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# NewsRelease

## Results for the Nine Months ended 30th September 2011 (IFRS)

## Frigoglass Reports Nine Months Results

Athens, November 10th, 2011:

| **Financial Results** *(in € 000's)* | **9M11** | **9M10** | **% Change** |
|---|---|---|---|
| **Sales** | **438,566** | **346,615** | **26.5%** |
| **EBITDA** | **65,069** | **59,404** | **9.5%** |
| **Operating Profit (EBIT)** | **44,218** | **40,570** | **9.0%** |
| **Net Profit** | **19,459** | **19,021** | **2.3%** |

***Petros Diamantides, Managing Director, Frigoglass, commented:***

*"Frigoglass is pleased to report continued progress for the first nine months of 2011. Cycling 37% growth in the prior year, we are delivering a 27% increase so far this year and one of the strongest third quarters in our Cool business demonstrating both the value of our well-positioned geographic portfolio as well as the depth of the ability to execute across our customer segments. Glass has also recorded 24% growth in its strongest nine month period ever.*

*We continue to operate in a high input cost environment which together with a number of one-off factors have masked the strength of our underlying performance in terms of positive operational leverage and cost control.*

*Looking ahead, we expect solid top-line growth in the fourth quarter, although we anticipate input cost inflation will continue to weigh on margins and the macro-economic landscape of key European markets will remain uncertain. We remain confident that our strong market execution, geographic diversity, sector leading position, authentic relationships with the world's leading beverage companies and a continuing focus on operating cost reduction positions us to deliver further progress going forward and value for our stakeholders."*

## Operational Review

Consolidated net sales increased by 26.5% in the first nine months of the year to €438.6 million, with sales in the third quarter increasing by 4.9%, cycling strong double digit growth in both comparable prior year periods. This performance was driven by Cool Operations, where sales increased by 27% in the first nine months, to €364.6 million. Glass Operations sales also increased year-on-year which reflects a solid performance in the continuing businesses and the positive contribution of the Frigoglass Jebel Ali acquisition. Sales at Glass Operations increased by 24.2% in the first nine months to €73.9 million, with Frigoglass Jebel Ali contributing €8.1 million for the four months consolidation.

Cool Operations accounted for 83% of consolidated sales in the first nine months of 2011, level to the comparable prior year period. Sales in Eastern Europe continued to demonstrate strong growth, increasing by almost 50% to €149.4 million, whilst sales in Western Europe grew 41.7% in the first nine months to €87.4 million. In Asia/Oceania, sales in the first nine months declined by 11% against the prior year comparisons, reaching €66.8 million, influenced by the significantly lower sales in India due to the in-market cooler upgrade program by a major customer group resulting in postponing new placement. Sales in Africa/Middle East increased by 14.2% in the first nine months to €51.5 million, with sales growth accelerating in the third quarter of the year. North America recorded growth of 76.6% for the first nine months to €9.5 million, following new product launches.

In terms of Sales by key customer groups, sales to Coca-Cola Hellenic increased by 106.6% in the first nine months of the year, representing 27.6% of Cool sales whilst sales to other Coca-Cola bottlers declined by 6.7% in the first nine months, accounting for 28.4% of Cool sales. Sales to the Brewery segment continued to grow following a 33% rise in 2010 and increased by 39.3% in the first nine months, representing 25.7% of Cool sales. Sales to all other customers also continued to grow following a 94% rise in 2010, increasing by 11.2% in the first nine months. The strong segment performance on top of last year's substantial growth reflects Frigoglass' continuing focus on diversifying its customer base.

Sales at Glass Operations increased by 24.2% for the first nine months to €73.9 million, accounting for 17% of nine month consolidated sales. Frigoglass Jebel Ali contributed €8.1 million sales during its four months of operation. Excluding the positive contribution of Frigoglass Jebel Ali, sales increased by 10.7% in the first nine months to €65.9 million with strong performance across customer segments and with Other Operations (Metal Crowns and Plastic Crates).

Consolidated Operating Profit (EBIT) increased by 9% for the first nine months to €44.2 million, with the respective margin decreasing by 160 basis points to 10.1%, compared to 11.7% in the comparable prior year period. The decline in margin reflects the dilutive effect of new operation (Frigoglass Jebel Ali) as well as the impact of higher commodity costs, the negative operating leverage in India as a result of the in-market cooler upgrade program and the higher production costs to satisfy stronger than anticipated demand in Europe. Excluding the effect on non-recurring items and input costs, the benefits of volume leverage would have increased EBIT margin for the first nine months of 2011, compared to the prior year period. Net Profit increased by 2.3% to €19.5 million in the nine months compared to €19 million in the prior year.

Cash flow generated from operating activities, before working capital movements, was €66.8 million in the first nine months compared to €60.7 million in the prior year. Working capital movements together with capital expenditure of €20.8 million and the acquisition of Frigoglass Jebel Ali for €4.2 million resulted in a cash outflow of €73.6 million after operational and investing activities in the first nine months. This compares to an outflow of €46.9 million in the prior year. The rise in sales led to increased working capital requirements in the nine month period. However, the net working capital to sales ratio improved to 0.51x compared to 0.56x in the comparable prior year period.

## Segmental Review

| Nine Months 2011 | Revenues (€ 000's) 9M11 | 9M10 | % Change | % of Total | EBITDA (€ 000's) 9M11 | 9M10 | % Change |
|---|---|---|---|---|---|---|---|
| Cool Operations | 364,635 | 287,098 | *27.0%* | *83.1%* | 43,433 | 40,508 | *7.2%* |
| Glass Operations | 73,931 | 59,517 | *24.2%* | *16.9%* | 21,636 | 18,896 | *14.5%* |
| **Frigoglass Total** | **438,566** | **346,615** | ***26.5%*** | | **65,069** | **59,404** | ***9.5%*** |

## Cool Operations

Sales at Cool Operations increased by 27% for the first nine months to €364.6 million, following one of the strongest Q3 with growth across most customer segments and geographies.

### Revenue by Geography

Sales in Eastern Europe grew 49.6% to €149.4 million in the first nine months, contributing 41% to Cool sales. This increase reflects strong growth from Russia, the Ukraine, Romania and Bulgaria. Sales in Western Europe increased by 41.7% in the first nine months to €87.4 million with Italy, Spain and Finland contributing to the strong year-on-year performance.

In Asia/Oceania, sales in the first nine months declined by 11% to €66.8 million. This performance is largely influenced by the postponement of orders by a main customer group in light of an in-market cooler upgrade program which resulted in India recording the largest year-on-year drop across our operations. By contrast, the Philippines and Turkey recorded some of the largest year-on-year increases.

Sales in Africa/Middle East increased by 14.2% to €51.5 million in the first nine months, with sales growth accelerating strongly in the third quarter. The markets with the greatest incremental contributions were Tanzania, Kenya and South Africa.

In North America, Frigoglass continued its launch plan with additional product roll-outs, recording sales of €9.5 million, 76.6% higher than prior year, representing 2.6% of Cool sales.

### Revenue by Customer Group

Sales to Coca-Cola Hellenic increased by 106.6% in the first nine months to €100.5 million, with the largest incremental contributions from Italy and Russia. Sales to Other Coca-Cola bottlers declined by 6.7% to €103.7 million in the same period, with significant incremental contributions attributable to the Philippines, Spain and North America.

Sales to the brewery segment increased by 39.3% in the first nine months to €93.7 million, led by increased placements from tier one breweries in Russia, Poland and Kenya. Sales to all other customer groups increased by 11.2% in the first nine months to €66.7 million, demonstrating improving momentum on a quarterly sequential basis, with third quarter sales increasing 27.1%. Frigoglass maintains a strong emphasis on continuing to grow and expand these relationships and diversify its customer base.

### Profitability

EBITDA increased by 7.2% to €43.4 million in the first nine months, with the respective margin decreasing by 220 basis point to 11.9% compared to the prior year period. The decline in margin reflects the increased raw material costs, the negative operating leverage in India and the sourcing of higher cost units owing to the stronger than anticipated level of overall demand in Europe. Excluding the aforementioned one-time effects and assuming constant input price levels, EBITDA margin fared better than the prior year period.

Operating Profit (EBIT) increased by 6.5% to €30.7 million in the first nine months. This equates to an EBIT margin of 8.4% which compares to 10% in the prior year period. Net Profit increased by 6.2% to €13.7 million in the nine months compared to €12.9 million in the prior year.

## Glass Operations

Sales at Glass Operations increased by 24.2% for the first nine months to €73.9 million. This performance was driven by a combination of 10.7% organic growth and the positive impact of four months of sales from the acquisition of Frigoglass Jebel Ali. Glass Operations accounted for 17% of consolidated sales in the first nine months of 2011.

### Revenue by Operation

Sales relating to Glass, excluding Frigoglass Jebel Ali, increased by 9.5% in the first nine months to €45 million. Sales at Frigoglass Jebel Ali, for the four month period in which it was consolidated, were €8.1 million. Sales within the Metal Crowns and Plastic Crates businesses were up 13.2% to €20.9 million in the first nine months with both businesses recording low double-digit growth in sales.

### Profitability

EBITDA increased by 14.5% to €21.6 million in the first nine months. This delivered an EBITDA margin of 29.3% which compares to 31.7% in the prior year. Excluding Frigoglass Jebel Ali, EBITDA margin was 30.3% for the nine months in 2011.

Operating Profit (EBIT) increased by 15% to €13.5 million in the first nine months. This equates to an EBIT margin of 18.3% which compares to 19.7% in the prior year period. Net Profit declined by 6% to €5.7 million in the nine months compared to €6.1 million in the prior year, impacted by higher net financial expenses related to the Frigoglass Jebel Ali acquisition.

## Business Outlook

The first nine months of the year witnessed strong growth in our key regions of Eastern and Western Europe compared to the prior year period. Africa/Middle East also made good progress with performance accelerating in the third quarter. Asia/Oceania experienced a lower contribution reflecting one-off factors. North America continued its progress both in terms of product portfolio and sales development. Glass Operations posted its strongest ever nine month result, with the integration of the recently acquired container glass business progressing in line with our plans.

High input cost pressures persisted during the quarter, while the one-time factors impacting our profitability in the first half masked the benefits of the volume leverage in the nine month period. For the remainder of the year, we expect input cost inflation to continue to weigh on our profit margins. In a challenging market environment, we expect Western Europe to continue its positive course and both Asia and Africa to demonstrate positive momentum.

We reiterate our capital expenditure guidance, excluding Frigoglass Jebel Ali, for approximately €38 million for the 2011 full-year.

Looking forward, we are increasingly cautious about the macro-economic outlook of key European markets and the increased volatility in the debt and commodity markets. However, we remain confident that our strong market execution, geographic diversity, sector leading position, strong relationships with the world's leading beverage companies and a continuing focus on operating cost reduction positions us to deliver further progress going forward and value for our stakeholders.

# Financial Review

## Summary Profit and Loss Account

| | 9M11 (€ 000's) | 9M10 (€ 000's) | Change % |
|---|---|---|---|
| Revenues | 438,566 | 346,615 | 26.5% |
| Comparable* revenues | 430,498 | 346,615 | 24.2% |
| Gross profit | 90,626 | 81,292 | 11.5% |
| Comparable* Gross Profit | 90,010 | 81,292 | 10.7% |
| EBITDA | 65,069 | 59,404 | 9.5% |
| Comparable* EBITDA | 63,377 | 59,404 | 6.7% |
| Operating profit (EBIT) | 44,218 | 40,570 | 9.0% |
| Comparable* EBIT | 43,478 | 40,570 | 7.2% |
| EBT | 30,131 | 30,081 | 0.2% |
| Comparable* EBT | 30,000 | 30,081 | -0.3% |
| Net Profit | 19,459 | 19,021 | 2.3% |
| Comparable* Net Profit | 19,354 | 19,021 | 1.8% |

*****_Comparable figures exclude the impact from the acquisition of Frigoglass Jebel Ali_

## Net Sales

Consolidated Sales rose 26.5% to €438.6 million in the first nine months compared to the prior year. This performance comprises a 27% increase within the Cool Operations and a 24.2% increase in Glass Operations. Excluding the positive contribution of Frigoglass Jebel Ali, consolidated sales increased by 24.2% to €430.5 million in the first nine months.

## Gross Profit

Gross Profit increased by 11.5% to €90.6 million in the first nine months of 2011. The inability to fully translate sales growth into gross profit growth reflects the high input cost environment during the nine month period that reduced margin to 20.7% from 23.5% a year ago.

## Operating Profit (EBIT)

Consolidated Operating Profit (EBIT) increased by 9% for the first nine months to €44.2 million, with the respective margin contracting by 160 basis points to 10.1%. The positive impact of sales growth was partially offset by significant input cost inflation, higher production costs in the first six months to meet stronger than anticipated demand and negative operating leverage in India in the same period. Continued efforts to rationalise the cost base resulted in total operating expenses over sales ratio improving by 110 basis points to 11.1% for the nine month period.

## Net Profit

Net finance costs increased by 34.3% to €14.1 million in the nine months of 2011, reflecting a combination of an increase in the net debt levels, on year-on-year basis, and higher interest costs. Profit Before Tax (PBT), for the nine months, was unchanged on the prior year at €30.1 million. The effective tax rate in the nine months was 25.1% compared to 26% in the prior year. Net Profit increased by 2.3%, therefore, to €19.5 million in the first nine months.

## Cash flow

Cash flow from operations advanced by 10.2% to €66.8 million in the first nine months of 2011. However, the related working capital requirement led to a €49.9 million outflow before investing activities in the nine months. This position will recover in the fourth quarter on improved trade debtors and creditors. Working capital movements, capital expenditure of €20.8 million and the acquisition of Frigoglass Jebel Ali for €4.2 million resulted in a net cash outflow of €73.6 million after operational and investing activities in the first nine months. This compares to a net outflow of €46.9 million in the comparable prior year period.

## Balance Sheet

Net debt increased to €275 million at the end of the nine month period, compared to €234.7 million in the comparable period last year owing to the Jebel Ali related debt, the increased working capital requirements relating to the increase of sales and the €6.5 million (or €0.16 per share) capital return to Frigoglass shareholders in the third quarter of 2011. The net debt to equity ratio improved marginally to 167.4%, from 171.9% at the end of September 2010. Frigoglass expects the normalisation of the trade debtors and creditors in the fourth quarter of 2011 to reduce the year-end net debt figure. Frigoglass gross cash balance stood at €57.9 million at the end of September of 2011.

## Capital Expenditure

Capital expenditure of €20.8 million comprises expenditure of €12.7 million within Cool Operations and €8.1 million within Glass Operations. Expenditure towards Cool Operations primarily relates to continuing investment in capacity increases in key plants, ongoing efficiency improvements and product development. Capital expenditure towards Glass Operations is related to machinery and equipment.

## Special note regarding forward looking statements

This document contains forward-looking statements concerning FRIGOGLASS' future performance that should be considered as good faith estimates made by the Company. These forward-looking statements reflect management expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, which could materially impact FRIGOGLASS' actual performance.

## About Frigoglass

Frigoglass is the leading player in the global Ice-Cold Merchandisers (Beverage Coolers) market and one of the leading glass producers in West Africa and the Middle East, meeting the needs of beverage companies.

Frigoglass is the largest and most geographically diverse company in the Ice-Cold Merchandising (ICM) market. Production hubs are located in Romania, Russia, Greece, Turkey, India, China, Indonesia, South Africa, Nigeria, and most recently in the USA. Stand‑alone sales offices operate in Poland, Norway, Ireland, Kenya, the Philippines, Germany, France, Malaysia and Australia, complemented by an extensive network of sales representatives and distributors..

The customer base includes Coca‑Cola Company bottlers (Coca‑Cola Hellenic, the Bottling Investments Group, Coca‑Cola Enterprises, Coca-Cola Amatil, Coca‑Cola Sabco and many others), major brewers (AB InBev, SABMiller, Carlsberg, Heineken, Diageo, Efes and others), Pepsi bottlers, dairy companies (Nestlé, Danone).

Please visit www.frigoglass.com

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# Frigoglass S.A.I.C

## Consolidated Segmental Analysis

## in 000's Euro

| | From 01/01 to 30/09 | | 2011 vs | % | |
|---|---|---|---|---|---|
| | 2011 | 2010 | 2010 | 2011 | 2010 |
| **Sales** | | | | | |
| ICM Operations | 364,635 | 287,098 | 27.0% | 83% | 83% |
| Glass Operations | 73,931 | 59,517 | 24.2% | 17% | 17% |
| **Total** | **438,566** | **346,615** | **26.5%** | **100%** | **100%** |
| | | | | | |
| **Operating Profit** | | | | | |
| ICM Operations | 30,723 | 28,835 | 6.5% | 69% | 71% |
| Glass Operations | 13,495 | 11,735 | 15.0% | 31% | 29% |
| **Total** | **44,218** | **40,570** | **9.0%** | **100%** | **100%** |
| | | | | | |
| **Finance Cost - Net** | | | | | |
| ICM Operations | 12,820 | 10,807 | 18.6% | 91% | 103% |
| Glass Operations | 1,267 | -318 | 498.4% | 9% | -3% |
| **Total** | **14,087** | **10,489** | **34.3%** | **100%** | **100%** |
| | | | | | |
| **Profit / <Loss> Before Income Tax** | | | | | |
| ICM Operations | 17,903 | 18,028 | -0.7% | 59% | 60% |
| Glass Operations | 12,228 | 12,053 | 1.5% | 40% | 40% |
| **Total** | **30,131** | **30,081** | **0.2%** | **100%** | **100%** |
| | | | | | |
| **Net Profit / <Loss>** | | | | | |
| ICM Operations | 13,729 | 12,923 | 6.2% | 71% | 68% |
| Glass Operations | 5,730 | 6,098 | -6.0% | 29% | 32% |
| **Total** | **19,459** | **19,021** | **2.3%** | **100%** | **100%** |
| | | | | | |
| **Depreciation** | | | | | |
| ICM Operations | 12,710 | 11,673 | 8.9% | 61% | 62% |
| Glass Operations | 8,141 | 7,161 | 13.7% | 40% | 38% |
| **Total** | **20,851** | **18,834** | **10.7%** | **100%** | **100%** |
| | | | | | |
| **EBITDA** | | | | | |
| ICM Operations | 43,433 | 40,508 | 7.2% | 67% | 68% |
| Glass Operations | 21,636 | 18,896 | 14.5% | 33% | 32% |
| **Total** | **65,069** | **59,404** | **9.5%** | **100%** | **100%** |

| **Capital Expenditure** | From 01/01 | | % | |
|---|---|---|---|---|
| | to 30/09/11 | to 30/09/10 | 2011 | 2010 |
| ICM Operations | 12,735 | 6,453 | 61% | 37% |
| Glass Operations | 8,039 | 11,014 | 39% | 63% |
| **Total** | **20,774** | **17,467** | **100%** | **100%** |