

SEMI-ANNUAL REPORT | 2010

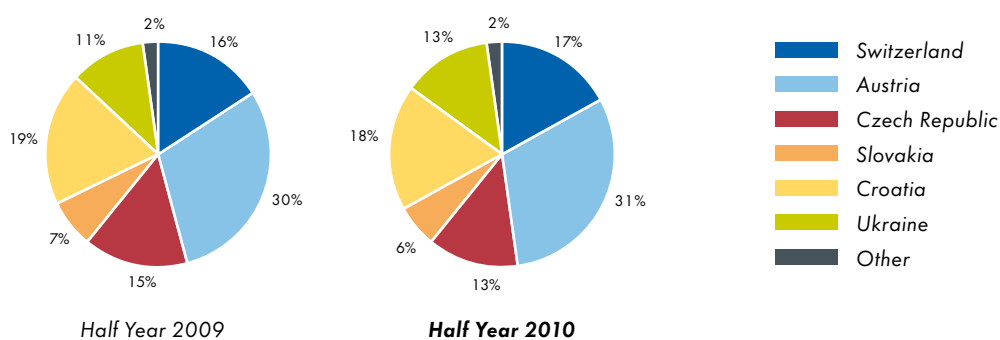
VETROPACK GROUP



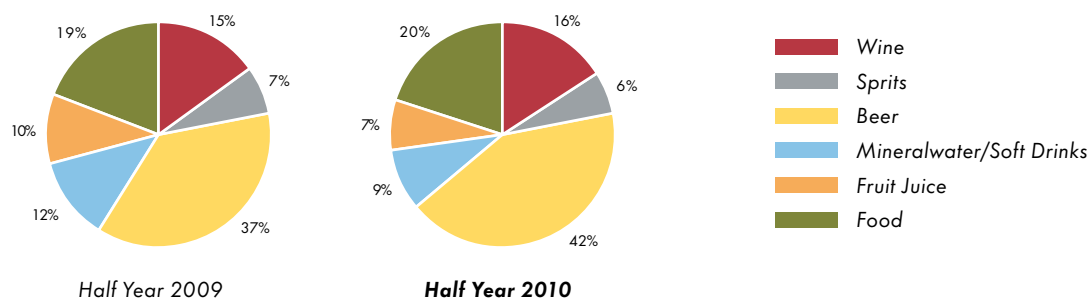
Consolidated Indicators

		31.12.2009	30.06.2009	+/-	30.06.2010
Gross Revenue	CHF million	671.5	334.0	-0.7%	331.8
EBIT	CHF million	100.9	51.5	-17.3%	42.6
Profit	CHF million	78.4	45.8	-57.2%	19.6
Cash Flow	CHF million	137.9	68.8	-7.0%	64.0
Production	1 000 tonnes	1 177	588	3.7%	610
Unit Sales	billion	3.97	1.98	11.1%	2.20
Exports	in %	36.7	37.0	-	39.9
Employees		3 000	3 002	-0.7%	2 982
Investments	CHF million	39.8	18.5	-29.2%	13.1
Total Assets	CHF million	804.8	841.5	-9.4%	762.1
Equity Ratio	in %	72.4	67.5	-	72.6
Share Price (registered shares)-High	CHF	1 860	1 600	-	2 055
Share Price (registered shares)-Low	CHF	1 032	1 032	-	1 645

Consolidated Revenue by National Companies



Glass Packaging by Product Segments



Business Development within the First Half of 2010



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

Dear Shareholders:

In a difficult business environment Vetropack Group succeeded in increasing unit sales and in successfully further expanding its export markets. However, at CHF 331.8 million, Group consolidated gross revenues were slightly down on the previous year's level of CHF 334.0 million. On the one hand, this decrease in revenues is attributable to foreign exchange rate differentials against the strong Swiss franc: in real terms gross revenue was up 2.6% on last year's figure. On the other hand, a sharp fall in prices was listed, and the product mix was modified in favour of products with lower margins.

Challenging Economic Environment.

Although the European Economic Area as a whole listed a slight upturn in recent months, there remain significant differences between Western and Eastern countries. The packaging industry in Western Europe was distinguished by a marginal increase in demand, whereas in Central and Eastern Europe demand remained at last year's low level. Ukraine constituted an exception with strong growth in demand and a consequent reduction in stocks. However, this sound development and the positive trend in Western Europe were insufficient in changing market conditions in our favour. A persistent supply surplus makes price negotiations for 2010 challenging. As a result of fallen energy costs, prices came under additional pressure during the second half of 2009, as customers expected to benefit from the resultant reduction in manufacturing costs. These price-reducing effects were significantly more perceptible in Central and Eastern European countries than in Western Europe.

Market Share and Production Capacity Increased. Vetropack Group increased sales volume by 11.1% from 1.98 billion units of glass

packaging in the previous year to 2.20 billion. This increase in volume is due primarily to the targeted expansion of export markets. Additionally, domestic sales also increased slightly year-on-year. Exports accounted for 39.9% of sales year-on-year (2009: 37.0%).

Production output increased in line with sales volume. During the period under review 610,210 tons were produced (2009: 588,000 tons). This equates to an increase of 3.8%, which led to all facilities operating at full capacity. The difference between the volume and production increase was offset firstly by the reduction in inventories, and secondly by refocusing the product mix on lighter glass containers.

Lower EBIT Margin. Prices below last year's level put pressure on earning power. However, the reduction was somewhat offset by the simultaneous decline in manufacturing costs. During the first half year EBIT margin amounted to 12.8% of gross revenues (2009: 15.4%). At CHF 42.6 million, consolidated EBIT was down 17.3% on the previous year's figure of CHF 51.5 million.

Consolidated net profit for the first half year decreased by 57.2% to CHF 19.6 million (2009: CHF 45.8 million). The appreciation in the Swiss franc against all other currencies led to highly negative foreign exchange differentials in the effect of CHF -14.7 million. In the previous year, exchange rate differentials effectuated a gain of CHF 5.4 million. Consequently, the net profit margin decreased from 13.7% to 5.9% during the first half of 2009.

At CHF 64.0 million, cash flow was 7.0% down on the previous year's figure of CHF 68.8 million. The cash flow margin remained sound at 19.3% (2009: 20.6%).

During the period under review, Vetropack Group employed 2,982 individuals, 20 fewer than in the previous year.

Improved Asset and Capital Structure. As at 30 June 2010, total assets amounted to CHF 762.1 million (2009: CHF 841.5 million). This reduction is entirely due to foreign exchange differentials. Long-term assets fell to CHF 414.9 million (2009: CHF 484.0 million). Short-term assets fell to CHF 347.2 million due to stock reduction (2009: CHF 357.5 million). Equity ratio reached 72.6% (31.12.2009: 72.4%).

Meanwhile Vetropack Group is without net debt and has CHF 6.1 million in net liquidity. Yet as at 30 June 2009, net debt amounted to CHF -54.6 million.

Investment. No major investment was planned for the first half year. The cyclical refurbishment of the kiln in the Czech facility Vetropack Moravia Glass a.s. will not begin until the second half of 2010. Thus investment expenditure was correspondingly low, amounting to CHF 13.1 million (2009: CHF 18.5 million). Investment will therefore increase significantly during the second half year.

Outlook. No significant increase in market volume is expected for the second half year either. Markets in Central and Eastern Europe will remain under pressure, and there is still no sign of consumer recovery. Western European markets remain largely stable; no increases in demand are expected in the short-term. The imminent kiln refurbishment in the Czech Republic and the additional expenditure that this will entail will impose a further burden on Vetropack's value creation during the second half year.

The question as to how foreign exchange rates will develop remains open. As is clear from the figures for the first half year, foreign exchange rate differentials have a major impact on results. As is clear from the figures for the first half year, changes in the exchange rate have a major impact on the results. Assuming that exchange rates do not change any further, Vetropack Group is anticipating slightly lower revenues than in the previous year. The trend of the first half year as regards operating earnings and net profit will continue into the second half of the year.

Vetropack Holding Ltd. Vetropack Holding Ltd expects results for the 2010 fiscal year to be slightly lower than those for 2009.

Sincerely,



Hans R. Rüegg
Chairman of the
Board of Directors



Claude R. Cornaz
CEO

Bülach, 27 August 2010

Results as per 30.06.2010

Prepared in Accordance with Swiss GAAP FER.

Consolidated Income Statement

in CHF Millions	Half Year 2009	+/-	Half Year 2010
Gross Revenue	334.0	- 0.7%	331.8
Net Revenue	309.4	- 0.4%	308.2
Income	323.8	- 5.3%	306.6
Raw material and supplies costs	-53.7	- 10.6%	- 48.0
Energy costs	-68.4	- 10.1%	- 61.5
Personnel expenses	-64.9	0.3%	- 65.1
Other operating expenses	-85.3	4.8%	- 89.4
Earnings Before Interest and Tax (EBIT)	51.5	- 17.3%	42.6
Earnings After Interest	55.1	- 49.2%	28.0
Profit Before Tax	54.7	- 48.6%	28.1
Net Profit	45.8	- 57.2%	19.6
Cash Flow	68.8	- 7.0%	64.0
Cash Flow as % of Gross Revenue	20.6	-	19.3

Consolidated Balance Sheet

in CHF Millions	31.12.2009	30.06.2009	30.06.2010
ASSETS			
Short-term assets	345.2	357.5	347.2
Long-term assets	459.6	484.0	414.9
Total Assets	804.8	841.5	762.1
LIABILITIES			
Short-term liabilities	128.9	183.8	125.3
Long-term liabilities	93.0	89.4	83.2
Total Liabilities	221.9	273.2	208.5
Shareholders' Equity excl. Minority Share Interests	581.8	566.3	551.8
Minority Interests	1.1	2.0	1.8
Total Shareholders' Equity	582.9	568.3	553.6
Total Liabilities	804.8	841.5	762.1

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