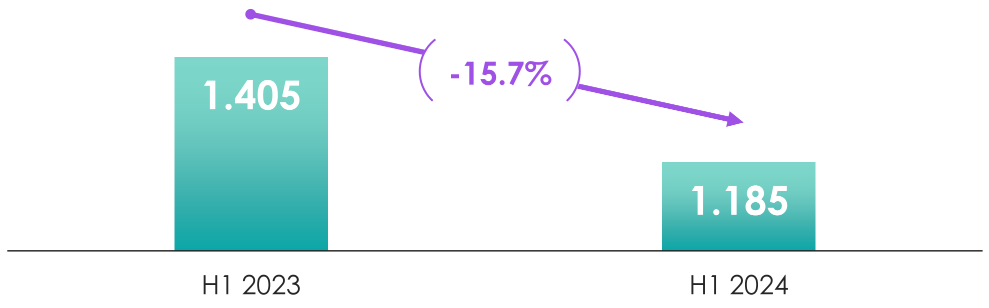
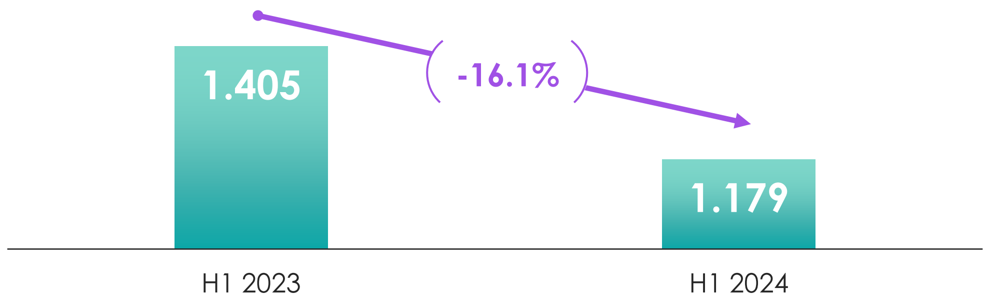
H1 2024 SWE[1] Revenue Evolution

REPORTED REVENUE (IN €M)



REVENUE AT CONSTANT EXCHANGE RATES & SCOPE (IN €M)



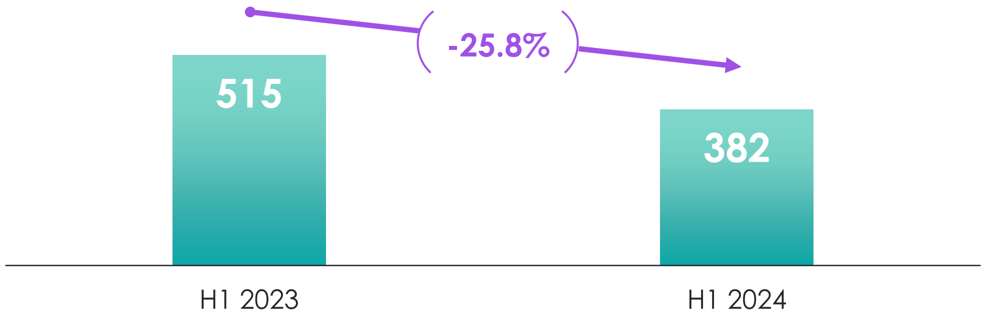
- Strong decline in revenue in H1 24 driven by a mix of lower yoy volumes and negative price impact
- Decline in non-alcoholic beverages (carbonated soft drinks, fruit juices), affected by poor weather conditions
- Adverse mix impact especially in Italy and France
- Sequential Q1/Q2 improvement in activity

LOWER REVENUE ON A COMBINATION OF VOLUMES AND PRICE/MIX

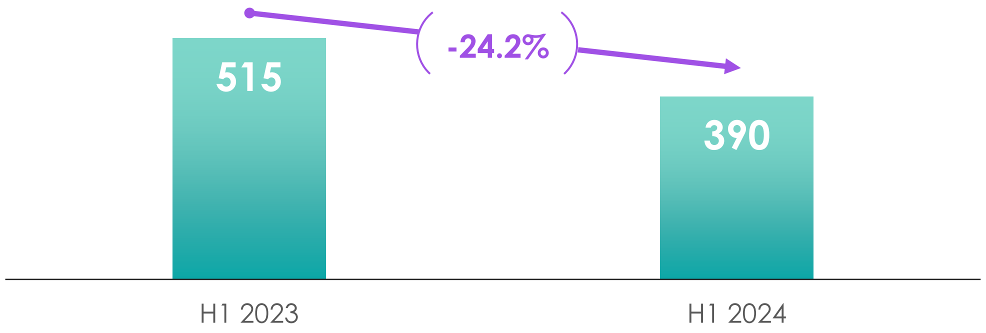
(1) Southern and Western Europe comprises France, Italy, Spain and Portugal.

H1 2024 NEE[1] Revenue Evolution

REPORTED REVENUE (IN €M)



REVENUE AT CONSTANT EXCHANGE RATES & SCOPE (IN €M)



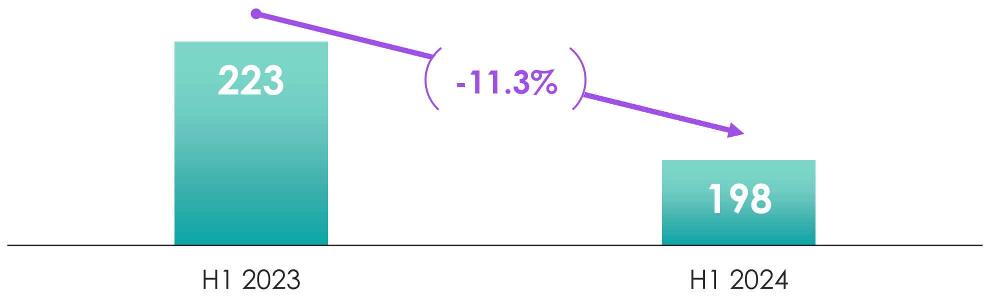
- Volumes down especially in Germany (beer, NAB) and the UK (spirits)
- Negative price impact with still tough market conditions in Germany
- Flat contribution from mix
- Slightly negative FX impact
- Sequential improvement across all end markets

LOWER VOLUMES AND PRICES WITH SOFT SPOTS IN GERMANY AND THE UK

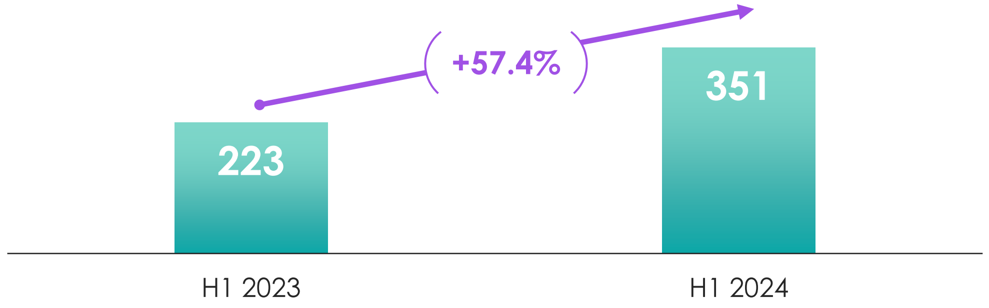
(1) Northern and Eastern Europe comprises Germany, UK, Poland, Ukraine and Russia.

H1 2024 LATAM[1] Revenue Evolution

REPORTED REVENUE (IN €M)



REVENUE AT CONSTANT EXCHANGE RATES & SCOPE (2) (IN €M)



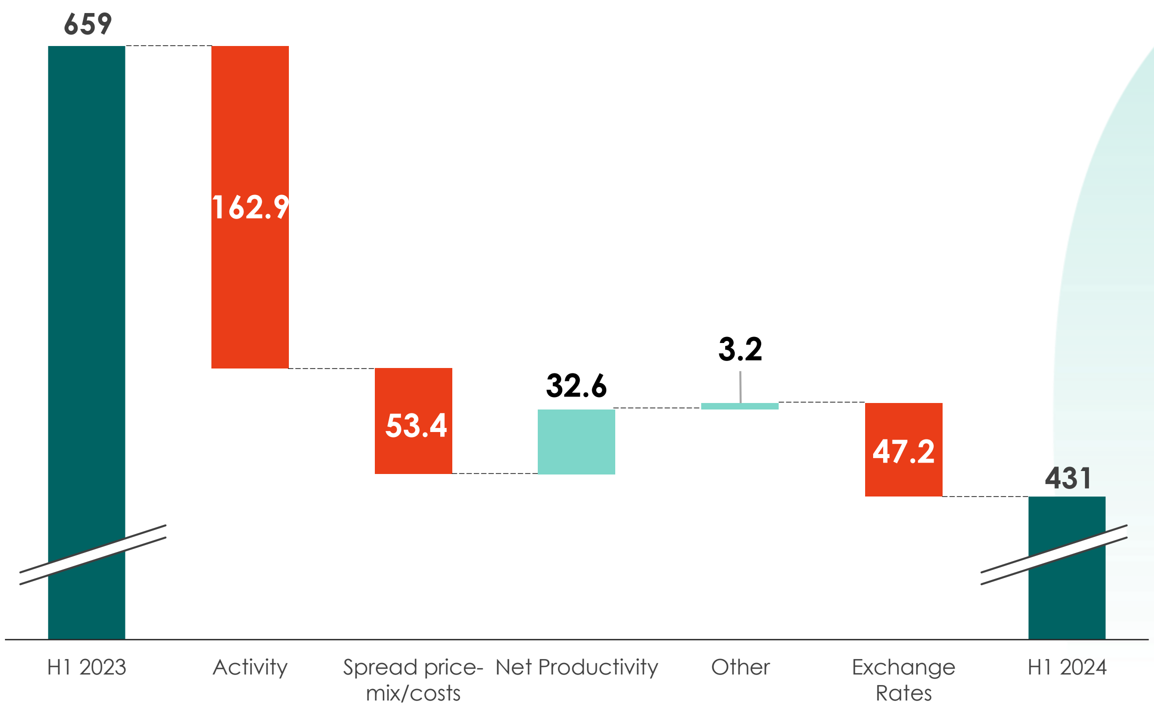
- Slightly negative year-on-year volume change
- Strong rebound in volumes in Chile after a tough H1 2023
- Significant selling price increases in Argentina to offset local hyperinflation and peso devaluation
- Reported revenue negatively affected by a sharply negative exchange rate impact entirely due to the strong depreciation of the Argentinian peso

RESILIENT ACTIVITY, ADVERSE FX IMPACT (PESO)

(1) Latin America comprising production plants located in Brazil, Argentina and Chile and Verallia's operations in the USA.
(2) At constant exchange rates and scope, organic growth in Latam excluding Argentina would be -12.4%..

H1 2024 Consolidated Adjusted EBITDA Variance Analysis

ADJUSTED EBITDA (IN €M AND % OF SALES)



-631bps

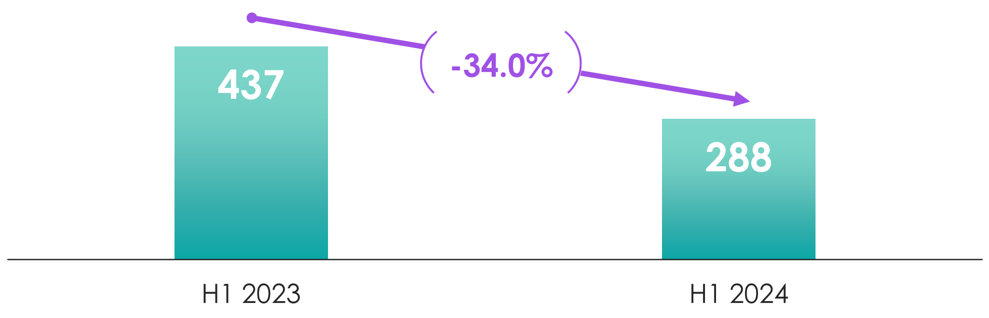
	H1 2024	H1 2023
Adjusted EBITDA margin	24.4%	30.8%

- Activity / Operating leverage
  - Lower volumes in H1 against a tough 1H23 comp and with continued destocking down the chain
  - Negative comp on inventory variation (restocking in 1H23 vs stable inventory in 1H24)
- Negative price-mix / cost spread
  - Negative spread over the period driven by lower selling prices and negative mix, not fully offset by lower costs
  - Negative mix contribution mainly coming from Italy and France
- Net PAP
  - Strong performance at 2.6% cash production cost reduction
- FX effect almost entirely linked to Argentina
- Key Argentina Impacts (captured in bridge)
  - Positive impact of ca +€3m on activity and +€50m on spread; negative €(44)m impact on FX

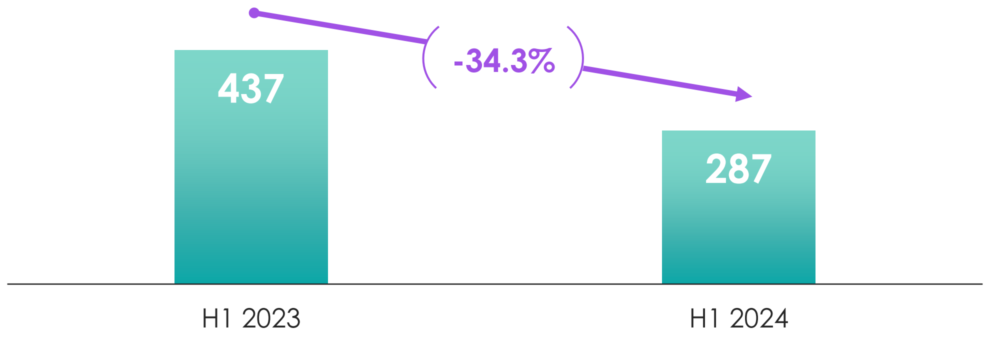
EBITDA MARGIN REACHED 24.4% DESPITE THE HIGH IMPACT OF LOWER ACTIVITY (SALES + INVENTORY VARIATION)

H1 2024 SWE[1] Adjusted EBITDA Evolution

ADJUSTED EBITDA (IN €M)



ADJUSTED EBITDA AT CONSTANT FX & SCOPE (IN €M)



-675bps

	H1 2024	H1 2023
Adjusted EBITDA margin	24.3%	31.1%

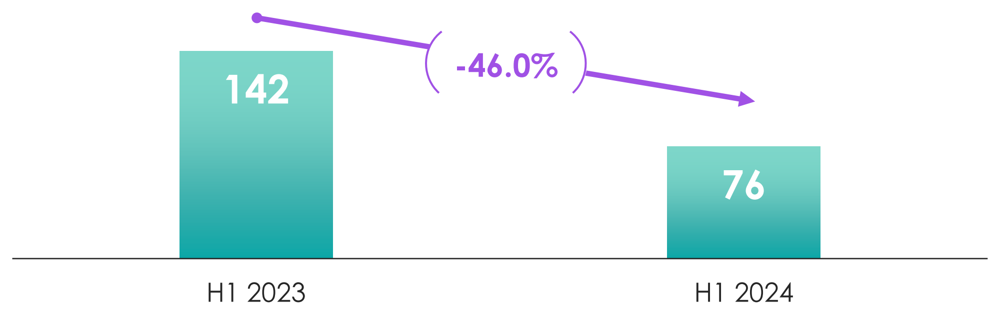
- Decline in activity across all countries, despite sequential improvement over Q1/Q2
- Negative price/cost spread combined with adverse mix impact (especially Italy and France)
- Good industrial performance (PAP)

LOWER EBITDA DRIVEN BY SLOWER ACTIVITY AND NEGATIVE SPREAD

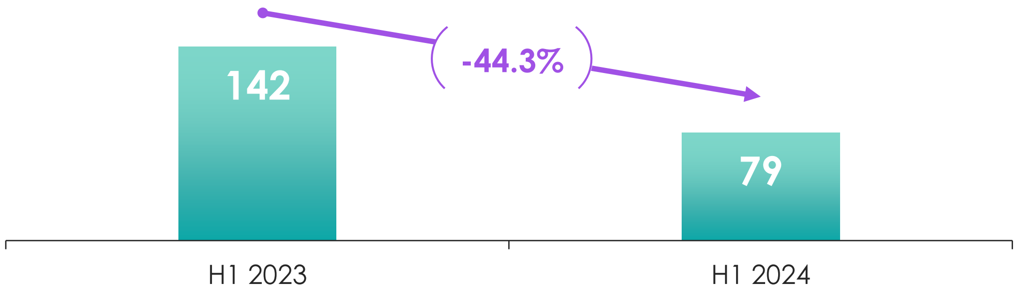
(1) Southern and Western Europe comprises France, Italy, Spain and Portugal.

H1 2024 NEE[1] Adjusted EBITDA Evolution

ADJUSTED EBITDA (IN €M)



ADJUSTED EBITDA AT CONSTANT FX & SCOPE (IN €M)



-747bps

	H1 2024	H1 2023
Adjusted EBITDA margin	20.0%	27.5%

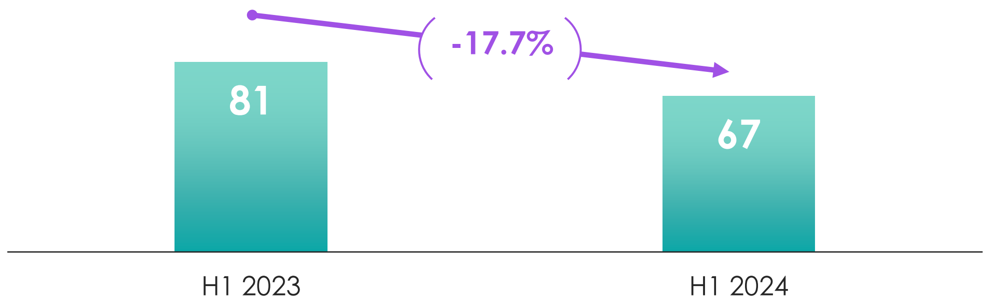
- Lower activity mostly from Germany (beer, NAB) and UK (spirits)
- Slightly negative inflation spread across the region
- Very strong industrial performance (PAP)
- Sequential improvement in activity

LOWER ACTIVITY MOSTLY IN BEER, NAB AND SPIRITS, STRONG PAP

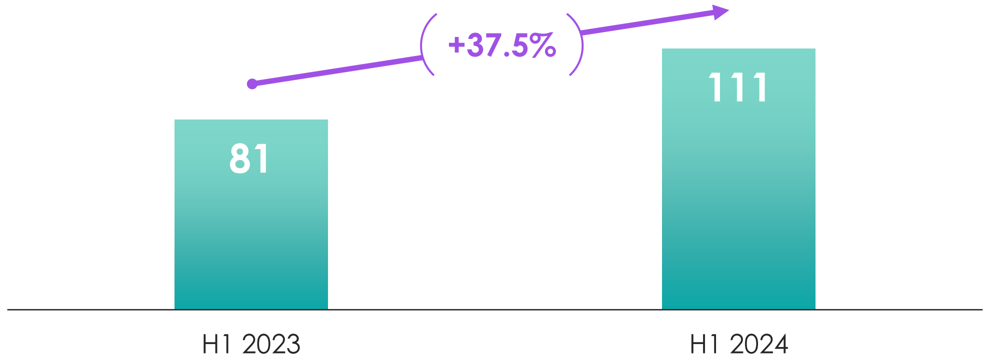
(1) Northern and Eastern Europe comprises Germany, UK, Poland, Ukraine and Russia.

H1 2024 LATAM[1] Adjusted EBITDA Evolution

ADJUSTED EBITDA (IN €M)



ADJUSTED EBITDA AT CONSTANT FX & SCOPE (IN €M)



-264bps

	H1 2024	H1 2023
Adjusted EBITDA margin	33.6%	36.3%

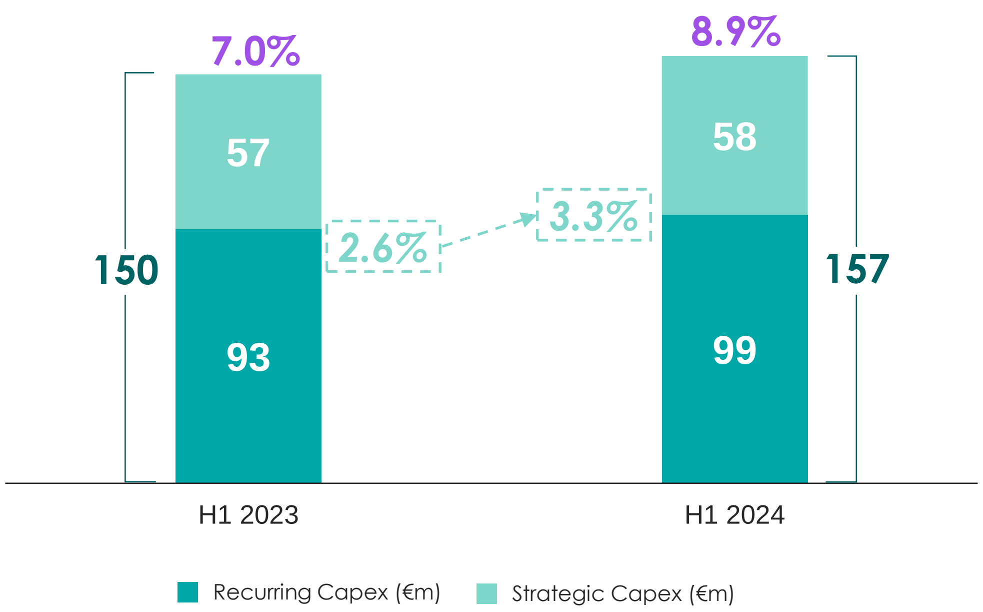
- Decrease in EBITDA mainly driven by Argentina and FX impact from peso devaluation
- Still strong EBITDA margin (33.6% vs 36.3% in 1H23)
- Spread broadly neutral ex-Argentina and strong PAP performance

LOWER EBITDA BUT STILL STRONG PROFITABILITY

(1) Latin America comprising production plants located in Brazil, Argentina and Chile and Verallia's operations in the USA.

H1 2024 Capex kept under control

TOTAL BOOKED CAPEX AS % OF SALES AND IN € MILLION



- H1 2024 total booked capex up slightly yoy (2023 capex heavily skewed towards Q4) but in line with planned reduction in FY capex
- Recurring capex up slightly yoy reflecting continued investment in assets
- Strategic capex up from **2.6% to 3.3%** of sales:
  - Construction of 2 new furnaces in Campo Bom (Brazil) and Pescia (Italy) delayed
  - CO_2 capex linked to new furnace technologies (eg Cognac electric furnace, Zaragoza hybrid furnace)

CONTINUED STRATEGIC CAPEX POLICY

H1 2024 Group Cash-flow Generation

In € million	H1 2024	H1 2023
Adjusted EBITDA	**431.3**	**659.0**
Total Capex	156.8	150.1
Cash Conversion	**63.6%**	**77.2%**
Change in operating working capital	(184.0)	(192.6)
of which Capex WCR	*(81.7)*	*(77.6)*
Operating Cash-Flow	**90.5**	**316.3**
Other operating impact	(51.0)	14.1
Interest paid & other financing costs	(47.5)	(25.1)
Cash Tax	(41.2)	(57.5)
Free Cash-Flow	**(49.2)**	**247.8**

- Lower H1 Free Cash Flow driven primarily by the decrease in Adjusted EBITDA (-228 M€)
- Still high (63.6%) cash conversion ratio with broadly flat capex
- Strongly negative impact from operating working capital partly linked to seasonality and payment in Q1 of the significant capex booked in Q4 2023
- Other operating impact: IFRS 16 and adjustments to EBITDA with a cash effect
- Interest paid & other financial costs: negative impact from (mostly short term) reference rate increase and higher volumes, as well as realized FX losses
    - 89% of long-term debt fixed (fixed rates / hedges)
- Negative FCF in Q1, positive in Q2

CASH POSITIVE IN Q2, AFTER A NEGATIVE Q1

Source: Company.
Notes: Cash conversion = (Adjusted EBITDA-Capex) / Adjusted EBITDA. Free Cash-Flow defined as the Operating Cash Flow - Other operating impact - Interest paid & other financing costs - Cash Tax.

30 June 2024 Group Net Debt Evolution and Leverage

In € million	30/06/2024	31/12/2023	30/06/2023
Net Debt	1,645.7	1,364.5	1,401.4
LTM Adjusted EBITDA	880.3	1,108.0	1,099.1
Net Debt / LTM Adjusted EBITDA	**1.9x**	**1.2x**	**1.3x**

- LTM adjusted EBITDA at **€880.3m**
- Net debt at **€1,645.7m** including rights-of-use for **€74.5m**
- Dividend payment for **€252m**
- **S&P and Moody's confirmed** the Group's Investment Grade positioning with credit ratings of **BBB-, outlook Stable** and **Baa3, outlook Stable,** respectively

LEVERAGE RATIO BELOW 2x

30 June 2024 Financial Structure and Liquidity

In € million	Nominal amount or max. Amount drawable	Maturity	Nominal rate	30 June 2024
Sustainability-Linked Bond – May 2021[1]	500.0	May 2028	1.625%	499.3
Sustainability-Linked Bond – November 2021[1]	500.0	November 2031	1.875%	499.7
Term Loan B (TLB)[1]	550.0	April 2028	Euribor+1.25%	550.1
Revolving Credit Facility (RCF)	550.0	April 2029 + 1 year extension	Euribor+0.75%	-
Negotiable Commercial Papers Neu CP[1]	500.0			408.1
Other debt[2]				141.1
Total borrowings				**2,098.2**
Cash				(452.5)
Net Debt				**1,645.7**

- A significant part of the **Group's floating rate exposure is hedged** through interest rate CAPs (*i.e. 89% of total long-term debt is fixed either by being at fixed rate or by being hedged)*
- **Total available liquidity**[3] reached **€591.0** million as of June 30, 2024

(1) Including accrued interest
(2) o/w IFRS16 leasing (€74.5m)
(3) Calculated as the Cash + Undrawn Revolving Credit Facilities – Outstanding Commercial Papers

New H2/FY24 assumptions

	Comments
Activity	• FY sales volumes from up mid-single-digit yoy to flat / slightly down (slightly behind in Q2, bulk of revision in H2) • Lower fixed cost absorption due to lower capacity utilization
Price-Mix-Cost	• Spread impacted by negative mix (downtrading), though still largely positive over 3-year horizon (2022-24) • FY24 yoy selling price reduction up to low teens (from high single-digit) • Energy hedging policy having a negative cost impact vs current spot rates
Productivity	• Consistent PAP delivery through the year (>2%+ of cost base saved like every year since 2018; 2.6% in 1H24)

2024 GUIDANCE

Patrice LUCAS
CEO

04

2024: focus on execution to mitigate slower recovery pace

Delayed market recovery

- Market recovery curve delayed
- Negative impact on activity and spread (price, mix)

Focus on adaptation

- Temporary capacity adjustment to flex costs and keep inventory under control (H1 capacity utilization ca 90%)
- Permanent capacity shutdown (Essen furnace)
- Capex control (<10% of sales)

Revised FY24 guidance

- Business focus on agility, cost discipline and cash management
- **Adjusted EBITDA now expected at a level comparable to that of 2022 (2nd best year in group history)**

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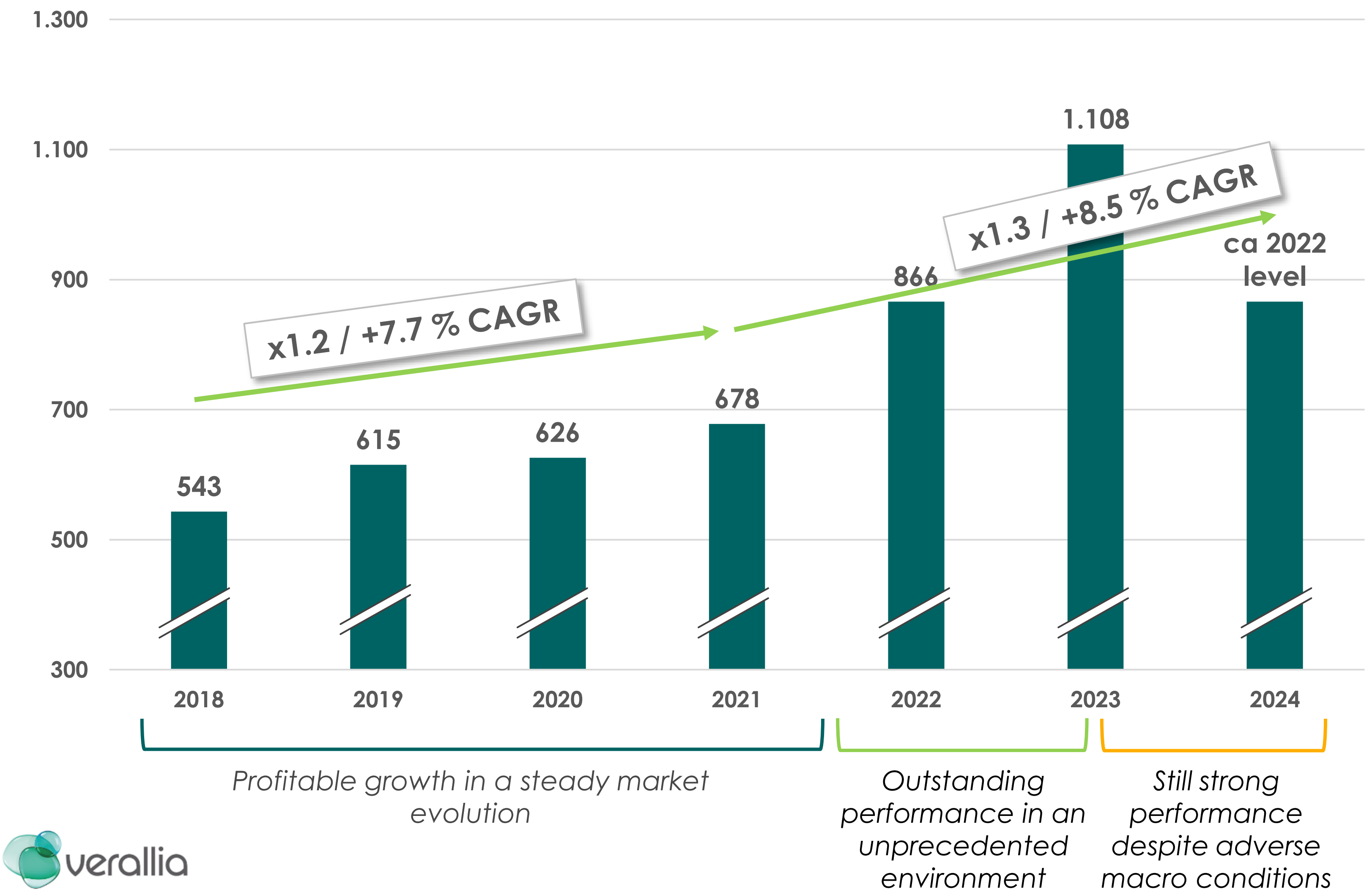
Strong track record since IPO despite ongoing adverse market conditions

EBITDA EVOLUTION (2018A – NEW 2024 GUIDANCE, € MILLION)



RETURN TO SHAREHOLDERS

- €6.4/share of dividend paid out since October 2019 IPO
- 271M€ of share buy-backs since IPO

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2025 and beyond: strong fundamentals and continued adaptation until market normalizes

- Gradual recovery in activity expected (end of destocking + consumer demand improvement following lower inflation)
- Continued adaptation to market environment (capacity, cost, capex)
- Operating leverage (gradual return to full capacity utilization) will be an upside
- Premiumization expected to return and contribute positively
- Strong competitive advantage: leading market positions, ESG / decarbonation leadership, strong balance sheet and cash flow generation
- M&A potential

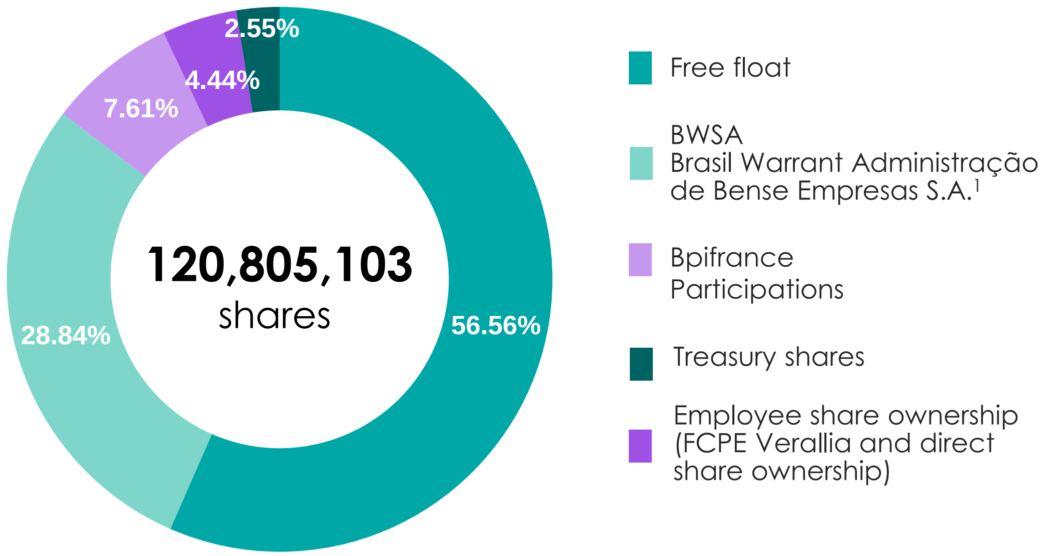
CONFIDENCE IN OUR ABILITY TO RESUME SUSTAINABLE AND PROFITABLE GROWTH TRACK

Q&A

APPENDICES

Capital structure & Employee shareholding offer

SHAREHOLDING STRUCTURE AS OF JUNE 30,2024*



RENEWED SUCCESS FOR THE 9TH EMPLOYEE SHAREHOLDING OFFER

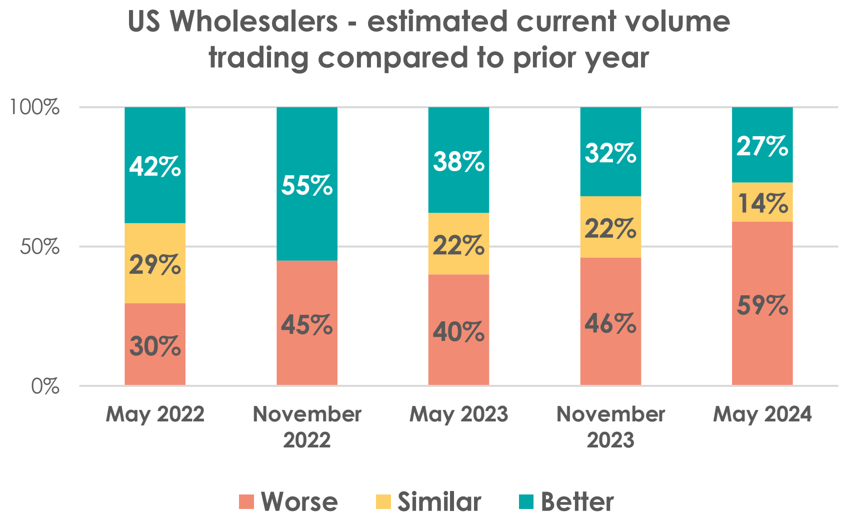
- **0.5% of share capital**, €29.64 subscription price (15% discount[2] and matching employer contribution plan)
- 9 countries
- More than 3,800 employees, i.e. 41% of eligible headcount, invested
- **More than 50% of employees are now shareholders of Verallia (80% in France)**
- **Employees now own 4.5% of Verallia's share capital**, in line with the objective of achieving 5% employee share ownership by 2025

Notes:
* In terms of number of shares.
1 Acting through a fund managed by BW Gestão de Investimentos Ltda, a 100% subsidiary of BWSA.
2 15% discount to the average Verallia share price on the Euronext Paris regulated market over the twenty trading days preceding April 29,2023.

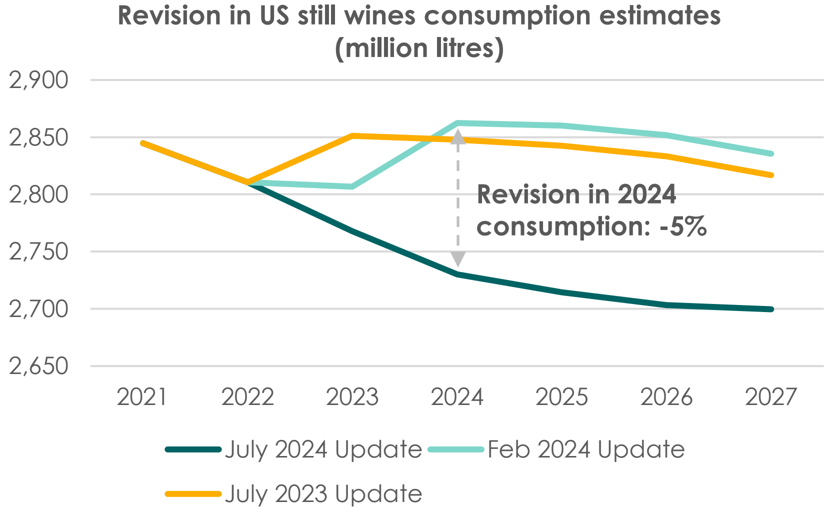
Recent adverse news flow in key end markets

RECENT TRENDS[1]

SPIRITS



STILL WINE



COMMENTS

- Deterioration in outlook in late 2023 and more recently Q2 2024
- Destocking has played a major role in 2023-24 volume trends and is not expected to end in the near future – normalization delayed
- Strong impact of US market on European spirits producers (US accounts for ca 30% of total non-EU exports)

"'23-'24 highlighted our forceful efforts to deal with destocking in absolute value. This is not over yet as underlying demand has not yet recovered. (...) '24-'25 is a year of transition that will allow these adjustments to be completed"

Key Spirits Player, Full Year Results, 03/07/2024

- Recent deterioration in US still wine consumption weighing on exports from European countries (US = ca 20% of non-EU exports)
- Latest edition revised down both 2023 consumption and 2024 trend (combination of lower baseline + lower growth in 2024)

"Wine (…) path to recovery remains challenged. White wines (-5.4%) outperformed both Red (-9.4%) and Pink (-8.7%) in the latest data (…). Prosecco continues to be a bright spot for the wine industry, growing consistently for over a year"

Wine & Spirits Wholesalers of America, April Data Insights, 23/05/2024

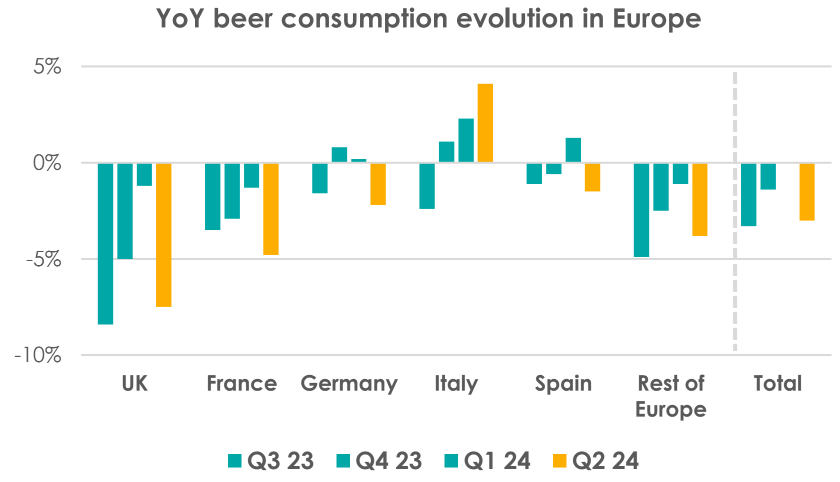
(1) Top chart: Goldman Sachs Investment Research, Insights from US Spirits Wholesalers #9
Bottom chart: Euromonitor International, comparison between different scenarii of the Alcoholic Drinks Forecast Model

Recent adverse news flow in key end markets (cont'd)

RECENT TRENDS[1]

COMMENTS

BEER

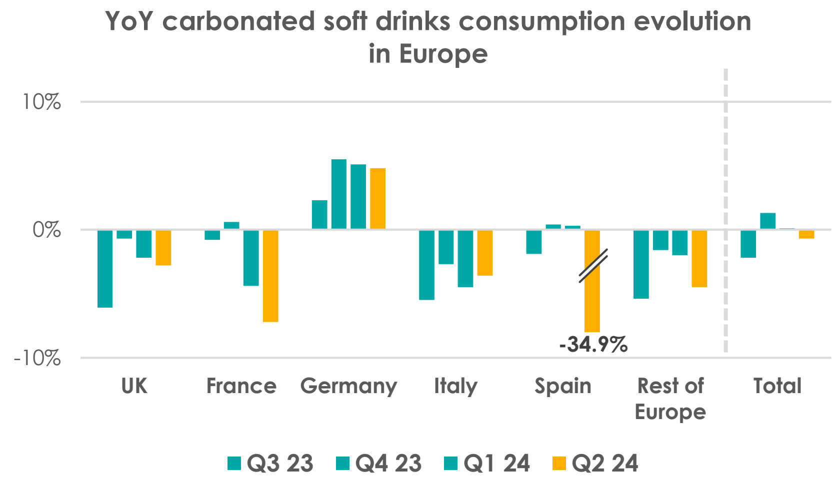


- Gradual beer consumption recovery during 2023 and in Q1 2024, sharply reversing in Q2 2024 on poor weather conditions
- Contrasted trends between countries in Q2 2024, with Italy holding up well while most other countries are down (eg UK)

"We continue to see the economic environment as challenging and uncertain and will remain agile and focused. We will continue to invest behind our brands, innovations, commercial capabilities and route-to-consumer."

Key Beer Player, Q1 Results, 24/04/2024

NAB



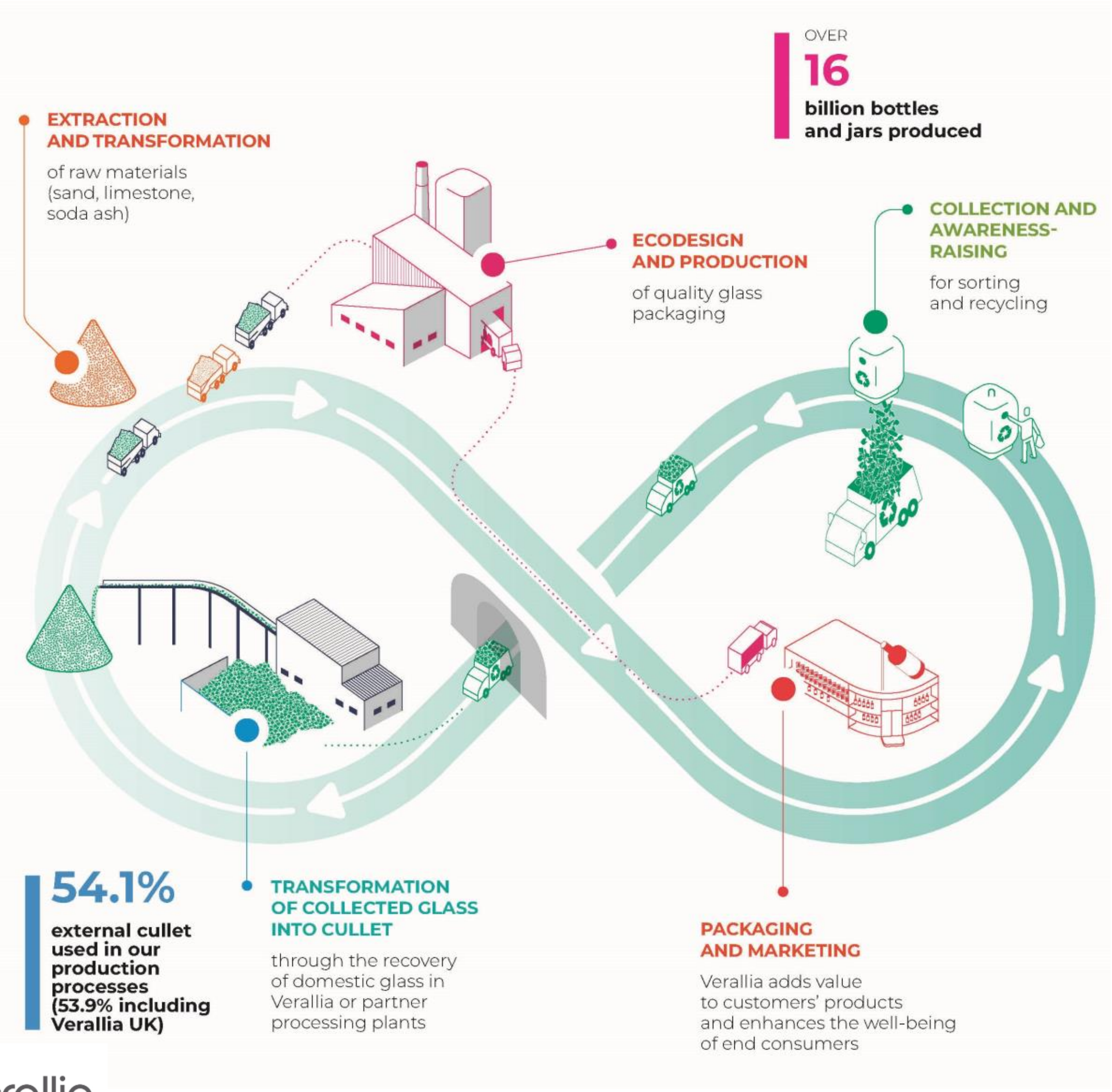
- Market downturn in 1H24 (Q2 down yoy) after a recovery in 2H23
- Sharp decline in Q2 in Spain and to a lesser extent France
- Worsening trend also weighs on FY24 outlook

1. *"France volume broadly flat, with solid consumer demand offset by tough comparables"*
2. *(Germany) "Modest volume growth reflects solid trading in the Home channel (…) partly offset by strong comparables in the AFH channel"*
3. *(Iberia) "Slight volume decline driven by cycling strong comparables"*

Key NAB Player, Q1 Results, 25/04/2024

(1) Source: UBS Elaboration (NielsenIQ Data); European Scope; Q2 is To Date (16 June)

Circularity is core to our model



SAVINGS*

+10pts

of cullet

-5%

of CO_2 emissions

-2.5%

of energy consumption

Source: Company fillings

* Press release from the Fédération Européenne du Verre d'Emballage (FEVE), 12 April 2018.

Disciplined and dynamic risk hedging policy

ENERGY

- Disciplined fuel, gas and electricity hedging policy limiting energy cost volatility in Western Europe and levelling market bursts
  - Hedging horizon: **next 3 years for a target of 85% of our needs**
  - Progressive hedging during year N with targeted hedge rates in October year N of: **100% of target in year N+1, 50% in year N+2, 25% in year N+3**

CO_2

- Disciplined carbon emission quotas hedging policy in Western Europe
  - Hedging horizon: next 3 years
  - Forward purchases during year N with targeted deficit hedge rates in October year N of: **100% in year N+1, 75% in year N+2, 50% in year N+3**

EXCHANGE RATES & INTEREST RATE

- Very limited transactional FX risk with ca 2% of the Group's receivables / payables exposed
- Strict hedging policy applied with targeted hedge rates of:
  - 100% for all firm commitments
  - 75% for budgeted cash flows over a 12-month rolling period (subject to specific local regulations)
- 80% of total Group's long-term debt is fixed either by being at fixed rate or by being hedged

Reconciliation of operating profit to adjusted EBITDA

In €m	H1 2024	H1 2023
Operating profit	**244.4**	**490.3**
Depreciation, amortisation and impairment (i)	171.2	162.9
Restructuring costs	11.7	2.0
Acquisition and M&A costs	1.3	0.2
IAS 29, Hyperinflation (Argentina)	(2.0)	(1.0)
Management share ownership plan and associated costs	3.4	4.6
Other	1.3	-
Adjusted EBITDA	**431.3**	**659.0**

(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. (ii) 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