

2018 | Semi-Annual Report Vetropack Group



At a Glance

Key Figures

		31.12.2017	30.06.2017	+/-	30.06.2018
Net Sales	CHF millions	631.5	310.2	12.8%	350.0
EBIT	CHF millions	64.1	30.3	34.0%	40.6
Consolidated Profit	CHF millions	57.0	24.7	21.5%	30.0
Cash Flow*	CHF millions	126.3	61.3	16.8%	71.6
Investments	CHF millions	67.3	30.0	63.3%	49.0
Production	1000 metric tons	1 407	708	0.3%	710
Unit Sales	billions	5.07	2.58	1.2%	2.61
Exports (in unit terms)	%	43.4	44.0	-	42.6
Employees	number	3 257	3 316	- 0.4%	3 304
Total Assets	CHF millions	932.2	882.3	6.5%	939.6
Gearing Ratio	in %	73.8	71.1	-	74.5
Share price Bearer share high	CHF	2 175	2 175	-	2 100
Share price Bearer share low	CHF	1 710	1 750	-	1 740

* operating cash flow before change of net working capital

Agenda

2018 Annual Report	19 March 2019
Press Conference (Bülach)	19 March 2019, 10.15 a.m.
2018 Sustainability Report	16 April 2019
Annual General Assembly (St-Prex)	24 April 2019, 11.15 a.m.

Business development within the first half of 2018

Dear Shareholders

In the first half of the year under review, Vetropack Group exceeded what was already a high level of net sales from the previous year by 12.8%. They amounted to CHF 350.0 million, another new record. The operating margin improved from 9.8% in the previous year to 11.6%.



Claude R. Cornaz, Chairman of the Board of Directors (left), Johann Reiter, CEO (right)

Further increase in demand. Having ended 2017 at a high level, demand continued to rise steadily in Europe in the first half of 2018, triggering a supply deficit in some regions. In this environment, Vetropack Group increased its unit sales to a total of 2.61 billion units of glass packaging (2017: 2.58 billion) – its best performance to date. Production capacity was fully utilised.

Net sales. Consolidated net sales from goods and services rose to CHF 350.0 million (2017: CHF 310.2 million). Adjusted for currency effects, Vetropack Group increased

its net sales by 5.3%, with 7.5% attributable to currency effects due to the weaker Swiss franc.

Very strong performance. Greater demand for high-quality glass packaging enabled Vetropack Group to optimise its sales mix to benefit its net sales and margin. It thus achieved EBIT of CHF 40.6 million (2017: CHF 30.3 million), up by 34.0% year on year. The EBIT margin grew to 11.6% (2017: 9.8%), while the consolidated semi-annual profit of CHF 30.0 million (2017: CHF 24.7 million) was up 21.5% on the previous year's figure.

The good performance also saw the profit margin increase from 8.0% in the previous year to 8.6%. Cash flow also improved, coming in at the high level of CHF 71.6 million (2017: CHF 61.3 million) and resulting in a cash flow margin of 20.5% of net sales (2017: 19.8%).

Vetropack Group employed 3,304 individuals during the period under review (2017: 3,316).

Robust balance sheet. Total assets as at 30 June 2018 amounted to CHF 939.6 million (31 December 2017: CHF 932.2 million). Short-term assets remained virtually unchanged at CHF 408.1 million (31 December 2017: CHF 407.9 million). The replacement of capital assets at Vetropack's Slovakian plant required for a larger furnace led to an increase in tangible assets, pushing long-term assets up to CHF 531.5 million (31 December 2017: CHF 524.3 million). Liabilities fell slightly to CHF 239.8 million (31 December 2017: CHF 243.9 million). Shareholders' equity amounted to CHF 699.8 million (31 December 2017: CHF 688.3 million).

Investing in the future. Investments in the first half of the year under review focused on the abovementioned furnace overhaul at the Slovakian plant in Nemšová, which increased capacity and added two new and more efficient

glass-blowing machines. Additional systems and equipment were installed at Vetropack's Italian plant in Trezzano to optimise production and improve quality controls. Vetropack Group invested a total of CHF 49.0 million in the first six months of 2018 (2017: CHF 30.0 million).

Outlook for the second half of 2018. Vetropack Group expects the market environment to remain favourable over the next six months. Sales volumes will be down slightly on the first half of the year because another furnace overhaul, this time at the Austrian plant in Kremsmünster, is slated for the second half of 2018 and it will not be possible to repeat the sell-off of existing stock to the extent seen in the first half of the year. We are therefore forecasting a slight fall in net sales and performance compared with the first half of 2018.

The operating result for 2018 as a whole looks likely to exceed that achieved last year by some margin.



Claude R. Cornaz
Chairman of the Board of Directors



Johann Reiter
CEO

Bülach, 23 August 2018

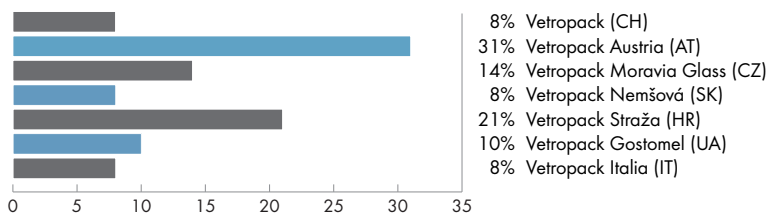
Vetropack Group

Vetropack is one of Europe's leading manufacturers of glass packaging for the food and beverage industry. It runs state-of-the-art production facilities, as well as sales and distribution centres in Switzerland, Austria, the Czech Republic, Slovakia, Croatia, Ukraine and Italy.

As a customer-oriented company, Vetropack guarantees innovative packaging solutions, reliable product quality and on-time deliveries. Tailor-made glass from Vetropack gives a basis for a successful market performance of our customers' products.

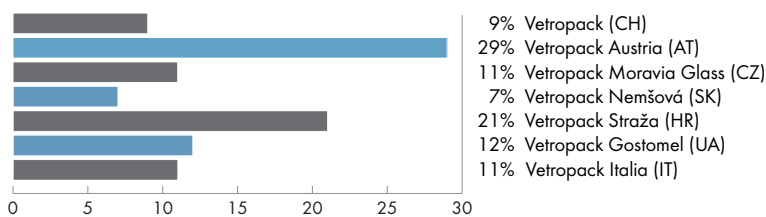
Sales by Group Company / Half Year 2017

(Total 2.58 billion units)



Sales by Group Company / Half Year 2018

(Total 2.61 billion units)



Financial Reporting – Vetropack Group

Results as per 30.06.2018

The non-audited interim closing of Vetropack Group as at 30 June 2018 was prepared in accordance with Swiss GAAP FER 31 on the basis of acquisition values and, in contrast to the annual financial statements, permits abridged reporting and disclosures.

The consolidation and valuation principles are identical to those used in the 2017 interim and annual financial statements.

Consolidated Balance Sheet

CHF millions	30.06.2017	31.12.2017	30.06.2018
ASSETS			
Short-Term Assets			
Liquid funds	98.1	133.6	112.3
Marketable securities	7.6	10.9	6.4
Accounts receivables	142.3	117.0	151.7
Other short-term receivables	12.9	10.4	9.1
Inventories	123.3	130.9	123.4
Accruals	2.7	5.1	5.2
Subtotal Short-term Assets	386.9	407.9	408.1
Long-Term Assets			
Tangible assets	459.8	499.0	507.4
Financial assets	25.8	17.5	17.4
Intangible assets	9.8	7.8	6.7
Subtotal Long-term Assets	495.4	524.3	531.5
Total Assets	882.3	932.2	939.6
LIABILITIES			
Liabilities			
Short-term liabilities			
- Accounts payables	60.5	78.4	71.3
- Short-term financial debts	20.3	12.4	0.2
- Other short-term liabilities	22.5	21.9	23.0
- Deferrals	32.3	21.1	34.4
- Short-term provisions	5.6	3.7	5.9
Total Short-term Liabilities	141.2	137.5	134.8
Long-term liabilities			
- Long-term financial debts	74.9	63.9	63.3
- Other long-term liabilities	1.9	1.6	1.6
- Long-term provisions	37.4	40.9	40.1
Total Long-term Liabilities	114.2	106.4	105.0
Subtotal Liabilities	255.4	243.9	239.8
Shareholders' Equity			
Share capital	19.8	19.8	19.8
Capital reserves	0.3	0.3	0.3
Retained earnings	581.5	610.7	647.9
Consolidated profit	24.7	57.0	30.0
Subtotal Shareholders' Equity excl. Minorities	626.3	687.8	698.0
Minority interests	0.6	0.5	1.8
Subtotal Shareholders' Equity	626.9	688.3	699.8
Total Liabilities	882.3	932.2	939.6

Consolidated Income Statement

CHF millions	Half Year 2017	+/-	Half Year 2018
Net Sales from Goods and Services	310.2	12.8%	350.0
Other operating income	4.2	11.9%	4.7
Changes in inventories	- 8.6	- 11.6%	- 7.6
Material costs	- 48.5	13.0%	- 54.8
Energy costs	- 43.8	5.5%	- 46.2
Personnel expenses	- 72.4	11.5%	- 80.7
Depreciation/Impairments of tangible assets	- 29.3	18.1%	- 34.6
Depreciation/Impairments of intangible assets	- 3.2	- 53.1%	- 1.5
Other operating expenses	- 78.3	13.3%	- 88.7
Operating Result (EBIT)	30.3	34.0%	40.6
Financial result	1.7	- 200.0%	- 1.7
Ordinary Result	32.0	21.6%	38.9
Non-operating result*	0.3	33.3%	0.4
Consolidated Profit before Income Taxes	32.3	21.7%	39.3
Income taxes	- 7.2	11.1%	- 8.0
Consolidated Profit before Minority Interests	25.1	24.7%	31.3
Minority interest in profit/loss of Group companies	- 0.4	225.0%	- 1.3
Consolidated profit	24.7	21.5%	30.0
Earnings per Share			
Undiluted earnings per bearer share in CHF	62.2		75.6
Undiluted earnings per registered share in CHF	12.4		15.1
Diluted earnings per bearer share in CHF	62.2		75.6
Diluted earnings per registered share in CHF	12.4		15.1

* This includes depreciation of CHF 0.5 million on non-operating real estate and buildings (2017: CHF 0.5 million).

Consolidated Cash Flow Statement

CHF millions	30.06.2017	31.12.2017	30.06.2018
Consolidated profit incl. minorities	25.1	57.4	31.3
+ Asset depreciation	33.0	68.4	36.6
+/- Loss/gain from applying/removing impairments	0.0	0.3	0.0
+/- Increase/decrease in provisions	2.7	0.1	3.0
+/- Loss/gain from disposals of tangible assets	0.4	0.4	0.5
+/- Other changes in non-cash items	0.1	- 0.3	0.2
= Operating Cash Flow before Change of Net Working Capital	61.3	126.3	71.6
+/- Decrease/increase in inventories	- 34.6	- 2.2	- 35.2
+/- Decrease/increase in marketable securities	7.0	6.2	6.9
+/- Decrease/increase in other receivables and accruals	0.6	- 0.2	1.2
+/- Increase/decrease in accounts payable	- 20.7	- 7.4	- 6.9
+/- Increase/decrease in other short-term liabilities and deferrals	15.7	2.0	15.0
= Cash Inflow/Drain from Operating Activities	29.3	124.7	52.6
- Outflows for investments in tangible assets	- 20.6	- 65.5	- 47.7
+ Inflows for sales of tangible assets	0.1	0.4	0.1
- Outflows for investments in financial assets	- 8.7	0.0	- 0.9
+ Inflows for sales of financial assets	11.2	2.9	0.0
- Outflows for investments in intangible assets	- 0.7	- 1.8	- 0.4
+/- Changes in marketable securities	- 6.9	- 0.7	4.6
= Cash Inflow/Drain from Investment Activities	- 25.6	- 64.7	- 44.3
- Dividend distribution to shareholders	- 15.3	- 15.3	- 17.8
+/- Formation/repayment of short-term financial debts	19.7	- 0.4	- 12.2
+/- Formation/repayment of long-term financial debts	- 0.1	- 2.1	0.0
= Cash Inflow/Drain from Financing Activities	4.3	- 17.8	- 30.0
Foreign Exchange Differentials	0.4	1.7	0.4
Changes in Liquid Funds	8.4	43.9	- 21.3
Liquid funds at the beginning of the year	89.7	89.7	133.6
Liquid funds at the end of the period under review	98.1	133.6	112.3
Changes in Liquid Funds	8.4	43.9	- 21.3

Changes in Consolidated Shareholders' Equity

CHF millions

	Share Capital	Capital Reserves (Agio)	Retained Earnings	Subtotal excl. Minority Share Interests	Minority Share Interests	Subtotal incl. Minority Share Interests
Shareholders' Equity as per 1.1.2017	19.8	0.3	585.2	605.3	0.1	605.4
Consolidated profit			24.7	24.7	0.5	25.2
Foreign exchange differentials			11.6	11.6		11.6
Dividends			- 15.3	- 15.3		- 15.3
Shareholders' Equity as per 30.06.2017	19.8	0.3	606.2	626.3	0.6	626.9
Semi-annual profit			32.3	32.3	- 0.1	32.2
Foreign exchange differentials			29.2	29.2		29.2
Shareholders' Equity as per 31.12.2017	19.8	0.3	667.7	687.8	0.5	688.3
Consolidated profit			30.0	30.0	1.3	31.3
Foreign exchange differentials			- 2.0	- 2.0		- 2.0
Dividends			- 17.8	- 17.8		- 17.8
Shareholders' Equity as per 30.06.2018	19.8	0.3	677.9	698.0	1.8	699.8

Segment Reporting

The segment reporting used at the top management level for corporate management has just one significant segment ("Glass packaging"). The secondary segment "Speciality glass" comprises only trade revenue in Switzerland (Müller + Krempel Ltd).

Net Sales per Country

CHF millions	Change	Half Year 2017	Half Year 2018
Glass Packaging			
- Switzerland	5.8%	38.1	40.3
- Austria	15.7%	87.0	100.7
- Czech Republic	27.6%	29.0	37.0
- Croatia	11.0%	59.0	65.5
- Slovakia	6.9%	20.4	21.8
- Ukraine	23.3%	26.2	32.3
- Italy	3.0%	46.0	47.4
Speciality Glass (Switzerland)	11.1%	4.5	5.0
Total	12.8%	310.2	350.0

Vetropack Group does not publish details on its segment results, as there is a significant risk that this could cause competitive disadvantages. The markets in which our business units operate are narrow niche sectors with few, primarily private suppliers, who could draw conclusions about our margins and prices from the segment results.

Results per Participation Right

The undiluted result per share is calculated by dividing the consolidated profit for the applicable reporting period that is to be allocated to the shareholders of Vetropack Group by the weighted average number of outstanding shares.

	Half Year 2017	Half Year 2018
Consolidated profit allocated to the shareholders of the Vetropack Group in million CHF	24.7	30.0
Weighted number of outstanding bearer shares for undiluted result per share	396 480	396 480
Weighted number of outstanding registered shares for undiluted result per share	1 982 400	1 982 400
Undiluted result per bearer share in CHF	62.2	75.6
Undiluted result per registered share in CHF	12.4	15.1

The diluted result per share is calculated in the same way as the undiluted result for both share types, as no dilution potential exists for either.

Events after the Balance Sheet Date

No significant events occurred between the balance sheet date and the Board of Directors approving the consolidated interim financial statements on 22 August 2018 that could negatively affect the declarations made in these interim financial statements as at 30 June 2018.

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