

Semi-annual report 2023

New beginnings

Boffalora and Gostomel

Two major milestones for Vetropack: our new Italian plant opens, and production resumes at our Ukraine site. Two new beginnings that make us both happy and proud – living proof that our values and our dedicated workforce are continuing to drive us towards our strategic goals. And to mark these advances, we have given our report a fresh new look.

Semi-annual report 2023

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Just a few months ago, hardly anyone would have thought it possible – and yet at the end of May, we made a start on resuming production at our Ukrainian plant in Gostomel near Kyiv.

Claude R. Cornaz
Chairman of the Board of Directors

Dear shareholders,

Amid a market environment that remains tense and volatile, the Vetropack Group can report positive performance in the first half of 2023. During the first six months of this year, we increased our net sales from goods and services by 9.9% (or 13.9% after adjusting for currency effects) to CHF 477.9 million (prior year: CHF 435.0 million). Consolidated EBIT rose to CHF 70.1 million (prior year: CHF 48.3 million). After 2022 – a year heavily impacted by the war in Ukraine – this puts Vetropack back on track for growth, with innovative products and state-of-the-art plants as key drivers of our business.

Just a few months ago, hardly anyone would have thought it possible – and yet at the end of May, we made a start on resuming production at our Ukrainian plant in Gostomel near Kyiv. Our site was severely damaged by Russian military attacks during the first weeks of the war in 2022 and for a long time, it appeared that we would be unable to resume operation of the furnaces. But now, Vetropack Gostomel has not only become a beacon of hope for our colleagues on site, but also a testimony to the strength of the entire Vetropack Group.



Team spirit and high motivation to perform

Without the team spirit and the immense motivation to perform shown by our employees across all Vetropack sites, our Group would not be back on the road to success so soon. In this same spirit, we were able to start paying out the first funds from the Vetropack Foundation Gostomel in February this year to assist Ukrainian employees who were most severely impacted by the war. Our employees, business partners and customers, the Vetropack Group and Cornaz AG-Holding have thus far donated over CHF 960,000 to support our Ukrainian colleagues through this difficult time. This sends out a strong message of solidarity that makes us very proud!

Attractive employer with a growing workforce

Our Group employed a total of 3,764 people in the first half of 2023 (prior year: 3,570 people). The most recent period has seen a substantial increase in our headcount, with 139 colleagues added to the number in Ukraine alone. In fact, we are currently recruiting new employees at virtually all our sites – and as we do so, we are benefiting from our reputation as an attractive and fair employer that stands out thanks to exceptionally sustainable and environment-friendly packaging solutions.

Good performance in a challenging market environment

The outstanding expertise of our workforce at all nine Vetropack sites has played a key part in enabling us to overcome a challenging set of market conditions. At 2.27 billion units, sales of packaging glass were below the figure for the first half of 2022 (2.69 billion units), so they fell short of our expectations. We see several reasons for this, including the unusually high sales of packaging glass we recorded in the fourth quarter of 2022 – which meant that our customers' warehouses were already full. In the first quarter of the previous year, moreover, we benefited from a catch-up effect resulting from the COVID pandemic – whereas this year, the inflation-related change in end consumers' behaviour is having a negative impact on our market environment.

We have fewer concerns this year about the development of energy costs, which have been less volatile in 2023 to date than in the prior year. Nevertheless, we also notice that the recent instability of energy prices has prompted some customers to adopt less price-sensitive procurement strategies, so they are increasingly reliant on other types of packaging. Even so, we assume that this is a temporary phenomenon – because glass packaging is the substantially more sustainable packaging solution in almost every case.

Despite this challenging market environment, the Vetropack Group managed to achieve consolidated net sales of CHF 477.9 million in the first six months of the year. This corresponds to a year-on-year increase of CHF 42.9 million or 9.9%.

Development of key figures

		Half Year 2023	Half Year 2022	+/-
Net sales	CHF millions	477.9	435.0	9.9%
EBIT	CHF millions	70.1	48.3	45.1%
EBIT margin	%	14.7	11.1	–
Cash flow*	CHF millions	85.7	81.4	5.3%
Cash flow margin	%	17.9	18.7	–
Consolidated result	CHF millions	50.7	– 9.7	622.7%
Investments	CHF millions	128.0	52.7	142.9%
Total assets	CHF millions	1 289.7	1 161.0	11.1%
Shareholders' equity	CHF millions	777.4	718.1	8.3%
Gearing ratio	%	60.3	61.8	–
Unit sales	billion units	2.27	2.69	– 15.7%
Production	1 000 metric tons	724	761	– 4.9%
Workforce	FTE	3 764	3 570	5.4%

Share price: registered share A high	CHF	47.80	58.90	–
Share price: registered share A low	CHF	36.80	34.55	–

* operating cash flow before change of net working capital

Innovation for the environment and the market

New products are also a key success factor in our fiercely contested market. This is why the Vetropack Group invests continuously in research and development, as well as maintaining its own Innovation Centre for these purposes in Pöchlarn (Austria). One result of this development work is Echovai, the product we unveiled at the last Drinktec trade fair which is now creating nothing short of a sensation. With Echovai, Vetropack becomes the world's first glass packaging manufacturer to offer an exceptionally stable type of lightweight glass bottle that is also very economical on materials. It is up to 30% lighter than a conventional returnable bottle – but at the same time, it is more resistant to abrasion.

With these advantages, Echovai scores not only because it weighs less and can be re-used for longer periods, but also in terms of sustainability. This also explains why Vetropack's innovation was honoured in several categories of the prestigious Swiss Packaging Award at the start of June: as well as winning an award in the "Technology" category, Echovai also received the jury's special prize.

The glass production of the future



Innovations such as Echovai have the potential to revolutionise the market for returnable containers – as demonstrated not least by the numerous enquiries we are receiving at present. At the same time, the Vetropack Group is continuing to invest in the expansion and modernisation of our plants. After a construction period lasting one and a half years, we began to heat up the two furnaces at our new plant in Boffalora sopra Ticino (Italy) this May. Our Group has invested over CHF 400 million in this 'factory of the future'.

Once the eight production lines are fully operational, the new facility will enable us to increase our production capacity by up to 70% as compared to the Trezzano plant. We have also invested in smart technologies that will give us more flexibility in our production – for items such as semi-specials (unusual types of packaging that come in smaller batches). Furthermore, the new site is designed to make production significantly more resource-efficient and sustainable: thanks to closed-loop systems, water used for production and waste heat from the furnaces will be re-used as far as possible, and emissions will be vastly reduced with the help of cutting-edge filter systems.

Outlook for the second half of 2023

We are also anticipating positive development for the second half of this year. We are now benefiting from major developments that we initiated throughout our group of companies in recent years as part of our Strategy 2030. We are therefore embarking on the second half of the year with confidence, and we expect a modest increase in unit sales as compared to the first half. We will respond to the changed market situation by making capacity adjustments and giving priority to pending optimisation projects. From the third quarter onwards, the newly created production capacities in our Italian plant will place us in an even better position to meet the demand we continue to face for white glass in particular.

Although the environment still presents challenges such as high energy costs, inflation, the decline in purchasing power and the start-up costs for our new plant in Italy, we expect the EBIT margin for the 2023 fiscal year to be less than the figure for the first half, but still in the double-digit range. Following 2022 – a year dominated by crises and the extraordinary expenses they entailed – we expect our consolidated result to increase significantly in 2023.

Bülach, 25 August 2023



Claude R. Cornaz
Chairman of the Board of Directors

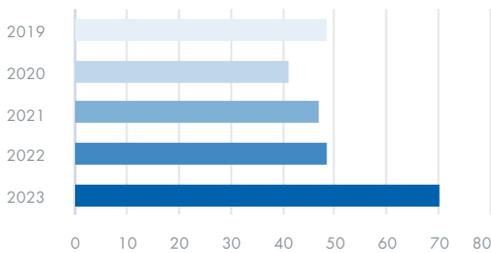


Johann Reiter
CEO

At a glance in the first half year 2023

EBIT in the half year 2019–2023

CHF millions



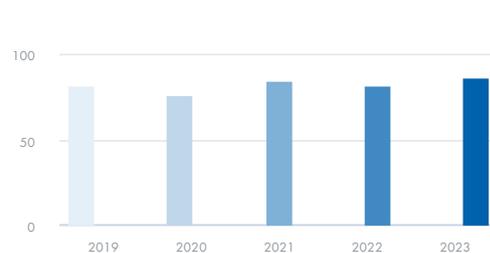
70.1

Change compared to the previous year

+45.1%

Cash flow in the half year 2019–2023

CHF millions



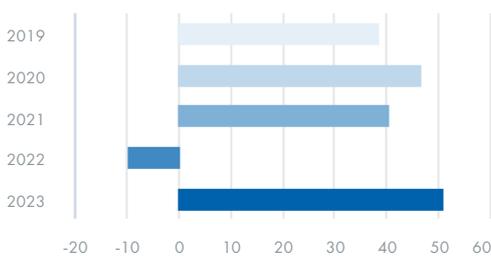
85.7

Change compared to the previous year

+5.3%

Consolidated result in the half year 2019–2023

CHF millions



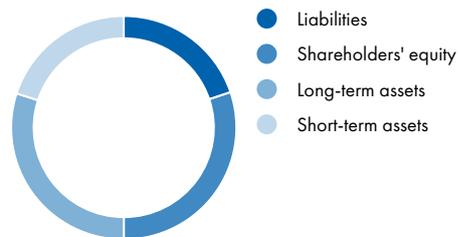
50.7

Change compared to the previous year

+622.7%

Total assets 30.06.2023

CHF millions



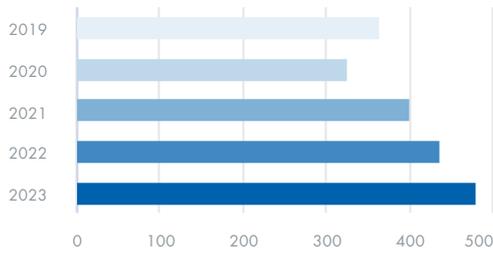
1 289.7

Change compared to the previous year

+11.1%

Net sales in the half year 2019–2023

CHF millions



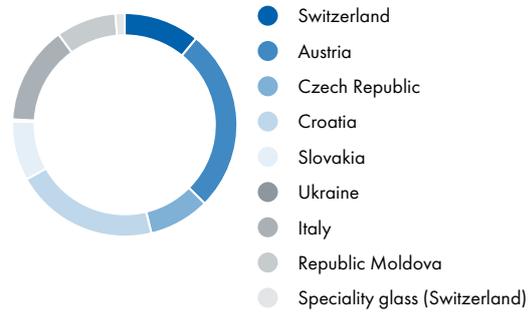
477.9

Change compared to the previous year

+9.9%

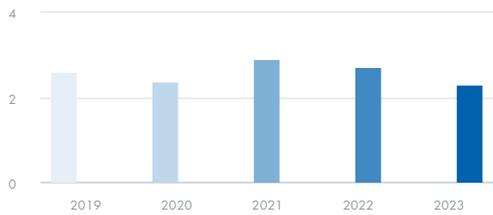
Net sales by segment in the half year 2019–2023

CHF millions



Unit sales in the half year 2019–2023

billion units



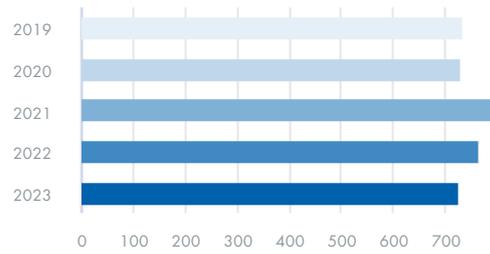
2.27

Change compared to the previous year

-15.7%

Production in the half year 2019–2023

1 000 metric tons



724

Change compared to the previous year

- 4.9%

Consolidated balance sheet

CHF millions	Note	30.06.2023	31.12.2022	30.06.2022
ASSETS				
Short-term assets				
Liquid funds		83.4	180.3	229.3
Marketable securities		–	–	–
Accounts receivables		187.5	179.0	178.2
Other short-term receivables		40.9	31.3	17.3
Inventories		198.6	155.5	151.0
Accruals		6.2	6.2	4.5
Subtotal short-term assets		516.6	552.3	580.3
Long-term assets				
Tangible assets		751.3	661.6	559.2
Financial assets		18.6	17.3	17.6
Intangible assets		3.2	3.3	3.9
Subtotal long-term assets		773.1	682.2	580.7
Total assets		1 289.7	1 234.5	1 161.0
LIABILITIES				
Liabilities				
Short-term liabilities				
– Accounts payables		165.0	209.0	139.1
– Short-term financial debts		56.1	10.2	11.9
– Other short-term liabilities		30.8	25.9	30.1
– Deferrals		53.1	31.8	43.6
– Short-term provisions		9.5	6.7	6.7
Subtotal short-term liabilities		314.5	283.6	231.4
Long-term liabilities				
– Long-term financial debts		166.1	168.6	177.8
– Other long-term liabilities		0.6	0.7	0.8
– Long-term provisions		31.1	32.3	32.9
Subtotal long-term liabilities		197.8	201.6	211.5
Total liabilities		512.3	485.2	442.9
Shareholders' equity				
Share capital		19.8	19.8	19.8
Capital reserves		0.3	0.3	0.3
Retained earnings		706.6	688.5	707.7
Consolidated result		50.7	40.7	– 9.7
Subtotal shareholders' equity		777.4	749.3	718.1
Total liabilities		1 289.7	1 234.5	1 161.0

Consolidated income statement

CHF millions	Note	Half Year 2023	Half Year 2022
Net sales from goods and services	1	477.9	435.0
Other operating income		10.9	7.3
Changes in inventories		39.0	16.2
Material expenses		- 75.1	- 63.7
Energy expenses		- 140.2	- 112.6
Personnel expenses		- 97.0	- 90.0
Depreciation/impairments of tangible assets		- 33.7	- 36.9
Amortisation		- 0.8	- 0.9
Other operating expenses		- 110.9	- 106.1
Operating result (EBIT)		70.1	48.3
Financial result		- 3.9	- 5.6
Ordinary result		66.2	42.7
Non-operating result*		- 0.5	0.6
Extraordinary result	2	- 0.4	- 46.5
Consolidated result before income taxes		65.3	- 3.2
Income taxes		- 14.6	- 6.5
Consolidated result		50.7	- 9.7
Earnings per share	3		
Undiluted earnings per registered share A in CHF		2.56	- 0.49
Undiluted earnings per registered share B in CHF		0.51	- 0.10
Diluted earnings per registered share A in CHF		2.56	- 0.49
Diluted earnings per registered share B in CHF		0.51	- 0.10

*This includes depreciation of CHF 0.4 million (2022: CHF 0.5 million) on non-operating real estate and buildings.

Consolidated cash flow statement

CHF millions	Note	Half Year 2023	2022	Half Year 2022
Consolidated result		50.7	40.7	- 9.7
Depreciation and amortisation		34.9	73.1	38.3
Impairments		- 0.3	25.7	45.0
Change in provisions		0.2	3.0	6.2
Result from disposals fixed assets		0.2	0.5	-
Other non-cash items		-	- 0.8	1.6
Operating cash flow before change of net working capital		85.7	142.2	81.4
Change in accounts receivables		- 8.7	- 46.3	- 49.3
Change in inventories		- 43.8	- 27.5	- 22.0
Change in other receivables, prepaid expenses and accrued income		- 9.8	- 19.8	- 3.2
Change in accounts payables		- 43.4	80.0	0.8
Change in other liabilities, accrued expenses and deferred income		26.3	1.9	17.5
Cash flow from operating activities		6.3	130.5	25.2
Investments in tangible assets		- 127.4	- 194.1	- 52.5
Disposals of tangible assets		0.2	2.9	-
Investments in intangible assets		- 0.6	- 0.5	- 0.2
Cash flow from investment activities		- 127.8	- 191.7	- 52.7
Dividend to shareholders		- 19.8	- 25.8	- 25.8
Change in short-term financial debts		46.2	- 2.7	2.6
Change in long-term financial debts		- 1.7	147.8	154.5
Cash flow from financing activities		24.7	119.3	131.3
Foreign exchange differences		- 0.1	- 4.0	- 0.7
Change in liquid funds		- 96.9	54.1	103.1
Liquid funds at the beginning of the year		180.3	126.2	126.2
Liquid funds at the end of the period under review		83.4	180.3	229.3
Change in liquid funds		- 96.9	54.1	103.1

Changes in consolidated shareholders' equity

CHF millions

	Share capital	Capital reserves (Agio)	Retained earnings	Subtotal
Shareholders' equity as per 1.1.2022	19.8	0.3	754.4	774.5
Consolidated result	-	-	- 9.7	- 9.7
Foreign exchange differences	-	-	- 20.9	- 20.9
Dividends	-	-	- 25.8	- 25.8
Shareholders' equity as per 30.06.2022	19.8	0.3	698.0	718.1
Consolidated result	-	-	50.4	50.4
Foreign exchange differentials	-	-	- 19.2	- 19.2
Shareholders' equity as per 31.12.2022	19.8	0.3	729.2	749.3
Consolidated result	-	-	50.7	50.7
Foreign exchange differences	-	-	- 2.8	- 2.8
Dividends	-	-	- 19.8	- 19.8
Shareholders' equity as per 30.06.2023	19.8	0.3	757.3	777.4

Notes

Consolidation principles

The non-audited semi-annual report of Vetropack Group as at 30 June 2023 was prepared in accordance with Swiss GAAP FER 31 on the basis of acquisition- and manufacturing costs and, in contrast to the annual financial statements, allows abridged reporting and disclosures. The consolidation principles are unchanged to those of the semi-annual and [annual report 2022](#).

Valuation principles

The non-audited semi-annual report of Vetropack Group as at 30 June 2023 was prepared in accordance with Swiss GAAP FER 31 on the basis of acquisition- and manufacturing costs and, in contrast to the annual financial statements, allows abridged reporting and disclosures. The valuation principles are unchanged to those of the semi-annual and [annual report 2022](#).

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 2023	Half Year 2022
Glass packaging			
– Switzerland	15.0%	52.2	45.4
– Austria	6.3%	126.7	119.2
– Czech Republic	9.7%	41.9	38.2
– Croatia	23.5%	98.9	80.1
– Slovakia	4.3%	41.1	39.4
– Ukraine	– 88.6%	1.4	12.3
– Italy	5.8%	68.0	64.3
– Republic of Moldova	40.0%	41.3	29.5
Speciality glass (Switzerland)	– 3.0%	6.4	6.6
Total	9.9%	477.9	435.0

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 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. Extraordinary result

In 2022 this position mainly included impairments on receivables (CHF 3.5 million), inventories (CHF 8.2 million) and fixed assets (CHF 30.6 million) of the glass factory in Ukraine.

For 2023, costs of CHF 0.9 million incurred in the first half of 2023 for clean-up and repair work at the Gostomel glass factory are included. In addition, value adjustments on fixed assets (CHF 0.3 million) and receivables (CHF 0.2 million) could be released.

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 2023	Half Year 2022
Consolidated result allocated to the shareholders of the Vetropack Group in CHF million	50.7	- 9.7
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	2.56	- 0.49
Undiluted result per registered share B in CHF	0.51	- 0.10

4. Events after the balance sheet date

No events occurred between 30 June and 17 August 2023 (approval of the consolidated semi-annual report by the Board of Directors) that would result in an adjustment to the carrying amounts of assets and liabilities or would need to be disclosed here.

Imprint

Vetropack Holding Ltd, Bülach

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