

2014 | Semi-Annual Report Vetropack Group

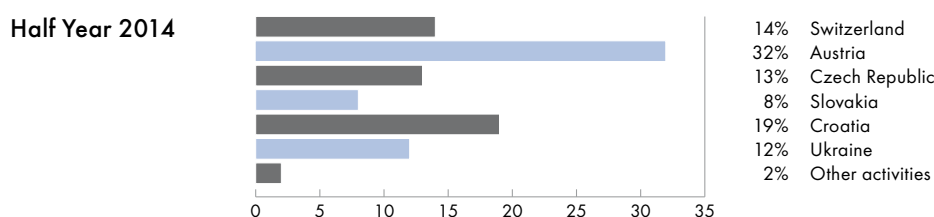
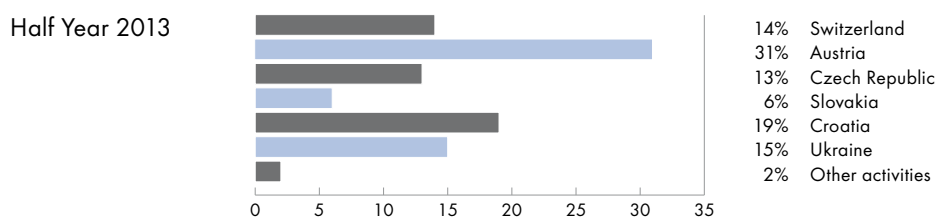


Key Figures

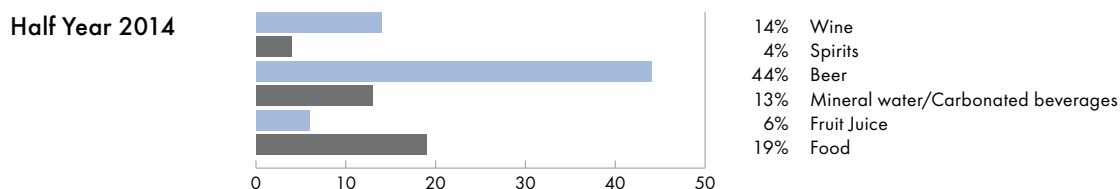
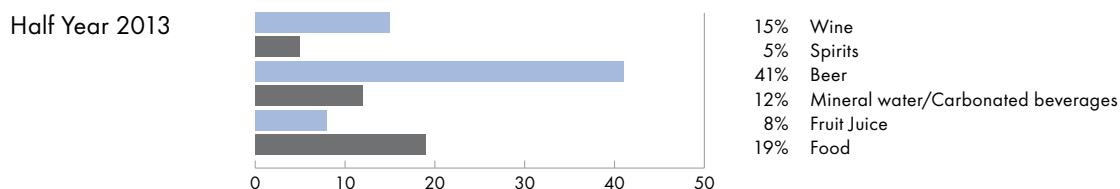
		31.12.2013	30.06.2013	+/-	30.06.2014
Gross Revenues	CHF millions	621.0	315.1	- 1.2%	311.4
EBIT	CHF millions	60.0	29.9	7.8%	32.2
Net Profit	CHF millions	56.4	28.5	- 1.1%	28.2
Cash Flow*	CHF millions	110.4	53.3	9.9%	58.6
Investments	CHF millions	56.3	22.8	- 21.1%	18.0
Production	1000 metric tons	1 281	641	- 2.4%	626
Unit Sales	billions	4.36	2.23	5.5%	2.36
Exports (base: units)	%	38.1	38.4	-	43.9
Employees	number	3 014	3 017	- 0.1%	3 014
Total Assets	CHF millions	794.1	779.1	0.5%	783.1
Gearing Ratio	in %	80.9	80.9	-	80.0
Share price Bearer share high	CHF	1 990	1 990	-	1 933
Share price Bearer share low	CHF	1 660	1 660	-	1 566

* Consolidated Profit Before Minority interests +/- non-cash expenses/income

Consolidated Revenue by National Companies



Sales by Product Groups (base: units)



Business development within the first half of 2014

Dear Shareholders

In the first half of the current fiscal year, Vetropack Group increased sales by 5.5% to 2.36 billion units of glass packaging. Negative exchange rate effects pushed consolidated gross revenue down by 1.2% to CHF 311.4 million. Adjusted for currency effects, however, this represents an increase of 4.2%. Lower raw material and energy costs were offset by pressure on market prices. The EBIT margin rose from 9.5% in the previous year to 10.3%.

Market conditions. On the whole, the economic situation in Europe stabilised in the first half of the year, which had a positive effect on consumption. With the football World Cup in Brazil, pre-production by the European drinks industry also led to a temporary increase in the demand for glass packaging.

The economy was markedly affected by developments due to the political crisis in Ukraine in the first half of the year and effects will continue to be felt in the second half. In the first six months, it was largely the sharp fall in the local currency, the hryvnia, and general insecurity that troubled the industry the most. Consumption was restrained and suppliers and customers cautious, and it became more difficult to plan ahead. For Vetropack Ukraine, these issues, combined with the exchange rate effects, caused inventories to rise and delays in receiving payments. Despite the adverse conditions, however, production in the first half of the year was consistently at full capacity and operating performance remained pleasing.

Sales volume. Vetropack Group increased its sales volume by 5.5% to 2.36 billion units of glass packaging (2013: 2.23 billion). The growth in sales came from the export markets and involved the beer, mineral water and soft drinks product groups in particular. Although sales in the domestic markets were lower than in the previous year, they were in line with expectations. In the same period of the previous year, domestic sales had been higher than average thanks to the replacement of cylinder fleets.

Revenue. Consolidated gross revenue amounted to CHF 311.4 million (2013: CHF 315.1 million), 1.2% down on last year. This fall was purely due to the exchange rate; after adjusting for currency effects,

gross revenue increased by 4.2%. The Czech koruna, which lost 10%, and the sharp fall in the Ukrainian hryvnia by 40% were the main contributors to this trend.

Profitability. Consolidated EBIT rose by 7.8% to CHF 32.2 million (2013: CHF 29.9 million). The persistently strained price situation and the product mix sold, which included a higher percentage of beer bottles, reduced sales prices. The negative effects could be more than offset at Group level as raw material and energy costs were also lower. Personnel costs decreased due to currency effects. This pushed the EBIT margin up from 9.5% in the previous year to 10.3%.

At CHF 28.2 million (2013: 28.5 million), consolidated semi-annual profit remained virtually at the same level as the previous year. At CHF 58.6 million, cash flow was up by 9.9% on the same period in the previous year (2013: CHF 53.3 million). The cash flow margin amounted to 18.8% of gross revenue (2013: 16.9%).

Vetropack Group employed 3,014 individuals during the period under review (2013: 3,017).

Capital structure. Total assets as at 30 June 2014 amounted to CHF 783.1 million (31 December 2013: CHF 794.1 million). Despite lower inventories, short-term assets rose to CHF 314.5 million (31 December 2013: CHF 299.3 million) on the back of an increase in receivables due to revenue. Long-term assets decreased to CHF 468.6 million (31 December 2013: CHF 494.8 million) as no sizeable investments were made.



Claude R. Cornaz, CEO (left), Hans R. Rüegg, Chairman of the Board of Directors (right)

Investments. The investments planned for 2014 will mainly be launched in the second six months of the year. At Vetropack's St-Prex plant in Switzerland, the regenerative chambers of the furnace were repaired and a new production line was installed at the start of the year: the first triple-gob glass-blowing machine in Switzerland, which can form three bottles simultaneously in each cycle.

In the second half of the year, Vetropack Group's last regenerative furnace is to be replaced by a more energy-efficient recuperative furnace, which will mark the end of the technological changeover in the Moravia Glass plant in the Czech Republic.

Outlook for the second half of the year. We are not expecting any significant changes in the economic conditions. One exception is Ukraine, however, in which the political crisis is gradually broadening into an economic one. The threat of rationing of energy sources (gas, electricity), trade and logistical problems in areas held by Ukrainian separatists and annexed by Russia and a drop in consumption will also affect the local Vetropack plant. What will happen to the hryvnia exchange rate is also unknown. Vetropack Group is not expecting performance over the next six months to match the level of the previous six months. This is primarily due to the upcoming installation of the new

furnace in the Czech plant, which will demand a great deal in terms of technology and cost, as well as further developments in Ukraine.

Consolidated revenue will fail to reach last year's figures, mainly owing to currency effects, while earnings will also be down year-on-year.

Vetropack Holding Ltd. Vetropack Holding Ltd is expecting earnings for the 2014 fiscal year to be down slightly on the previous year.

Yours sincerely

Hans R. Rüegg
Chairman of the Board of Directors

Claude R. Cornaz
CEO

Bülach, 25 August 2014

Results as per 30.06.2014

The non-audited interim closing of Vetropack Group as per 30 June 2014 was prepared in accordance with Swiss Gaap FER 12 on the basis of acquisition values. The consolidation and valuation principles are unchanged compared to the year-end closing as per 31. Dezember 2013.

Consolidated Income Statement

in CHF millions	Half Year 2013	+/-	Half Year 2014
Gross Revenues	315.1	- 1.2%	311.4
Net Revenues	292.5	- 0.9%	290.0
Income*	298.1	- 4.5%	284.6
Raw material and supplies costs	- 51.1	- 11.0%	-45.5
Energy costs	- 63.6	- 13.2%	-55.2
Personnel expenses	- 67.0	- 2.5%	-65.3
Other operating expenses	- 86.5	- 0.1%	-86.4
EBIT (Earnings Before Interest and Tax)	29.9	7.8%	32.2
Earnings After Interest	33.3	- 4.8%	31.7
Consolidated Profit Before Tax	36.0	- 12.5%	31.5
Consolidated Semi-Annual Profit Before Minority Interests	29.2	- 8.9%	26.6
Minority Interest from Group companies	- 0.7	- 328.6%	1.6
Consolidated Semi-Annual Profit	28.5	- 1.1%	28.2

* Earnings correspond to net revenues including changes in inventories and other operating income.

Consolidated Balance Sheet

in CHF millions	30.06.2013	31.12.2013	30.06.2014
Assets			
Short-term assets	307.1	299.3	314.5
Long-term assets	472.0	494.8	468.6
Total Assets	779.1	794.1	783.1
Liabilities			
Short-term liabilities	107.4	86.0	88.6
Long-term liabilities	41.7	65.5	68.0
Sub Total Liabilities	149.1	151.5	156.6
Sub Total Shareholders' Equity excl. Minorities	624.5	637.3	624.4
Minority Interests	5.5	5.3	2.1
Sub Total Shareholders' Equity	630.0	642.6	626.5
Total Liabilities	779.1	794.1	783.1



Vetropack Holding Ltd
CH-8180 Bülach
Phone +41 44 863 31 31
Fax +41 44 863 31 21
www.vetropack.com

Group Companies

Vetropack Ltd
CH-8180 Bülach
Phone +41 44 863 34 34
Fax +41 44 863 31 23

CH-1162 St-Prex
Phone +41 21 823 13 13
Fax +41 21 823 13 10

Vetropack Austria Holding Ltd
AT-3380 Pöchlarn
Phone +43 2757 7541
Fax +43 2757 7674

Vetropack Austria GmbH
AT-3380 Pöchlarn
Phone +43 2757 7541
Fax +43 2757 7674

AT-4550 Kremsmünster
Phone +43 7583 5361
Fax +43 7583 5361 112

Vetropack Moravia Glass, a.s.
CZ-69729 Kyjov
Phone +420 518 603 111
Fax +420 518 612 024

Vetropack Nemšová s.r.o.
SK-914 41 Nemšová
Phone +421 32 6557 111
Fax +421 32 6589 901

Vetropack Straža d.d.
HR-49231 Hum na Sutli
Phone +385 49 326 326
Fax +385 49 341 041

JSC Vetropack Gostomel
UA-08290 Gostomel
Phone +380 4597 3 13 44
Fax +380 4597 3 20 77

Müller+Krempel Ltd
CH-8180 Bülach
Phone +41 44 863 35 35
Fax +41 44 863 31 24

Vetroconsult Ltd
CH-8180 Bülach
Phone +41 44 863 32 32
Fax +41 44 863 31 22

Vetroreal Ltd
CH-8180 Bülach
Phone +41 44 863 33 33
Fax +41 44 863 31 30