

PRESS RELEASE

COVID-19 pandemic impacts Vetropack in the first half of 2020: impressive results nonetheless thanks to swift and effective action

Bülach, 25 August 2020 – Like many other businesses, the Swiss-based Vetropack Group was also affected by the global COVID-19 pandemic in the first half of the year under review. Net sales came to CHF 323.8 million, down 10.4% on the same period last year (2019: CHF 361.2 million) or 5.6% after adjusting for currency effects. EBIT fell by 14.8% to CHF 40.9 million (2019: CHF 48.0 million*). Consolidated operating profit remained virtually the same as last year, while reported profit rose to CHF 46.3 million (2019: CHF 37.9 million*) thanks to the sale of a property not required for operations.

In the first half of the year, Vetropack Group sold 2.35 billion units of glass packaging, 9.3% fewer than last year (2.59 billion units). Consolidated net sales from goods and services were down by 10.4% at CHF 323.8 million (2019: CHF 361.2 million). After adjusting for currency effects, however, this only amounted to a 5.6% reduction. Since this drop in sales mainly affected lower-priced products such as glass bottles for beer, mineral water and soft drinks, the average price of the glass packaging sold actually increased.

With capacity being actively reduced, Vetropack Group produced 725,000 tonnes in the first half of the year (2019: 730,000 tonnes). The effects of COVID-19 pushed stock levels up to CHF 16.1 million during this period.

Vetropack Group responded swiftly and effectively to the COVID-19 pandemic: measures to protect staff were coordinated across the Group and implemented locally. Efforts were also made to guarantee the supply of raw materials and the delivery of glass containers. Thanks to the Vetropack network, with eight production facilities and a committed workforce, we were able to keep the

production process going safely and without any interruptions. Stringent cost control measures were also introduced. This, along with lower energy prices, meant that savings could be made across all areas. For example, accrued staff overtime and untaken leave were reduced and delivery costs were optimised. Thanks to these extensive measures, Vetropack Group achieved a consolidated EBIT of CHF 40.9 million (2019: CHF 48.0 million*). The EBIT margin amounted to 12.6% (2019: 13.3%).

The consolidated semi-annual profit of CHF 46.3 million (2019: CHF 37.9 million*) was up 22.2% on the previous year's figure. The profit margin amounted to 14.3% (2019: 10.5%). A property in the Swiss canton of Zurich that was not required for operations was sold in the first half of 2020, generating one-off proceeds before tax of CHF 11.7 million.

Cash flow came to CHF 75.5 million (2019: CHF 81.6 million*), while the cash flow margin amounted to 23.3% of net sales (2019: 22.6%). Vetropack Group employed a workforce of 3,414 people during the period under review (2019: 3,346).

Outlook for the second half of 2020

In view of the pandemic and the continued uncertainty surrounding its impact on the economy as a whole and on demand for glass packaging in particular, it is difficult to predict the outlook for the coming months. As things stand, and taking the reopening of restaurants and catering outlets into account, we expect Vetropack Group's sales volumes to increase slightly in the second half of the year compared to the first six months. Production capacity will be actively reduced further in the second half of 2020 to bring the high stock levels down, which will impair production efficiency. This will have an adverse impact on performance in the second half of the year. We are therefore expecting the operating profit margin for 2020 as a whole to fall slightly short of last year.

Vetropack Group's Semi-Annual Report 2020 is available online:

<https://www.vetropack.com/en/vetropack/investor-relations/financial-reports/>

* Effluent volumes at the Austrian production plant in Kremsmünster were recorded incorrectly between 2010 and 2019, meaning that the sewerage fees charged to the plant were too low. An adjustment charge of CHF 3.8 million net is therefore being applied in 2020. In the interests of comparability and transparency, the figures for 2019 have been restated (see also the Vetropack Semi-Annual Report 2020, Notes, 3. Adjustment of figures for the previous year).

For more information, please contact:

Vetropack Holding Ltd
Johann Reiter, CEO
CH-8180 Bülach
Tel. +41 44 863 32 04

David Zak, CFO
CH-8180 Bülach
Tel. +41 44 863 32 25

www.vetropack.com