



2021 | **Vetropack Group**
Semi-Annual Report

Semi-Annual Report 2021

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Dear shareholders,

Vetropack Group increased net sales from goods and services by 23.3% to CHF 399.2 million (last year: CHF 323.8 million). 7.1% of the increase in sales was generated by the new Vetropack glassworks in Moldova. The consolidated EBIT rose to CHF 46.6 million (last year: CHF 40.9 million).



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

In Europe, the demand for glass packaging rose. Consumers very much appreciated being able to meet in the wider world again, be it in restaurants, cafés, bars or clubs. Due to this booming demand, the newly reopened catering establishments had to build up their stocks. Vetropack Group responded to the resurgence immediately. The high supply capability and additional capacities – especially the glassworks in Moldova which was purchased in November 2020 – were crucial for this.

Unit sales, net sales and production

In the first half of the year, Vetropack Group sold 2.89 billion units of glass packaging, 23.0% more than in the previous year (2.35 billion units). Consolidated net sales from goods and services increased by 23.3% to CHF 399.2 million (last year: CHF 323.8 million). When adjusted for foreign exchange rates, this increase amounted to 21.6%. 7.1% of the increase in sales was generated by the new Vetropack glassworks in Moldova. As the sales volume of lower-priced products such as glass bottles for beer, mineral water and soft drinks in particular increased, the average price of glass packaging sold fell.

Thanks to its ability to ramp up production rapidly, Vetropack Group was able to respond speedily to rising demand and increased production in the first half-year by 8.6% to 787,000 tonnes (last year: 725,000 tonnes). The additional quantities sold were covered by selling off stock worth CHF 10.1 million.

Increased value added

Following a first quarter of the fiscal year shaped by uncertainty, Vetropack achieved a consolidated half-year EBIT of CHF 46.6 million (last year: CHF 40.9 million) in spite of rising production costs. The EBIT margin stood at 11.7% (last year: 12.6%).

The cash flow reached CHF 83.7 million (last year: CHF 75.5 million); the cash flow margin was 21.0% of net sales (last year: 23.3%). The consolidated semi-annual profit reached CHF 40.4 million. In the previous year, the semi-annual profit amounted to CHF 46.3 million, as a property not needed for company operations was sold for CHF 11.7 million. The profit margin reached 10.1% (last year: 14.3%). Vetropack Group employed a workforce of 3914 people during the period under review (last year: 3414), 479 of whom are working at the Vetropack glassworks in Moldova.

A strong balance sheet

Total assets as at 30 June 2021 amounted to CHF 1,035.6 million (as at 31.12.2020: CHF 991.5 million). Substantial liquidity and the sales-related increase in receivables led to short-term assets of CHF 427.0 million (as at 31.12.2020: CHF 395.3 million). Due to investments undertaken in the first half-year, long-term assets increased to CHF 608.6 million (as at 31.12.2020: CHF 596.2 million). Liabilities amounted to CHF 254.4 million (as at 31.12.2020: CHF 227.9 million). Shareholders' equity reached CHF 781.2 million (as at 31.12.2020: CHF 763.6 million), which corresponds to 75.4% of total assets.

Investments

In the first six months, investments focused on commissioning the new furnace in Vetropack's Croatian plant. Vetropack also expanded capacity in its newly acquired glassworks in Moldova by installing a modern furnace and an additional production line. Some funds were also invested in construction preparation for the new glassworks to be built in Boffalora sopra Ticino. Vetropack Group invested a total of CHF 45.2 million in the first six months of the year (last year: CHF 35.8 million).

Outlook for the second half of 2021

Vetropack Group anticipates that consumer behaviour will not fundamentally change in the second half of the year and is therefore planning to fully utilise its expanded capacities. Under ideal conditions, revenue can reach the value of the first half-year and stocks can also be slightly built up.

Vetropack Group is also being affected by the already clearly noticeable global price increase of resources such as energy, raw materials, packaging and transport. The inflation of production costs is going to lead to a general increase in sales prices. It is, however, still to be decided how these necessary price adjustments can be implemented in the second half-year. For this reason, we expect that the EBIT margin in the second half of the year will not match that achieved in the first half-year. The operating result for the entirety of 2021 will, however, be significantly higher than in the previous year.

Investments will increase significantly in the second half-year, as work on the construction of the new Vetropack glassworks in Boffalora sopra Ticino will be stepped up. Environmental projects will also be increasingly implemented. These include the Group-wide expansion and modernisation of used glass recycling capacity and measures to reduce cooling water consumption by converting to a closed circulation system.



Claude R. Cornaz
Chairman of the Board of Directors



Johann Reiter
CEO

Bülach, 18 August 2021

At a Glance

		30.06.2021	+/-	30.06.2020	31.12.2020
Net Sales	CHF millions	399.2	23.3%	323.8	662.6
EBIT	CHF millions	46.6	13.9%	40.9	76.1
Consolidated Profit	CHF millions	40.4	- 12.7%	46.3	81.2
Cash Flow*	CHF millions	83.7	10.9%	75.5	141.2
Investments	CHF millions	45.2	26.3%	35.8	73.7
Production	1 000 metric tons	787	8.6%	725	1 416
Unit Sales	billion units	2.89	23.0%	2.35	4.86
Exports (in unit terms)	%	45.2	-	41.7	43.9
Employees	number	3 914	14.6%	3 414	3 882
Total Assets	CHF millions	1 035.6		945.7	991.5
Gearing Ratio	%	75.4		78.6	77.0
Share price Registered share A high	CHF	64.90		65.10	65.10
Share price Registered share A low	CHF	55.00		39.60	39.60

* operating cash flow before change of net working capital

The non-audited interim closing of Vetropack Group as at 30 June 2021 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 2020 interim and annual financial statements.

Consolidated Balance Sheet

CHF millions	Note	30.06.2021	31.12.2020	30.06.2020
ASSETS				
Short-term assets				
Liquid funds		87.7	104.5	102.6
Marketable securities		0.3	-	-
Accounts receivables		179.7	123.5	126.7
Other short-term receivables		11.0	13.6	9.3
Inventories		145.4	151.7	149.1
Accruals		2.9	2.0	2.0
Subtotal Short-term Assets		427.0	395.3	389.7
Long-term Assets				
Tangible assets		586.7	573.5	533.7
Financial assets		16.9	16.8	15.9
Intangible assets		5.0	5.9	6.4
Subtotal Long-term Assets		608.6	596.2	556.0
Total Assets		1 035.6	991.5	945.7
LIABILITIES				
Liabilities				
Short-term liabilities				
- Accounts payables		98.7	88.0	77.4
- Short-term financial debts		6.3	5.5	0.3
- Other short-term liabilities		32.9	28.4	23.9
- Deferrals		37.6	27.2	32.5
- Short-term provisions		6.6	3.3	10.9
Subtotal Short-term Liabilities		182.1	152.4	145.0
Long-term liabilities				
- Long-term financial debts		36.2	39.3	21.6
- Other long-term liabilities		1.1	1.2	1.3
- Long-term provisions		35.0	35.0	34.2
Subtotal Long-term Liabilities		72.3	75.5	57.1
Total Liabilities		254.4	227.9	202.1
Shareholders' Equity				
Share capital		19.8	19.8	19.8
Capital reserves		0.3	0.3	0.3
Retained earnings		720.7	662.3	677.2
Consolidated profit		40.4	81.2	46.3
Subtotal shareholders' Equity excl. Minorities		781.2	763.6	743.6
Minority interests		-	-	-
Subtotal Shareholders' Equity		781.2	763.6	743.6
Total Liabilities		1 035.6	991.5	945.7

Consolidated Income Statement

CHF millions	Note	Half Year 2021		Half Year 2020
Net Sales from Goods and Services	1	399.2	23.3%	323.8
Other operating income		6.4	16.4%	5.5
Changes in inventories		- 10.1	- 162.7%	16.1
Material costs		- 62.3	13.1%	- 55.1
Energy costs		- 54.7	23.8%	- 44.2
Personnel expenses		- 91.8	10.1%	- 83.4
Depreciation/Impairments of tangible assets		- 40.9	9.7%	- 37.3
Depreciation/Impairments of intangible assets		- 1.2	- 7.7%	- 1.3
Other operating expenses		- 98.0	17.8%	- 83.2
Operating Result (EBIT)		46.6	13.9%	40.9
Financial result		- 0.3	- 75.0%	- 1.2
Ordinary Result		46.3	16.6%	39.7
Non-operating result*		0.4	- 96.7%	12.3
Consolidated Profit before Income Taxes		46.7	- 10.2%	52.0
Income taxes		- 6.3	10.5%	- 5.7
Consolidated Profit before Minority Interests		40.4	- 12.7%	46.3
Minority interests from Group companies		-	-	-
Consolidated Profit		40.4	- 12.7%	46.3
Earnings per Share	2			
Undiluted earnings per registered share A in CHF		2.04		2.34
Undiluted earnings per registered share B in CHF		0.41		0.47
Diluted earnings per registered share A in CHF		2.04		2.34
Diluted earnings per registered share B in CHF		0.41		0.47

* In 2020 this position included a gain from the sale of a non-operating property of CHF 11.7 million.

Consolidated Cash Flow Statement

CHF millions	Note	30.06.2021	31.12.2020	30.06.2020
Consolidated profit incl. minorities		40.4	81.2	46.3
+ Asset depreciation		42.5	77.1	39.1
+/- Loss/gain from applying/removing impairments		-	-	-
+/- Increase/decrease in provisions		3.0	- 0.7	5.6
+/- Loss/gain from disposals of tangible assets		0.1	- 11.8	- 11.7
+/- Other changes in non-cash items		- 2.3	- 4.6	- 3.8
= Operating Cash Flow before Change of Net Working Capital		83.7	141.2	75.5
+/- Decrease/increase in accounts receivables		- 54.0	6.8	- 14.8
+/- Decrease/increase in inventories		9.1	- 11.0	- 17.8
+/- Decrease/increase in other receivables and accruals		1.9	- 1.0	0.2
+/- Increase/decrease in accounts payables		10.9	- 4.1	- 7.3
+/- Increase/decrease in other liabilities and deferrals		14.1	5.0	11.9
= Cash Inflow/Drain from Operating Activities		65.7	136.9	47.7
- Outflows for investments in tangible assets		- 45.0	- 71.6	- 34.7
+ Inflows for sales of tangible assets		-	14.8	14.5
+ Inflows for sales of financial assets		-	2.3	2.1
- Cash-out for acquisitions of consolidated companies		- 9.6	- 42.8	-
- Outflows for investments in intangible assets		- 0.2	- 2.1	- 1.1
+/- Changes in marketable securities		- 0.3	0.4	0.4
= Cash Inflow/Drain from Investment Activities		- 55.1	- 99.0	- 18.8
- Dividend distribution to shareholders		- 25.8	- 25.8	- 25.8
+/- Formation/repayment of short-tem financial debts		0.8	3.2	-
+/- Formation/repayment of long-tem financial debts		- 3.1	- 10.1	-
= Cash Inflow/Drain from Financing Activities		- 28.1	- 32.7	- 25.8
Foreign Exchange Differentials		0.7	- 1.5	- 1.3
Changes in Liquid Funds		- 16.8	3.7	1.8
Liquid funds at the beginning of the year		104.5	100.8	100.8
Liquid funds at the end of the period under review		87.7	104.5	102.6
Changes in Liquid Funds		- 16.8	3.7	1.8

Changes in Consolidated Shareholders' Equity

CHF millions

	Share Capital	Capital Re-serves (Agio)	Retained Earnings	Subtotal excl. Minority Share Interests	Minority Share Interests	Subtotal incl. Minority Share interests
Sharholders' Equity as per 1.1.2020	19.8	0.3	728.3	748.4	–	748.4
Consolidated profit	–	–	46.3	46.3	–	46.3
Foreign exchange differentials	–	–	– 25.3	– 25.3	–	– 25.3
Dividends	–	–	– 25.8	– 25.8	–	– 25.8
Sharholders' Equity as per 30.06.2020	19.8	0.3	723.5	743.6	–	743.6
Accounting goodwill	–	–	– 17.6	– 17.6	–	– 17.6
Consolidated profit	–	–	34.9	34.9	–	34.9
Foreign exchange differentials	–	–	2.7	2.7	–	2.7
Sharholders' Equity as per 31.12.2020	19.8	0.3	743.5	763.6	–	763.6
Accounting goodwill*	–	–	– 10.4	– 10.4	–	– 10.4
Consolidated profit	–	–	40.4	40.4	–	40.4
Foreign exchange differentials	–	–	13.4	13.4	–	13.4
Dividends	–	–	– 25.8	– 25.8	–	– 25.8
Sharholders' Equity as per 30.06.2021	19.8	0.3	761.1	781.2	–	781.2

* The consideration for the Moldovan plant based in Chişinău, which was taken over on 10 December 2020, includes a fixed purchase price component of CHF 44.4 million and further payments dependent on future results, which were reassessed in 2021 based on developments. This led to an adjustment in the goodwill offset against equity in the amount of CHF 10.4 million.

1. 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).

CHF millions

	Change	Half Year 2021	Half Year 2020
Glass Packaging			
– Switzerland	5.9%	43.3	40.9
– Austria	10.4%	106.3	96.3
– Czech Republic	22.5%	39.7	32.4
– Croatia	33.5%	62.2	46.6
– Slovakia	4.4%	30.6	29.3
– Ukraine	2.9%	28.2	27.4
– Italy	34.9%	60.3	44.7
– Moldova	–	22.9	–
Speciality Glass (Switzerland)	– 8.1%	5.7	6.2
Total	23.3%	399.2	323.8

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 the Business Units of Vetropack operate are narrow niche sectors with few, primarily private suppliers, who could draw conclusions about the margins and prices from the segment results.

2. 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 2021	Half Year 2020
Consolidated profit allocated to the shareholders of the Vetropack Group in million CHF	40.4	46.3
Weighted number of outstanding registered shares A for undiluted result per share	19 824 000	19 824 000
Weighted number of outstanding registered shares B for undiluted result per share	99 120 000	99 120 000
Undiluted result per registered share A in CHF	2.04	2.34
Undiluted result per registered share B in CHF	0.41	0.47

3. 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 18 August 2021 that could negatively affect the declarations made in these interim financial statements as at 30 June 2021.

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Vetropack Holding Ltd, Bülach

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