SEMI-ANNUAL REPORT | 2011
VETROPACK GROUP

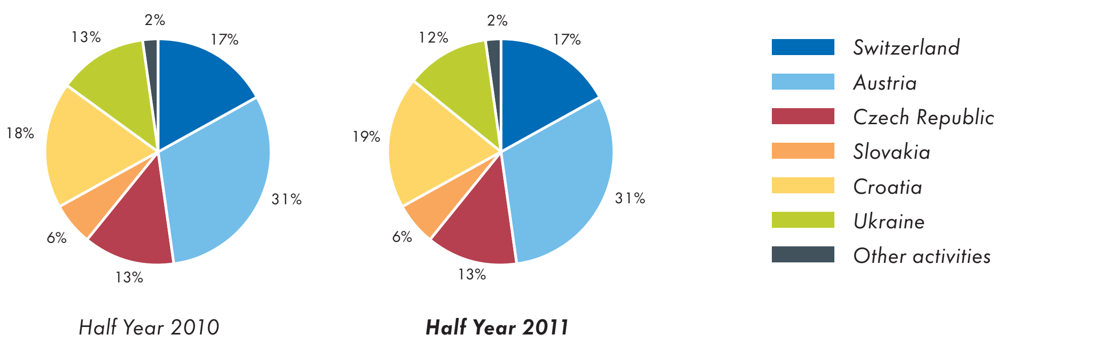
vetropack

Key Figures

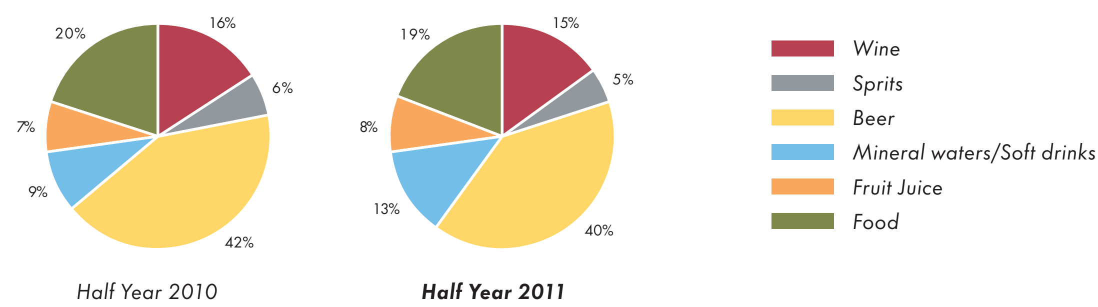
		31.12.2010	30.06.2010	+/–	30.06.2011
Gross Revenues	CHF millions	642.6	331.8	-7.6%	306.7
EBIT	CHF millions	84.2	42.6	0.5%	42.8
Net Profit	CHF millions	38.7	19.6	31.1%	25.7
Cash Flow*	CHF millions	122.6	64.0	0.5%	64.3
Production	1 000 metric tons	1'212	610	2.1%	623
Unit Sales	billions	4.36	2.20	– 2.0%	2.16
Exports	in %	40.2	39.9	–	41.4
Employees	number	2 975	2 982	– 0.1%	2 980
Investments	CHF millions	52.7	14.1	119.9%	31.0
Total Assets	CHF millions	714.7	762.1	– 5.0%	724.2
Gearing Ratio	in %	76.5	72.6	–	74.0
Share price Bearer share high	CHF	2 055	2 055	–	1 955
Share price Bearer share low	CHF	1 525	1 645	–	1 705

** Consolidated Profit Before Minority Interests +/- non-cash expenses/income*

Consolidated Revenue by National Companies



Sales by Market Segments (base: units)



Business Development within the First Half of 2011

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

Dear Shareholders:

In the first half of the current fiscal year, the Vetropack Group generated gross revenue of CHF 306.7 million, down 7.6% year-on-year. However, after currency adjustments, an increase of 2.7% was attained. The prevailing economic factors were the strong Swiss franc and a market with no clear signs of a sustainable upturn in demand.

Regionalised Market Development. Demand stabilised at the level of the previous year and only showed restrained growth in individual countries. This led to further regionalisation in the European glass packaging market. In the countries of Western Europe, the saturated markets performed in a largely stable manner, whilst demand showed regional variations in Central Europe. The spectrum ranged from stagnation to slight growth. Demand grew in Eastern Europe. Ukraine's newly introduced alcohol tax significantly curbed consumption and therefore demand, although examples show that this development is only likely to be temporary.

The Vetropack Group performed positively in this market environment: the increased production costs were cushioned by price changes. In addition, the margin was increased again with targeted changes to the product mix.

Strategic Export Markets Expanded Further. In the first six months, the Vetropack Group increased its production output by 2.1% to 623,295 tons (2010: 610,210 tons). Capacity was fully utilised at all plants. The main purpose of extra production was to build up the low stocks again.

The sales volume totalled 2.16 billion units of glass packaging (2010: 2.20 billion units). Without neglecting the domestic markets, the strategically important export markets were expanded further, with the export share rising from 39.9% in the previous year to 41.4%.

Higher EBIT Margin. As a result of the essential price changes and the optimisation of the product mix, the EBIT margin reached 14.0% of gross revenue (2010: 12.8%). Despite the ongoing negative currency effects, consolidated EBIT remained virtually stable at CHF 42.8 million (2010: CHF 42.6 million).

Consolidated net profit for the first half-year rose by 31.1% to CHF 25.7 million (2010: CHF 19.6 million). The improved margin structure and the reduction in exchange rate losses compared with the previous year were factors in this positive development. Cash flow remained at the same level as the previous year at CHF 64.3 million (2010: CHF 64.0 million). The cash flow margin amounted to 21.0% of gross revenue (2010: 19.3%).

During the period under review, the Vetropack Group employed 2,980 individuals (2010: 2,982).

Stable Capital Structure. As at 30th June 2011, total assets amounted to CHF 724.2 million (31st December 2010: CHF 714.7 million). This development stemmed from the rise in short-term assets to CHF 333.0 million (31st December 2010: CHF 315.0 million); in particular, there was a rise in receivables and stocks. Due to the increase in short-term liabilities and the exchange rate-related decrease in shareholders' equity, the equity ratio fell from 76.5% (31st December 2010) to 74.0% (30th June 2011).

Investment. In the first half-year, investment was focused on expanding and renewing glass-blowing machines at several Vetropack plants, an expansion project that will be continued in the second half-year. During the period under review, investment totalled CHF 31.0 million (2010: CHF 14.1 million). Investment will increase significantly during the second half-year. Plans include furnace repairs at the Kremsmünster plant in Austria.

Outlook. Despite the onset of stabilisation, there are still few clear signs of an improvement in the economic environment. Growth in demand is slow and restrained. The above-mentioned alcohol tax recently introduced in Ukraine will impede the country's return to growth market status in the short to medium term. In addition, demand is not expected to rise significantly in Western or Central Europe this year.

All the Vetropack Group's capacity remains fully utilised. The planned loss of production due to the cyclical furnace repairs in Kremsmünster, Austria, will be cushioned by bringing forward extra production this year. However, the repairs and the related additional expenditure will negatively impact the Vetropack Group's value creation in the second half-year; accordingly, the margin will be lower at the end of the year.

It remains difficult to predict the development of exchange rates and their impact on results. Based on the present currency trend, EBIT and net profit are expected to languish behind the previous year's values.

Vetropack Holding Ltd. Vetropack Holding Ltd expects results for the 2011 fiscal year to be lower than those for 2010. The development of exchange rates will be a crucial factor.

Sincerely,

Hans R. Rüegg
Chairman of the Board of Directors

Claude R. Cornaz
CEO

Bülach, 26th August 2011

Results as per 30.06.2011

The non-audited interim closing of Vetropack Group as per 30th June 2011 was prepared in accordance with Swiss GAAP FER 12 on the basis of acquisition values. The consolidation and valuation principles are unchanged compared to the year-end closing as per 31st December 2010.

Consolidated Income Statement

in CHF millions	Half Year 2010	+/–	Half Year 2011
Gross Revenues	331.8	– 7.6%	306.7
Net Revenues	308.2	– 7.9%	283.9
Income	306.6	– 4.7%	292.3
Raw material and supplies costs	– 53.5	– 8.0%	-49.2
Energy costs	– 61.5	– 8.5%	-56.3
Personnel expenses	– 65.1	– 6.0%	-61.2
Other operating expenses	– 83.9	– 1.3%	-82.8
EBIT (Earnings Before Interest and Tax)	42.6	0.5%	42.8
Earnings After Interest	28.0	21.1%	33.9
Consolidated Profit Before Tax	28.1	19.9%	33.7
Consolidated Semi-Annual Profit Before Minority Interests	20.3	29.6%	26.3
Minority Interest from Group companies	– 0.7	– 14.3%	– 0.6
Consolidated Semi-Annual Profit	19.6	31.1%	25.7

Consolidated Balance Sheet

in CHF millions	30.06.2010	31.12.2010	30.06.2011
ASSETS			
Short-term assets	347.2	315.0	333.0
Long-term assets	414.9	399.7	391.2
Total Assets	762.1	714.7	724.2
LIABILITIES			
Short-term liabilities	125.3	105.5	132.8
Long-term liabilities	83.2	62.7	55.2
Sub Total Liabilities	208.5	168.2	188.0
Sub Total Shareholders' Equity excl. Minorities	551.8	544.5	533.9
Minority Interests	1.8	2.0	2.3
Sub Total Shareholders' Equity	553.6	546.5	536.2
Total Liabilities	762.1	714.7	724.2

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