PRESS RELEASE

2018 annual Results

Continued operating improvements leading to EBITDA growth and further deleveraging

Paris, February 14th, 2019

Highlights of the year

- **Reported revenue** of **€2,416 million** in 2018
- **Solid 5.7% revenue growth** at constant foreign exchange rates and excluding IFRS15 impact
- **Meaningful adjusted EBITDA growth** at **€544 million**, i.e. **+7.8%** year-on-year (14.4% at constant foreign exchange rates)
- **Adjusted EBITDA margin expansion reaching 22.5%**, up 210 bps compared to 2017, up 150 bps excluding IFRS15
- **Further deleveraging at 3.1x adjusted EBITDA through positive operating cash flow generation** of €301 million and good level of cash conversion at 58.6%

Reported revenue is down 2.3% year-on-year. However, at constant exchange rates and excluding IFRS15, Verallia posted a solid 5.7% growth between 2017 and 2018. This growth was driven by volume/mix improvement, supported by selling price increases necessary to mitigate rising energy costs and other inflationary impacts.

- In Europe, reported revenue decreased by -0.3% but increased by 3.8% year-on-year excluding exchange rates and IFRS15 impact. Growth was driven by volume/mix improvement and higher selling prices in all countries.
- In South America, reported revenue decreased by -17.1% due to the negative foreign exchange rate variations essentially coming from Argentina. At constant exchange rates and excluding IFRS15, the growth is compelling at 19.1% led by a good level of activity, notably in Brazil, as well as higher selling prices (consequence of a high inflationary environment mainly in Argentina).

Adjusted EBITDA, at €544 million, was up significantly by 7.8% (14.4% at constant exchange rates), driven by a combination of robust revenue growth and continuous reduction of the cost base despite rising energy costs.

- In Europe, adjusted EBITDA, at €467 million, increased by 11.1% (11.8% at constant exchange rates). Performance in Europe was driven by overall improvements in revenues and increased productivity at plant level.
- In South America, adjusted EBITDA decreased from €84 million to €77 million between 2017 and 2018 (-8.4%). This is the consequence of the negative currency conversion impact from the very

significant depreciation of the Argentinean Peso and to a lesser extent of the Brazilian Real. However, at constant exchange rates, South America delivered a compelling 27.9% adjusted EBITDA increase, supported by a good level of activity in Brazil, selling price increases to mitigate high inflation as well as overall improvement of Verallia's manufacturing performance.

Operating cash flow was strong and reached €301 million compared to €328 million in 2017. This minor decrease compared to prior year is essentially due to a slight increase in operating working capital primarily driven by higher inventories during the second half of the year.

Verallia has been pursuing its **deleveraging effort**. Net debt over last 12 months was reduced by €141 million to €1,708 million and adjusted EBITDA leverage reached 3.1x at end of year 2018, compared to 3.7x at end of year 2017.

2018 strategic initiatives

On May 3rd, Verallia Italy has sold Alver, its Algerian subsidiary. On October 26th, Verallia has successfully completed the sale of its minority stake in the IVN joint venture (Brazilian company named "Indústria Vidreira do Nordeste").

"2018 has been a very good year for Verallia with improvements in the service provided to our customers and stronger productivity. This joint effort in sales contribution and costs base reduction has enabled a solid increase in adjusted EBITDA both in value and in margin. We expect continuing improvements in 2019." commented **Michel Giannuzzi**, CEO of Verallia.

Outlook

For 2019, Verallia expects further top-line growth and margin expansion, in spite of the challenges that the glass packaging industry may face due to (i) rising energy and raw material costs; and (ii) potential macro-economic and geopolitical uncertainties, in particular in South America.
Despite these headwinds, Verallia continues to roll-out its strategy which translates into the following objectives (*): (i) positive organic sales growth and adjusted EBITDA increase; (ii) additional adjusted EBITDA margin expansion; (iii) disciplined capex spending with recurring capex amount around €200 million (ca. 8% of revenue) and (iv) stronger cash flow generation.

(*) Based on 2018 accounting principles.

Next Results Release

First quarter results are expected to be released on April 30th, 2019.

About VERALLIA - An independent Group, Verallia is the third largest global manufacturer of glass containers for food and beverages, and proposes innovative, customized and environmentally-friendly solutions.
€2.4 bn revenue with 16 billion glass bottles and jars produced in 2018.
Around 10,000 employees, and 32 glass production facilities in 11 countries.

For more information: www.verallia.com.

Verallia Investor Relations contact

Alexandra Baubigeat Boucheron - alexandra.baubigeat-boucheron@verallia.com

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APPENDICES

2018 annual Figures

In € million	2018		2017		Change
Revenue (i)	**2,415.8**	**100%**	**2,473.7**	**100%**	**(2.3)%**
of which Europe	2,169.8	89.8%	2,177.1	88.0%	(0.3)%
of which South America	246.0	10.2%	296.6	12.0%	(17.1)%
Cost of sales	(1,973.2)	(81.7)%	(2,059.5)	(83.3)%	(4.2)%
SG&A and other	(144.5)	(6.0)%	(145.1)	(5.9)%	(0.4)%
Adjusted EBITDA (ii)	**543.5**		**504.1**		**7.8%**
Margin (iii)	***22.5%***		***20.4%***		***+210bps***
of which Europe	466.9		420.4		11.1%
Europe margin	***21.5%***		***19.3%***		***+220bps***
of which South America	76.7		83.7		(8.4)%
South America margin	***31.2%***		***28.2%***		***+300bps***
Capex (iv)	**225.0**	9.3%	**235.6**	9.5%	**(4.5)%**
Cash conversion (v)	58.6%		53.3%		***+530bps***
Operating Cash-Flow	**300.7**		**328.3**		**(8.4)%**

(i) In 2018, revenue is impacted by the application of IFRS15 that started in January 1st, 2018. In 2017, revenue would have been reduced by the application of IFRS15, if adopted, by an estimated amount of €(77.5) million.
(ii) Adjusted EBITDA is defined as profit or loss for the period before income taxes, net finance costs, depreciation and amortization and other items. Such items include: impairment of fixed assets, restructuring costs, acquisition and other transaction related costs, carve-out costs, share in results in associates net of EBITDA contribution, management equity plan related costs, gains and losses on disposals, impact of hyperinflation, other exceptional, unusual, or generally non-recurring items adjusted by virtue of their nature.
(iii) Adjusted EBITDA margin is mechanically impacted by the application of IFRS15 that started on January 1st, 2018. In 2017, on a pro forma basis, adjusted EBITDA margin would have been 21.0% following adoption of IFRS15.
(iv) Capex (capital expenditures) represent purchases of property, plant and equipment as well as intangible assets, necessary to maintain the value of an asset, to adapt to market demands or environmental, health and safety standards or to step-up significantly our industrial capacity. M&A are excluded.
(v) Cash conversion represents adjusted EBITDA less capex, divided by adjusted EBITDA.

IAS 29: Hyperinflation in Argentina

Following the significant increase of the cumulative inflation rate for several years, all necessary conditions are in place to consider Argentina as hyperinflationary economy and to enforce application of IAS 29.

Consequently, the Group has to apply IAS 29 in Argentina with effect from January 1st, 2018. Adoption of IAS 29 requires the restatement of non-monetary assets and liabilities and income statement to reflect the changes in the general purchasing power in its local currency, leading to a gain or loss on the net monetary position included in the financial results.

Moreover, the financial information is converted into euro using the closing exchange rate of the relevant period.

In 2018, the net impact in sales is -€7.8m. The hyperinflation impact has been excluded from Group adjusted EBITDA as shown in the table below “Adjusted EBITDA: Reconciliation to Net Income”.

Adjusted EBITDA: Reconciliation to Net Income

In € million		**2018**	**2017**
Net Income/(loss)		**58.4**	**26.5**
Finance costs – net		126.4	113.0
Income tax		34.4	20.7
Depreciation and amortization	(i)	292.2	290.1
Impairment of long-lived assets	(ii)	6.1	35.4
Restructuring costs		7.2	2.8
Acquisition and other transaction related costs		0.2	3.0
Fabe (Brazil) closure project		11.8	-
IAS 29 Hyperinflation in Argentina		2.5	-
Share in result of associates net of Ebitda contribution		0.8	0.2
Management equity plan and related costs		5.7	3.2
Gains and losses on disposals		(10.4)	0.7
Other exceptional items		8.2	8.5
Adjusted EBITDA		**543.5**	**504.1**

(i) Includes the amortization of intangible assets acquired through business combination.
(ii) As of Dec. 31, 2017 represents the non cash impairment charge related to our Algerian subsidiary.

GLOSSARY

At constant exchange rates: Measures referred to as being calculated at constant exchange rates are intended to present the relevant information at constant exchange rates between the two periods being compared (applying the previous period's exchange rate to current period's figures). Figures presented at constant exchange rates are not presented in accordance with IFRS.

Adjusted EBITDA: is defined as profit or loss for the period before income taxes, net finance costs, depreciation and amortization and other items. Such items include: impairment of fixed assets, restructuring costs, acquisition and other transaction related costs, carve-out costs, share in results in associates net of EBITDA contribution, management equity plan related costs, gains and losses on disposals, impact of hyperinflation, other exceptional, unusual, or generally non-recurring items adjusted by virtue of their nature.

Capex (capital expenditures): purchases of property, plant and equipment as well as intangible assets, necessary to maintain the value of an asset, to adapt to market demands or environmental, health and safety standards or to step-up significantly our industrial capacity. M&A are excluded.

Recurring capex: Purchases of property, plant & equipment as well as intangible assets, necessary to maintain the value of an asset, and/or to adapt to market demands or environmental, health and safety standards.

Strategic investments: Strategic assets acquisitions that step-up significantly our industrial capacity or business reach (for instance, M&A, new plant, or equivalent greenfield or brownfield).

Cash conversion: Adjusted EBITDA less capex, divided by adjusted EBITDA.

Operating cash flow: Adjusted EBITDA less capital expenditures, plus change in operating working capital including change in payables of fixed assets.