

2019 | Semi-Annual Report Vetropack Group



## At a Glance

### Key Figures

		31.12.2018	30.06.2018	+/-	30.06.2019
Net Sales	CHF millions	690.7	350.0	3.2%	361.2
EBIT	CHF millions	78.4	40.6	19.2%	48.4
Consolidated Profit	CHF millions	58.1	30.0	27.3%	38.2
Cash Flow*	CHF millions	135.7	71.6	13.8%	81.5
Investments	CHF millions	117.9	49.0	- 3.5%	47.3
Production	1000 metric tons	1 445	710	2.8%	730
Unit Sales	billions	5.16	2.61	- 0.8%	2.59
Exports (in unit terms)	%	42.5	42.6	-	42.6
Employees	number	3 291	3 304	1.3%	3 346
Total Assets	CHF millions	947.4	939.6	- 1.4%	926.8
Gearing Ratio	in %	75.1	74.5	-	78.1
Share price Bearer share high	CHF	2 490	2 100	-	2 300
Share price Bearer share low	CHF	1 740	1 740	-	1 900

\* operating cash flow before change of net working capital

### Agenda

2019 Annual Report	17 March 2020
Press Conference (Bülach)	17 March 2020, 10.15 a.m.
Annual General Assembly (Bülach)	22 April 2020, 11.15 a.m.

### Integrated reporting

Vetropack will be switching to integrated reporting in 2020, meaning that its Annual and Sustainability Reports will become part of a new, integrated Annual Report. Financial, environmental and social events and targets all exert an influence on one another and thus on the long-term success of a company. And, rather than being printed, the integrated Annual Report will now only be published online, on a dedicated website complete with download options.

## Business development within the first half of 2019

Dear Shareholders,

Vetropack Group grew net sales to CHF 361.2 million in the first half of the year under review. The increase amounted to a substantial 5.8% after adjusting for currency effects or 3.2% in nominal terms. The operating result (EBIT) improved to CHF 48.4 million, up 19.2% on the same period last year. Consolidated profit rose by an impressive 27.3 % to CHF 38.2 million.



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

**Demand remaining high.** The trend for using glass as a packaging material for food and drink is here to stay because consumers are increasingly health-conscious and environmentally aware when they shop. This is continuing to boost demand. Vetropack had already responded to this development last year and begun expanding capacity. Output thus rose by 2.8% in the first half of 2019 to 730,000 tonnes (2018: 710,000 tonnes).

**Net sales up further.** Consolidated net sales from goods and services increased to CHF 361.2 million (2018: CHF 350.0 million), up by 3.2% or 5.8% after adjusting for currency effects.

**Consistently improved performance.** The supply deficit and a sales mix that offered higher margins have enabled Vetropack to significantly improve its performance. In this

environment, consolidated EBIT rose by 19.2% to CHF 48.4 million (2018: CHF 40.6 million). The EBIT margin stood at 13.4% (2018: 11.6%).

The consolidated semi-annual profit of CHF 38.2 million (2018: CHF 30.0 million) was up 27.3% on the previous year's figure. The profit margin amounted to a pleasing 10.6% (2018: 8.6%).

Cash flow was high at CHF 81.5 million (2018: CHF 71.6 million), while the cash flow margin increased to 22.6% of net sales (2018: 20.5%).

Vetropack Group employed a workforce of 3,346 people during the period under review (2018: 3,304).

#### **Streamlining the balance sheet by reducing debt levels.**

Total assets as at 30 June 2019 amounted to CHF 926.8 million (31 December 2018: CHF 947.4 million). Liquid funds were used to repay loans, which pushed short-term assets down to CHF 373.1 million (31 December 2018: CHF 399.6 million). Brisk investing activities led to an increase in long-term assets to CHF 553.7 million (31 December 2018: CHF 547.8 million), while repayments of bank loans reduced liabilities to CHF 202.9 million (31 December 2018: CHF 235.8 million). Shareholders' equity amounted to CHF 723.9 million (31 December 2018: CHF 711.6 million), 78.1% of total assets.

**Investing in the future.** Investments in the first half of the year focused on putting into operation the new coloured-glass furnace at the Slovakian glassworks in Nemšová together with its production systems, which had likewise been overhauled. Work was also done to prepare for the new furnace in Ukraine planned for the second half of the year. Vetropack Group invested a total of CHF 47.3 million in the first six months of the year (2018: CHF 49.0 million).

**Outlook for the second half of 2019.** Vetropack Group expects the market environment to remain consistently favourable over the coming six months and we therefore anticipate a year-on-year increase in net sales for the 2019 fiscal year. Although increased depreciation will have an adverse impact on the result in the second half of the year, we are anticipating a marked improvement in the operating result for 2019 as a whole.

Yours sincerely,



Claude R. Cornaz  
Chairman of the Board of Directors



Johann Reiter  
CEO

Bülach, 27 August 2019

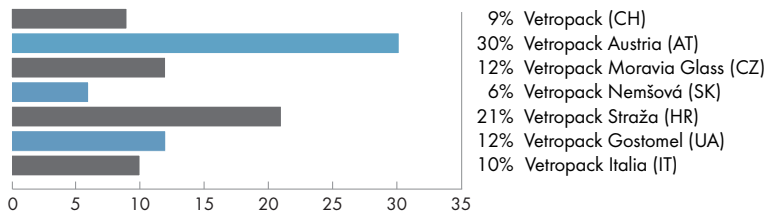
# Vetropack Group

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.

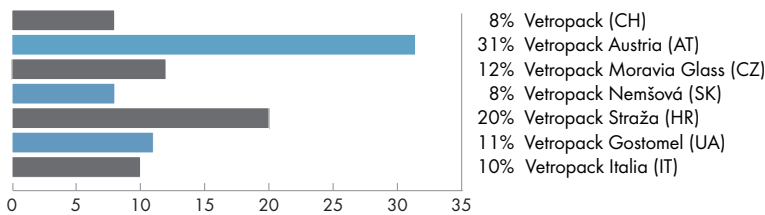
## Sales by Group Company / Half Year 2018

(Total 2.61 billion units)



## Sales by Group Company / Half Year 2019

(Total 2.59 billion units)



# Financial Reporting – Vetropack Group

## Results as per 30.06.2019

The non-audited interim closing of Vetropack Group as at 30 June 2019 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 2018 interim and annual financial statements.

## Consolidated Balance Sheet

CHF millions	Note	30.06.2018	31.12.2018	30.06.2019
<b>ASSETS</b>				
<b>Short-Term Assets</b>				
Liquid funds		112.3	131.5	67.5
Marketable securities		6.4	0.7	14.9
Accounts receivables		151.7	126.2	147.9
Other short-term receivables		9.1	9.1	9.7
Inventories		123.4	126.1	130.0
Accruals		5.2	6.0	3.1
Subtotal Short-term Assets		408.1	399.6	373.1
<b>Long-Term Assets</b>				
Tangible assets		507.4	523.3	529.8
Financial assets		17.4	18.5	17.7
Intangible assets		6.7	6.0	6.2
Subtotal Long-term Assets		531.5	547.8	553.7
<b>Total Assets</b>		<b>939.6</b>	<b>947.4</b>	<b>926.8</b>
<b>LIABILITIES</b>				
<b>Liabilities</b>				
<b>Short-term liabilities</b>				
- Accounts payables		71.3	87.3	79.7
- Short-term financial debts		0.2	53.9	9.1
- Other short-term liabilities		23.0	20.3	24.3
- Deferrals		34.4	23.1	32.6
- Short-term provisions		5.9	2.6	5.0
Total Short-term Liabilities		134.8	187.2	150.7
<b>Long-term liabilities</b>				
- Long-term financial debts		63.3	8.4	13.2
- Other long-term liabilities		1.6	1.5	1.4
- Long-term provisions		40.1	38.7	37.6
Total Long-term Liabilities		105.0	48.6	52.2
Subtotal Liabilities		239.8	235.8	202.9
<b>Shareholders' Equity</b>				
Share capital		19.8	19.8	19.8
Capital reserves		0.3	0.3	0.3
Retained earnings		647.9	631.0	665.6
Consolidated profit		30.0	58.1	38.2
Subtotal Shareholders' Equity excl. Minorities		698.0	709.2	723.9
Minority interests	1	1.8	2.4	0.0
Subtotal Shareholders' Equity		699.8	711.6	723.9
<b>Total Liabilities</b>		<b>939.6</b>	<b>947.4</b>	<b>926.8</b>

## Consolidated Income Statement

CHF millions	Note	Half Year 2018	+/-	Half Year 2019
<b>Net Sales from Goods and Services</b>	2	350.0	3.2%	361.2
Other operating income		4.7	10.6%	5.2
Changes in inventories		- 7.6	- 126.3%	2.0
Material costs		- 54.8	6.4%	- 58.3
Energy costs		- 46.2	4.3%	- 48.2
Personnel expenses		- 80.7	4.6%	- 84.4
Depreciation/Impairments of tangible assets		- 34.6	5.2%	- 36.4
Depreciation/Impairments of intangible assets		- 1.5	- 40.0%	- 0.9
Other operating expenses		- 88.7	3.5%	- 91.8
<b>Operating Result (EBIT)</b>		40.6	19.2%	48.4
Financial result		- 1.7	11.8%	- 1.9
<b>Ordinary Result</b>		38.9	19.5%	46.5
Non-operating result*		0.4	100.0%	0.8
<b>Consolidated Profit before Income Taxes</b>		39.3	20.4%	47.3
Income taxes		- 8.0	5.0%	- 8.4
<b>Consolidated Profit before Minority Interests</b>		31.3	24.3%	38.9
Minority interest in profit/loss of Group companies		- 1.3	- 46.2%	- 0.7
<b>Consolidated profit</b>		30.0	27.3%	38.2
<b>Earnings per Share</b>	3			
Undiluted earnings per bearer share in CHF		75.6		96.5
Undiluted earnings per registered share in CHF		15.1		19.3
Diluted earnings per bearer share in CHF		75.6		96.5
Diluted earnings per registered share in CHF		15.1		19.3

\* This includes depreciation of CHF 0.5 million on non-operating real estate and buildings (2018: CHF 0.5 million).

## Consolidated Cash Flow Statement

CHF millions	30.06.2018	31.12.2018	30.06.2019
Consolidated profit incl. minorities	31.3	60.1	38.9
+ Asset depreciation	36.6	73.4	37.8
+/- Loss/gain from applying/removing impairments	0.0	0.2	0.0
+/- Increase/decrease in provisions	3.0	0.2	3.3
+/- Loss/gain from disposals of tangible assets	0.5	3.1	0.3
+/- Other changes in non-cash items	0.2	- 1.3	1.2
= <b>Operating Cash Flow before Change of Net Working Capital</b>	<b>71.6</b>	<b>135.7</b>	<b>81.5</b>
+/- Decrease/increase in inventories	- 35.2	- 14.1	- 23.1
+/- Decrease/increase in marketable securities	6.9	0.8	- 4.0
+/- Decrease/increase in other receivables and accruals	1.2	- 0.1	2.2
+/- Increase/decrease in accounts payable	- 6.9	11.6	- 7.5
+/- Increase/decrease in other short-term liabilities and deferrals	15.0	1.7	13.8
= <b>Cash Inflow/Drain from Operating Activities</b>	<b>52.6</b>	<b>135.6</b>	<b>62.9</b>
- Outflows for investments in tangible assets	- 47.7	- 114.2	- 46.2
+ Inflows for sales of tangible assets	0.1	0.6	0.2
- Outflows for investments in financial assets	- 0.9	- 2.3	0.0
- Cash-out for acquisitions of consolidated companies	0.0	0.0	- 5.9
- Outflows for investments in intangible assets	- 0.4	- 1.4	- 1.1
+/- Changes in marketable securities	4.6	10.3	- 14.3
= <b>Cash Inflow/Drain from Investment Activities</b>	<b>- 44.3</b>	<b>- 107.0</b>	<b>- 67.3</b>
- Dividend distribution to shareholders	- 17.8	- 17.8	- 19.8
- Dividend distribution to minorities	0.0	- 0.1	0.0
+/- Formation/repayment of short-term financial debts	- 12.2	- 12.1	- 45.0
+/- Formation/repayment of long-term financial debts	0.0	0.0	4.8
= <b>Cash Inflow/Drain from Financing Activities</b>	<b>- 30.0</b>	<b>- 30.0</b>	<b>- 60.0</b>
<b>Foreign Exchange Differentials</b>	<b>0.4</b>	<b>- 0.7</b>	<b>0.4</b>
<b>Changes in Liquid Funds</b>	<b>- 21.3</b>	<b>- 2.1</b>	<b>- 64.0</b>
Liquid funds at the beginning of the year	133.6	133.6	131.5
Liquid funds at the end of the period under review	112.3	131.5	67.5
<b>Changes in Liquid Funds</b>	<b>- 21.3</b>	<b>- 2.1</b>	<b>- 64.0</b>



## 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
<b>Shareholders' Equity as per 1.1.2018</b>	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	0.1	- 1.9
Dividends			- 17.8	- 17.8	- 0.1	- 17.9
<b>Shareholders' Equity as per 30.06.2018</b>	19.8	0.3	677.9	698.0	1.8	699.8
Semi-annual profit			28.1	28.1	0.7	28.8
Foreign exchange differentials			- 16.9	- 16.9	- 0.1	- 17.0
<b>Shareholders' Equity as per 31.12.2018</b>	19.8	0.3	689.1	709.2	2.4	711.6
Acquisition of minority interests			- 2.8	- 2.8	- 3.1	- 5.9
Consolidated profit			38.2	38.2	0.7	38.9
Foreign exchange differentials			- 0.9	- 0.9		- 0.9
Dividends			- 19.8	- 19.8		- 19.8
<b>Shareholders' Equity as per 30.06.2019</b>	19.8	0.3	703.8	723.9	0.0	723.9

## Notes

### 1. Minority Interests

Since 27 March 2019, Vetropack Austria Holding AG has held 100% of the shares in PrJSC Vetropack Gostomel (31 December 2018: 85.3%).

### 2. 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 2018	Half Year 2019
Glass Packaging			
- Switzerland	- 0.2%	40.3	40.2
- Austria	1.7%	100.7	102.4
- Czech Republic	- 1.1%	37.0	36.6
- Croatia	- 3.4%	65.5	63.3
- Slovakia	23.4%	21.8	26.9
- Ukraine	22.0%	32.3	39.4
- Italy	- 0.2%	47.4	47.3
Speciality Glass (Switzerland)	2.0%	5.0	5.1
<b>Total</b>	<b>3.2%</b>	<b>350.0</b>	<b>361.2</b>

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.

### 3. 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 2018	Half Year 2019
Consolidated profit allocated to the shareholders of the Vetropack Group in million CHF	30.0	38.2
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	75.6	96.5
Undiluted result per registered share in CHF	15.1	19.3

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.

### 4. 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 21 August 2019 that could negatively affect the declarations made in these interim financial statements as at 30 June 2019.

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