

SUCCESS STORY

First half of 2023 shows VETROPACK's signature determination

Looking back over H1 2023, VETROPACK has exhibited great resilience – with a 9.9 percent sales increase to a whopping CHF 477.9M and EBIT at CHF 70.1M. Not only. Following its Echovai innovation, the Group's revived Gostomel Ukrainian plant reflects ambitious expansion efforts. This signals a robust sturdiness that has the company anticipating still more growth ahead, despite current market challenges – all as employees display a genuine team spirit that's second to none.

In a world marked by economic volatility and uncertainty, Vetropack sought to shine as a beacon of resilience and growth over the first half of 2023. With an impressive 9.9 percent increase in net sales from goods and services, or a substantial 13.9 percent when adjusting for currency effects,





the group's revenue surged to CHF 477.9M, which is up CHF 435.0M from the previous year. Furthermore, its consolidated EBIT has seen a mammoth leap - reaching CHF 70.1M as compared with CHF 48.3 million in the year before. An impressive performance that now positions the company for further growth, it reflects the Group's ability to bounce back from the challenges of 2022, which were heavily influenced by the Ukraine conflict.

Among the success stories behind this Vetropack resurgence has been the revival of the Group's Ukrainian plant in Gostomel near Kyiv. The plant had been severely damaged during Russian military attacks in the early weeks of the 2022 war, leaving doubts about its future operations. However, against all odds, the process of resuming production commenced in May - turning the Gostomel facility into a symbol of hope, not only for the local workforce but for the Group at large.

TEAM SPIRIT AND HIGH MOTIVATION TO PERFORM

The inspiring turnaround owes much to the unwavering team spirit and high motivation displayed by employees across all Vetropack sites. In a heartwarming display of solidarity, the Vetropack Foundation Gostomel distributed funds in February to assist Ukrainian employees severely affected by the war. Contributions from employees, business partners, customers, the Vetropack Group, and Cornaz AG-Holding all totalled over CHF 960,000 - sending a powerful message of solidarity as well as shared pride.

AN ATTRACTIVE EMPLOYER WITH A BURGEONING WORKFORCE

The Vetropack Group, which employed 3,570 people the previous year, now boasts a workforce of 3,764 since the first half of 2023. Notably, 139 new colleagues have been added in Ukraine alone. The company's

reputation as an attractive and fair employer, known for its sustainable and environmentally-friendly packaging solutions, has made it a magnet for talent.

GOOD PERFORMANCE IN A CHALLENGING MARKET ENVIRONMENT

In the face of a demanding market landscape, the Vetropack Group's workforce has been pivotal in overcoming these challenges across their nine global sites. Notably, the sales of packaging glass in the first half of 2023 stood at 2.27 billion units, a decline from the 2.69 billion units achieved in the same period the previous year. This outcome was below the company's expectations and raised several pertinent questions. Various factors contributed to this dip in performance. The company had experienced an unusual surge in the sales of packaging glass in the fourth quarter of 2022, which had led to customer warehouses brimming with products, thereby reducing their immediate demand.

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Moreover, in the first quarter of the previous year, Vetropack benefited from a catch-up effect following the COVID-19 pandemic, which notably boosted sales. However, the dynamics have shifted in 2023, largely due to the inflation-induced changes in consumer behaviour which, so far, have negatively impacted the market environment.

While market dynamics have presented certain challenges, there is a silver lining in the form of energy costs. Unlike the previous year, 2023 has seen relatively less volatility in energy costs. That said, it's worth noting that recent fluctuations in energy prices have compelled some customers to adopt procurement strategies that are less price-sensitive, increasing their reliance on alternative packaging solutions. Vetropack remains nevertheless optimistic and considers

this reliance on alternatives as a temporary phenomenon. Their conviction is rooted in the fact that glass packaging, being substantially more sustainable, tends to be the preferred choice in a multitude of scenarios.

Despite navigating this complex market environment, the Vetropack Group managed to achieve consolidated net sales of CHF 477.9M in the first half of the year. This represents a commendable year-on-year increase of CHF 42.9M or 9.9 percent, demonstrating their ability to adapt and thrive in a challenging business landscape.

Here Vetropack's journey in 2023 exemplifies the resilience and adaptability of the company. As it continues to tackle market fluctuations, the organization remains confident in the sustainability and value of glass packaging as it moves forward.

INNOVATION BOTH FOR ENVIRONMENT AND MARKET

In today's fiercely competitive market, innovation remains the cornerstone of success. The Vetropack Group understands this well and is committed to continuous investment in research and development. It maintains an Innovation Centre in Pöchlarn, Austria, where groundbreaking ideas come to life. One such innovation is Echovai, a product that's already taken the market by storm. Unveiled at the recent Drinktec trade fair, Echovai has earned its reputation as a game-changer. Representing a groundbreaking achievement, Echovai numbers Vetropack among the world's top glass packaging manufacturers in its offer of an exceptionally stable, lightweight glass bottle that's

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

also highly efficient in its use of materials. Remarkably, it is up to 30 percent lighter than a conventional returnable bottle yet it boasts superior resistance to abrasion. Here Echovai's advantages extend beyond its reduced weight and reusability. It stands as a testament to sustainability. This eco-friendly innovation has not gone unnoticed, as it garnered multiple awards at the prestigious Swiss Packaging Award.

THE GLASS PRODUCTION OF THE FUTURE

Echovai and similar innovations hold the potential to revolutionize the market for returnable containers. Indeed growing interest and inquiries surrounding such innovations showcase the shift towards more sustainable packaging solutions. That said, the Group is hardly simply resting on its laurels. Instead it continues to invest in the expansion and modernization of its plants. Here a notable endeavour is its new facility in Boffalora sopra Ticino, Italy, which has seen over CHF 400M in investments. After an 18-month

construction period, the facility is now being prepared for full operation - promising a 70 percent increase in production capacity compared to the Trezzano plant. Furthermore, smart technologies have been integrated to enhance production flexibility - particularly for unique packaging items that come in smaller batches. This new site has been designed with resource efficiency and sustainability in mind. Closed-loop systems ensure the efficient reuse of water and waste heat from the furnaces while cutting-edge filter systems significantly reduce emissions.

OUTLOOK FOR THE SECOND HALF OF 2023

Looking ahead to the second half of 2023, Vetropack is filled with optimism. The positive outcomes are a result of significant developments initiated as part of the group's Strategy 2030 in recent years. With a modest increase in unit sales expected compared to the first half, it's well-prepared to navigate the evolving market landscape. The company plans to adjust their capacities while prioritizing optimization projects to meet demand more efficient-

ly. Despite ongoing challenges like high energy costs, inflation, a decline in purchasing power, and the start-up costs associated with the new plant in Italy, Vetropack anticipates a robust performance. The EBIT margin for the 2023 fiscal year is projected to be lower than the first half but will still remain in the double-digit range. Following a tumultuous 2022, the company expects a significant increase in consolidated results for 2023. Innovation, sustainability and a strategic outlook all position Vetropack for a promising future. Indeed the company's unwavering commitment to excellence ensures that it's well-prepared to face the evolving dynamics of the market. ■

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