

Frigoglass Annual Report 2014  
Innovating the Future





# Contents

Who we are	5
Letter from the Chairman	7
Statement from the CEO	8
2014 Financial highlights	10
Global presence	12
<b>Strategic Priority Projects</b>	<b>15</b>
<b>People</b>	<b>18</b>
<b>Innovation</b>	<b>20</b>
<b>Sustainability</b>	<b>26</b>
<b>Business review</b>	<b>30</b>
Corporate governance	36
Board of Directors	40
Remuneration	43
Financial risks	44
Shareholder information	46



## Who we are

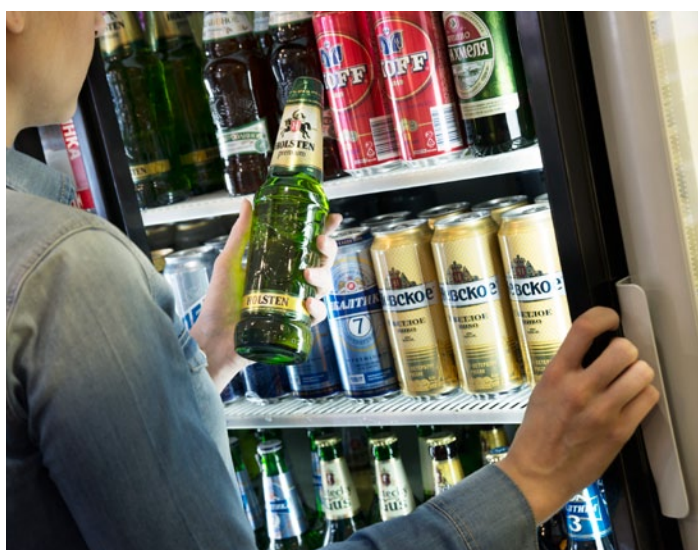
We are the global leader in Ice Cold Merchandisers (ICM), providing our customers with a complete range of innovative merchandising solutions which uniquely position and promote their brands for consumers around the world.

Frigoglass supplies Ice Cold Merchandisers (beverage coolers) to soft drinks and alcoholic beverage companies across five continents. Our market-leading products combined with our commitment for consistent, superior after-sales support, has allowed us to build and continuously develop long standing partnerships with our customers, who include leading brand owners in the 100 countries that we serve globally.

Our innovative coolers enhance our customers' beverage branding at the point of sale and drive

increased consumption. In parallel to maximizing merchandising opportunities for our customers, we are committed to providing increasingly environmentally friendly product solutions which enable our customers to meet ambitious sustainability and carbon emission reduction targets.

Frigoglass is also a leading supplier of glass packaging and related products to the high-growth markets of Africa and the Middle East. These markets present an attractive long-term investment opportunity for our customers and we remain committed to building on our strong customer relationships to capitalize on the opportunity in these markets to drive performance for our shareholders.





# Letter from the Chairman

Dear Shareholder,

The past year, 2014, has been a year of implementing the numerous initiatives we had set out to deliver, in both our Cool and Glass business. This prescribed course sets Frigoglass back on course to achieve the expected profitable results.

Our decision to discontinue our manufacturing operations in the USA and in Turkey was not taken lightly. We are convinced that our decision will not only benefit our shareholders but also our customers. The day after closure, we maintain our market presence in North America and Turkey, leveraging our global manufacturing network to serve those markets. We focus on profitable products that really make a difference for our customers. In addition, these moves have helped us to reduce complexity and substantially improve our cost competitiveness.

We are pleased to report that, over the course of the year 2014, we received increasingly positive feedback from our customers. The determined Quality-first program, launched by the Frigoglass management in 2012, has led obviously to significant improvements, not only across all the Quality indicators that we systematically track, but also in the feedback we receive from our customers in terms of their satisfaction level.

On top of this, the Frigoglass team achieved something every employee in the company can be proud of in 2014 – we excited our customers with a new generation of coolers underlining real Innovation leadership. Cutting edge merchandising combined with innovative cooling technology marks the new ICOOL by Frigoglass range of coolers, creating a class of its own in the industry.

Our second strategic pillar, our Glass business, performed outstandingly well in

2014, reaching 30% of the Group's revenue. We have been operating in Nigeria for many years. We have continuously invested in this business and systematically have increased our capacity in line with market growth. With a strong local team we continue to innovate and run our operation at world-class efficiency levels. In addition, investments in technology and our commercial capabilities in our glass operation in Dubai, have translated into impressive sales growth of 33% in 2014, an outstanding performance by our team.

Both businesses, Glass and Cool, offer exciting long-term growth opportunities. As announced late in the year, we have initiated a strategic review of the available options for our Glass business. We are evaluating our options in terms of value creation potential as well as the long term objectives of Frigoglass. We will inform shareholders about the outcome of this strategic review during the course of 2015.

During the financial year, uncertain economic and political conditions in several of our key markets had a negative impact on our overall business performance. The most severe impact was the result of the Ukrainian conflict and its implications on the Russian economy. In Asia, we experienced a reduction of investments by customers in geographies such as South-East Asia, Oceania and Turkey. Although these factors are out of our control, they underline how important the consolidation phase of the last two years was, to mitigate the financial impact caused by the market volatility.

We are confident in the prospects of our business going forward. Supported by a world class management team, we will leverage our more efficient operating base and continue to invest in product development and innovation which will support the profitable growth of Frigoglass in the years ahead.

While we are cautious about being too optimistic at this stage, we believe we are now far better placed for sustainable growth, operating a more resilient business model. Based on our strong position in markets with fundamental growth potential, we have many reasons to look to 2015 with confidence.

Re-positioning Frigoglass could never have been achieved without the hard work and dedication of the Frigoglass team. On behalf of your Board, I would like to extend our gratitude to every individual Frigoglass employee for their contribution to a solid 2014 performance in a challenging market environment and in helping to position Frigoglass for future growth.

Your Board would also like to extend its gratitude to you, as a shareholder, for your continued support. Finally, we appreciate and are grateful for the continued loyalty and commitment of our customers who, through their preference for our products, drive the performance and success of Frigoglass.

**Haralambos (Harry) G. David**  
*Chairman*



## Statement from the CEO

In 2014, we successfully completed phase one of our Going Forward strategy. The year was difficult, but the Frigoglass team accomplished a lot over the course of the year: we significantly improved our cost competitiveness, addressed the low performing entities, restored our Quality reputation and substantially improved customer satisfaction, underlined our Innovation leadership position by launching the world's best Cooler family, and – last but far from least – we achieved a record performance in our Glass business.

Despite those achievements, our financial results do not yet reflect the considerable improvements in our business model, mainly due to contracting sales in our Cool business. Our sales in East Europe were negatively impacted by the political turmoil in Russia and Ukraine. In Asia, we suffered from the fire incident in our plant in India. Finally, we discontinued loss making sales in North America.

Our key priority for phase two of our Going Forward strategy is the return to growth in our Cool business. Phase one has strengthened our operations backbone and financial health. For phase two, we can now build on a more robust, scalable business model. This will allow us to grow in a profitable and cash-efficient manner. Primarily, this growth will be driven by Innovation, and it will be supported by the increasing momentum of our recently implemented Frigoglass Excellence System. Most fundamental to everything, is the unwavering commitment of our employees and our determination to win and to excite our customers with pioneering solutions and outstanding service.

“Phase one has strengthened our operations backbone and financial health. For phase two, we can now build on a more robust, scalable business model.”

### **2014 Highlights**

In 2012 we embarked on a journey to strengthen the robustness of our business model, create enhanced customer value and restore our ability to drive returns for shareholders. With the strong execution of our Strategic priority projects in 2014 (for details see chapter on Strategic priority projects), we have successfully concluded phase one of this journey.

#### *Innovation leadership*

We are very proud of our new highly innovative ICOOL cooler generation, launched in 2014. After two years of research and development, ICOOL sets new standards in our industry and has the credentials to become the globally winning platform. The ICOOL range has created excitement among our customers; ICOOL's extremely appealing aesthetics will allow our customers to grow their sales with consumers. In addition, our customers will also benefit from dramatically lower operating costs, and – in line with our customers' sustainability targets – from reduced carbon footprint impact compared to any other related product in the industry.

#### *Rationalization of manufacturing footprint and addressing low performing entities*

In the first quarter of 2014, we ceased the cooler production in the United States. We discontinued loss making business and are now focusing on innovative niche products, supplied out of our global manufacturing network. In Europe, we consolidated our manufacturing footprint by integrating our Turkey operation into our flagship plant in Romania. This move substantially improved our cost competitiveness, reduced complexity as well as improved quality and customer service. Overall, our consolidation initiatives will further support profit margin improvement in 2015.



In Asia, our efforts to turnaround the business in China have led to promising results. We achieved significantly higher volumes and have substantially improved productivity and reduced our cost base. This has led to a marked recovery in our operating results in 2014.

#### *Glass business*

The stellar performance of our glass business was another highlight of 2014. We achieved record sales in both of our Glass operations, in Nigeria as well as in Dubai. Nigeria is Africa's largest country by population. Frigoglass is the undisputed leader for glass packaging in the growing Nigerian market. Throughout the year, we have been our customers' innovation partner in every single new bottle launch. We have also invested in new machinery in our Crowns plant, which will increase efficiency and provide our customers with top quality products.

A great job was done by our commercial team that achieved impressive sales growth in 2014, also from our Dubai glass operation. From Dubai, we serve top-tier international customers not only in the Middle East region but also in East Africa as well as in South and West Africa.

Leading Beer companies consider Africa as the world's growth hot spot for the next 10 years. Glass is the pre-dominant packaging material for beer. Our strong position in Africa has triggered interest by potential investors. We initiated in 2014 a process to evaluate strategic options for our glass business. Any conclusion will be taken from a shareholder value creation perspective.

#### *Winning Team*

The achievements in 2014 would not have been possible without the outstanding commitment and competence of our people.

The fast recovery after the fire incident in our plant in India is an impressive example of a winning team in action. Pure determination by our people to help each other has made it possible to resume supply to customers in record time. Full capacity in our plant will be re-instated within 2015.

I would like to extend my sincere thanks and high appreciation for all the hard work of our people throughout the year. I would also like to thank our Board for their constant support and guidance throughout this transformation process.

#### **Outlook**

We are confident about the prospects of Frigoglass in 2015 and the years ahead. Our revitalized innovation drive, our improved cost position and the persisting growth fundamentals in our markets are the key drivers for delivering returns to our shareholders.

In the next phase of our journey, we target to return to growth in our Cool business and sustain the momentum in our Glass business. However, we stay alert to mitigate the potential impact of any volatility in our markets. The further roll-out of the Frigoglass Excellence System will provide an increasingly powerful shield.

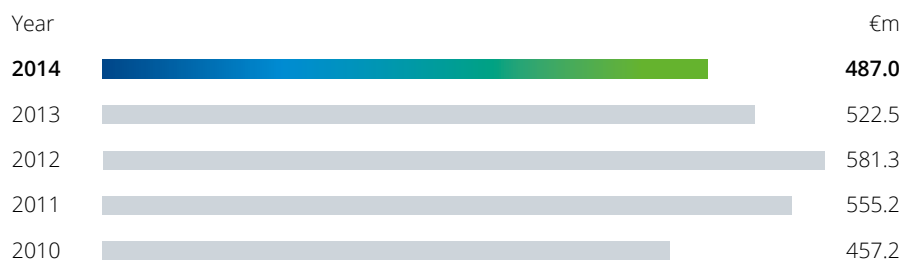
Finally, sustainability has an integral role in our corporate strategy. We are committed to manage our impact on the environment and to support the communities where we operate. Going forward, we will continue to embed sustainability across our business and strive for continuous improvement.

**Torsten Tuerling**  
CEO

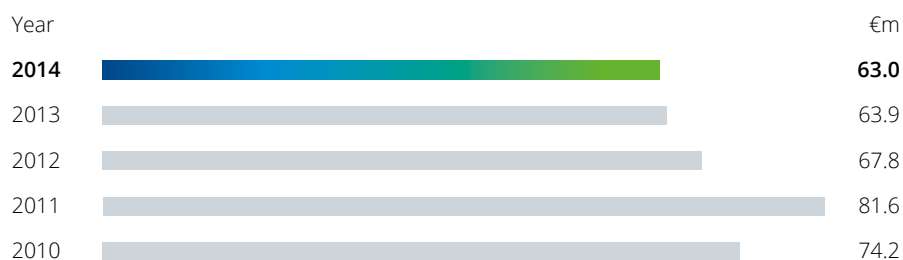


# 2014 Financial highlights

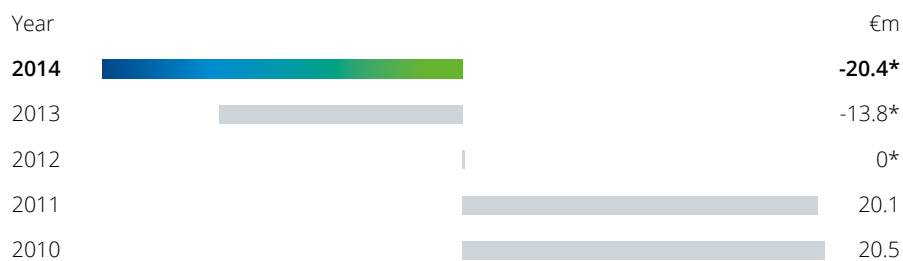
## Sales



## EBITDA



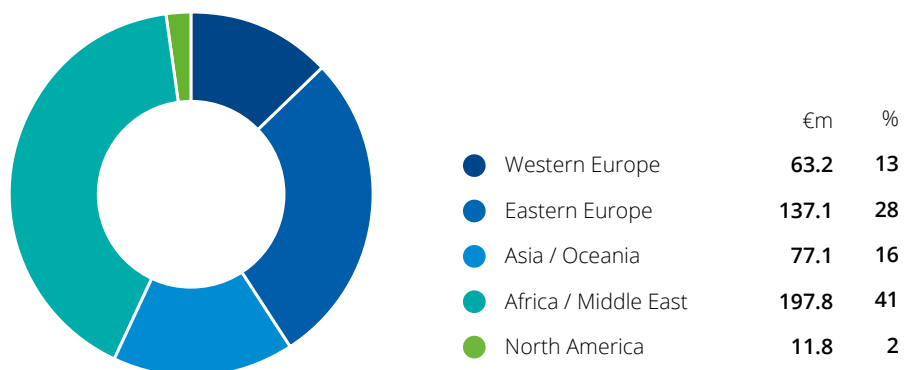
## Net Profit



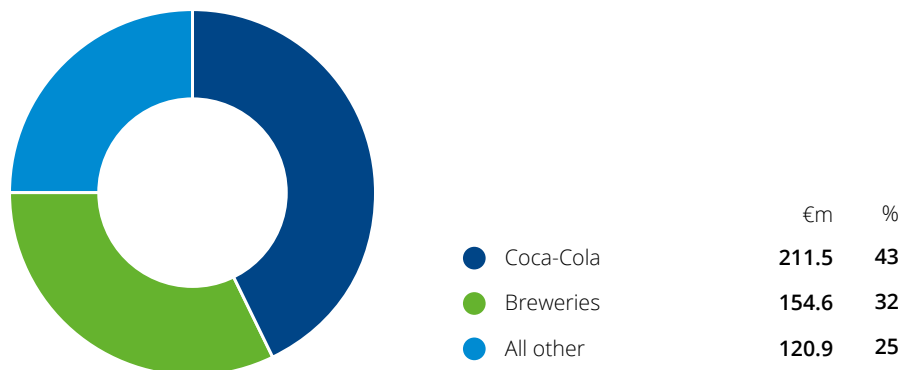
\* Adjusted Net Profit excludes restructuring costs and one-off items

## Consolidated revenue breakdown

### By geography



### By customer group



# Global presence

## Cool Operations

Europe & North America

---

Production plants and sales offices  
**Greece, Russia, Romania**

---

Sales offices  
**Germany, Norway, Poland, Turkey, USA**

## Cool Operations

Asia & Africa / Middle East

---

Production plants and sales offices  
**China, India, Indonesia, Nigeria, South Africa**

---

Sales offices  
**Kenya, UAE (Dubai)**

## Glass Operations

---

Production plants and sales offices  
**Nigeria, UAE (Dubai)**







# Update on our Strategic Priority Projects

In 2012, as part of our Going Forward strategy, we launched four strategic priority projects aimed at strengthening the robustness of our business model and enhancing overall value creation. For 2014, we are pleased to report that we continued the strong execution along all our priorities.

## Inventory to Cash

Our sustained focus on effective inventory management has been a key driver to cash flow improvement. At the same time, improved supply chain management processes allowed for reduced lead time and improved customer service levels. Since the start of our strategic priority projects in 2012, we have achieved for nine consecutive quarters a double digit improvement in inventory levels. In 2014, we achieved a 17% year-on-year inventory reduction to €98.5 million at the end of year. Since launch in 2012, better inventory management led to an overall inventory reduction of €78 million, exceeding our initial targets. Our inventory reduction efforts also continued to positively contribute to the improvement of our working capital, resulting in an 11% decline to €125 million at the 2014 year-end, substantially improving our cash conversion capabilities. Inventory management remains a key area of focus for us and we are confident we can deliver further improvements in 2015.

## Rationalize Manufacturing Footprint & Address Low Performing Entities

Another strategic priority has been to address the performance of several underperforming entities, particularly those in recently entered markets where returns remained below expectations from the start. Within this framework, we have implemented far-reaching steps in 2014 to rationalize our manufacturing footprint and address low performing entities.

Early in the year, we ceased production in our USA manufacturing facility. We continue to supply our customers in the US with innovative niche products from our existing global manufacturing network. In the second half of 2014, we successfully integrated our Turkish manufacturing volume into our Romanian facility. This decision was made in order to reduce complexity, right-size capacity, improve our overall cost structure and enhance long run competitiveness. The continued productivity improvements resulting from the implementation of lean

manufacturing principles in our flagship plant in Romania have made available sufficient capacity to absorb the volume from Turkey and meet any potential future demand. This integration process also enables the effective consolidation of Frigoglass' product range in Europe towards an innovative modular platform covering all existing applications.

Our right-sizing initiatives, in both the US and Turkey, already yielded benefits in the second half of 2014 and will further support profit margin improvement in 2015.

In China, we achieved a marked recovery in the operating results in 2014 through substantial sales volume growth combined with an aggressive cost reduction and productivity improvement program.

Furthermore, we made significant progress in the re-positioning of our glass operation in Dubai. On the basis of a top quality product offer backed up by improved manufacturing efficiency, we were able to expand our customer base and grow share, achieving in 2014 a strong sales growth of 33% versus prior year.

**Torsten Tuerling**  
Chief Executive Officer



**Dimitris Bostanis**  
Chief Supply Chain Officer



**Nikos Mamoulis**  
Chief Financial Officer



# Update on our Strategic Priority Projects



## Quality first - Frigoglass Excellence System

Anchoring Quality first and restate our Quality reputation, has been at the heart of our strategic priorities. The progress of the last two years is amazing. All Quality performance metrics, customer complaints ratios, and overall customer satisfaction levels have been dramatically improved from 2012 to 2014. We are proud of this outcome and we will continue to improve our performance in the years ahead.

One key enabler for further continued improvement is our Lean Manufacturing roll-out. Over the past 2 years we have substantially invested in Lean manufacturing, initially at our flagship plant in Romania and more recently in Russia. Based on the successful pilot in Romania, we have broadened the initiative to become a comprehensive Frigoglass Excellence System, targeting to maximize value creation. The Frigoglass Excellence System will be deployed globally in the coming years, driving efficiency and customer satisfaction.



## Product Optimization

As a result of two years of team work in this strategic priority project, we have successfully launched the new cooler generation ICOOL, clearly demonstrating our innovation leadership. We are excited to create pioneering solutions for our customers. ICOOL is based on a new product platform. This platform is gradually replacing a multitude of existing platforms and thereby reducing complexity while maintaining the full variety of applications for our customer base. At the same time, the ICOOL platform is highly innovative, making available to our customer base profound advantages in the area of merchandising, operating costs and sustainability. Because of its innovative features as well as because of its scalability, this product platform has the potential to become the winning platform globally in the coming years.





# People

The most important differentiator between Frigoglass and its competitors are the People that form the Frigoglass Team. In a highly volatile market environment and exposed to adverse challenges, the Frigoglass team has demonstrated sustained strong execution, in our daily business as well as in our Strategic Priorities.

With a strong focus on our customers – the beverage companies all around the world – the Frigoglass team is inspired by a clear purpose.

**We are excited**  
to win, to be different  
and to create pioneering  
solutions that foster  
better lives.

## Pioneering Innovation

Staying true to our company's purpose, the development of the ICOOL range illustrates the focus of the Frigoglass team on innovation. At Frigoglass, we strive to provide the necessary resources and environment that will empower our people to develop innovative, pioneering ideas. This innovation will in turn translate into value added solutions for our customers. And this is clearly evidenced by the very positive reception of ICOOL across our key customers.

## Passion to win - Teamwork

The development of the ICOOL range is also an evident example of the strength, dedication and expertise of our truly global team. ICOOL has been the result of strong teamwork and effective communication and cooperation over an extended period, between people from a multitude of cultures, geographies and functions, sharing a common vision and being entirely committed to surpassing the industry's standards and create pioneering solutions for our customers.

A great example in 2014 of effective teamwork and passion to win was also showcased by our response to the fire incident at our Indian facility which demonstrated the deep commitment of our people to Frigoglass. The team in India worked day and night to remove the debris and restart production in order to resume supply to our customers in record time. This is a clear testament of both our local and global teams' capability for cooperation and result-orientation, particularly under difficult circumstances.

## Values

Our values are at the core of what drives our behavior.

### Our values

- Integrity
- People
- Social Responsibility
- Quality
- Market Leadership
- Shareholder Value

**Manolis Souliotis**  
Group Human  
Resources Director



## Winning organization

### A truly global company needs to build on strong teams.

The Frigoglass leadership team, starting with the Operating Committee chaired by the CEO, is assuming full responsibility for the strategic dialogue as well as for the operational execution. The team is a combination of business responsibility close to customer's markets as well as central functional responsibility for global consistency and synergies.

For the further evolution of our Winning organization we are guided by the following principles:

- Provide resources for our strategic priorities
- Offer development opportunities for each single talent
- Simplify processes and promote company-wide synergies
- Intensify communication and teamwork, across entities

Since launching our Going Forward strategy in 2012, we have made substantial progress across our Strategic Priority Projects. Our future success will depend on how we continue to build a winning organization and fully mobilize the potential of our people.

We are grateful for the hard work and dedication of our people throughout 2014. We will continue to focus on the development of our team's core capabilities and talents as they are critical to our success and future growth. We are confident that our team will deliver on our Going Forward strategy and continue to enhance customer and shareholder value.

### Frigoglass Operating Committee



*Top row (left to right):*

**Manolis Souliotis** - Group Human Resources Director, **Vassilis Soulis** - Service Director, **Gerasimos Varvias** - Executive Director BU Africa & Middle East, **Lars Arnoldsen** - Commercial Director Europe, MENA & N. America, **Aristidis Pappas** - Operations Director Europe, **Arvinder Pentel** - Director BU ICM Asia

*Bottom row (left to right):*

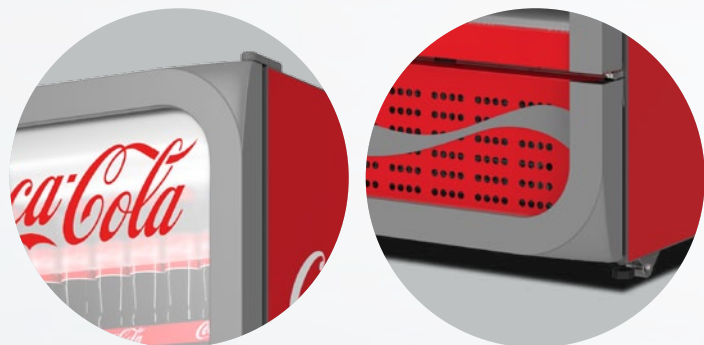
**Paschalis Papagiannidis** - Quality & FES Director, **Dimitris Bostanis** - Chief Supply Chain Officer, **Torsten Tuerling** - Chief Executive Officer, **Nikos Mamoulis** - Chief Financial Officer, **Anna Tsoga** - Innovation & SPRM Director

# Innovation

In 2014 we reconfirmed our innovation leadership by launching entirely new, pioneering solutions for our customers, advancing the technology, quality, performance and merchandising strength of our products. We focused on developing products along our guiding principles of standardization and simplification, environmental friendliness and increased serviceability, customization and increased differentiation.

With the ICOOL and the ILOOK innovations, we have evidently demonstrated our unique capability to launch a truly global look from the start of the new platform.

Innovation was a dominant theme in 2014, not only in terms of our products, but also in terms of our service offering, reflecting our leadership status in providing our customers with complete value adding solutions.



Anna Tsoga  
Innovation  
& SPRM Director



## ICOOL Range – the cooler range of the future

Staying close to our customers, we recognize their growing need for strengthening their product branding in an increasingly competitive marketplace, as well as their continuous requirement for substantially less maintenance, increased energy efficiency and enhanced support for their sustainability strategy. To that respect, we set an ambitious goal to produce the next generation of coolers for our industry - as a result the ICOOL range was developed for Coca-Cola.

ICOOL offers extremely appealing aesthetics enhancing product visibility and brand strength:

- Modern and premium look, through simple modern frame design that easily sticks to the consumer's mind, consistent across the product range.

- Stronger merchandising through increased loading capacity, increased product visibility and increased illumination by standard LED application, placing emphasis on the customer's SKU to sell by itself.
- Strong brand identity, through simple and strong Coca-Cola branding elements on the grid, door and sides.

Apart from aesthetic innovation, ICOOL also offers a range of additional benefits in terms of lower total cost of ownership and sustainability:

- Best-in-class energy consumption per respective cabin size (up to 60% reduction versus previous product range), through optimized insulation properties,

advanced cooling operation and smart cooling controls.

- Best-in-class noise (a minimum of 4dBA reduction versus previous range), achieved through noise absorbers (standard for all equipment) and selecting low-noise components.
- Maintenance-free and easily serviceable, by using (standard for all equipment) foul-free condensers, long life components and sliding designs for cooling mechanism and electrical box.



# Innovation

## ILOOK Range – refreshing brand identity

Recognizing the effectiveness of the ICOOL aesthetics on sales uplift, we developed the ILOOK range, applying these appealing aesthetics on our highly reliable and successful FV platform, a proven platform under variable market conditions, particularly in the emerging markets of Asia and Africa. With the ILOOK range, we are making available the ICOOL look globally right from the beginning, enhancing further our customers' brand identity with coolers that clearly stand out and engage consumers at the point of sale. In addition, ILOOK is easily retrofittable in the market, allowing our customers to switch to the new looks for their existing fleet. As a result, the new brand look reaches the market faster and in broader scale, both for existing and new products.



## The next frontier of innovation – Evocool: Connected Cooling



We continuously evolve and increase value addition for our customers through our products. In 2014 we started developing the Evocool concept which will be launched in the second half of 2015. Evocool is the next generation of digital cooling devices. It combines in a unique way the Frigoglass competence of energy optimization with the latest technology of remote connectivity. With Evocool's asset tracking capability, the issues our customers face today – particularly in emerging markets – with coolers lost in the field, will become a thing of the past. Our customers will also benefit from reduced service costs and reduced energy consumption through cooling optimization adjusted to the respective ambient conditions of temperature and power supply. Most importantly, real-time data transmission, advanced monitoring of cooler placement effectiveness and enhanced interactive communication and brand promotion between the cooler and consumers, allow Evocool to enhance the productivity of the cooler as a selling device.

## Customization

Putting beverage brands in scene and creating powerful selling tools is an integral part of our mission. We achieve this through one of Frigoglass's key competencies, namely our customization capability. Customization dresses the cooler in the specific brand design of a customer, enhancing the customer's differentiation at the point of sale.

### Carlsberg (Poland)

Building upon our proven and long-standing customization capabilities, and in close collaboration with Carlsberg, we developed a full range (Single and Double door) portfolio of coolers, enhancing and differentiating the Carlsberg brand through high-end visibility coolers in all trade channels in the Polish market.

### Bavaria Sub Zero cooler (Russia)

A standout concept with sub-zero technology, this unit was created to offer the Bavaria lager beer at the right temperature and to underline the brand's independent style, strong history and premium quality.



# Service Innovation

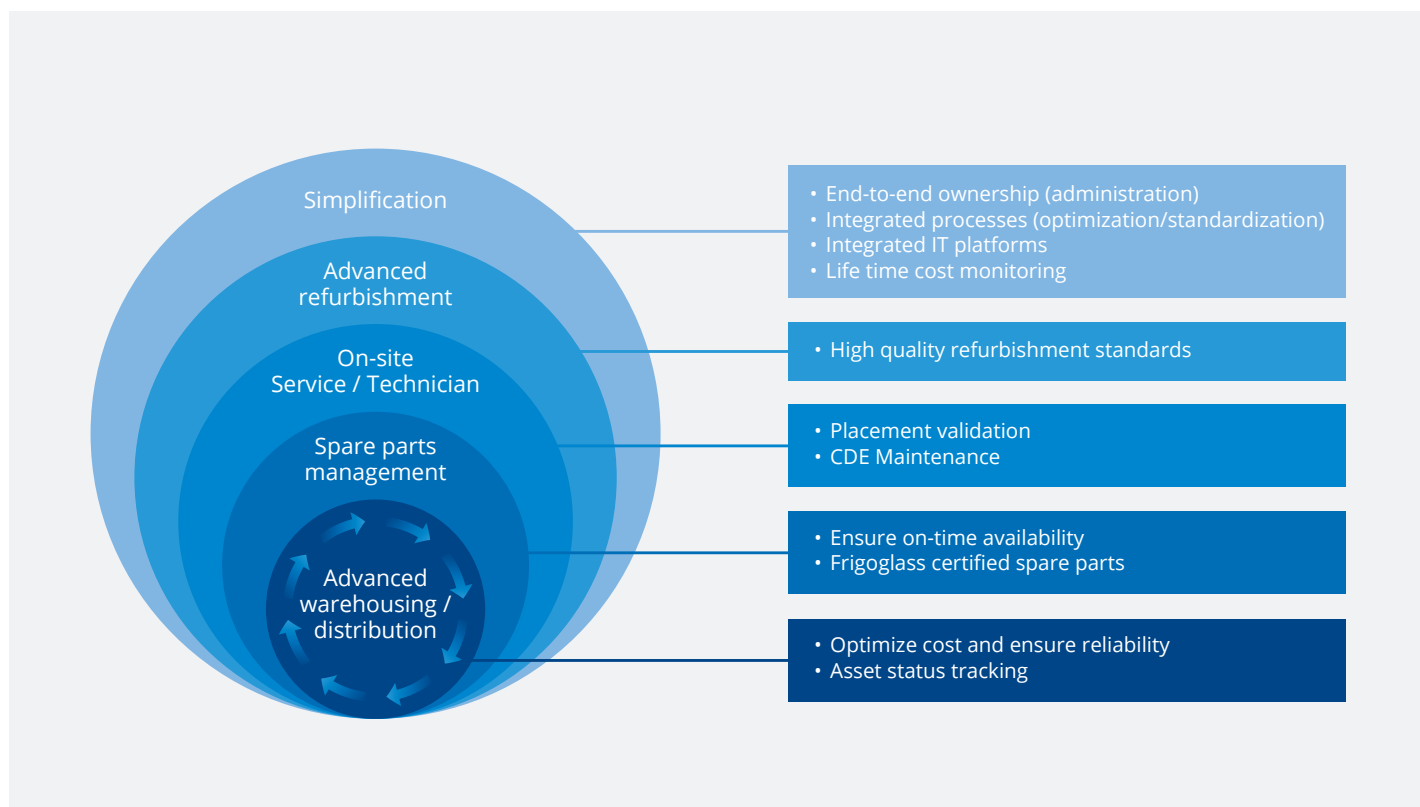


Seeking to provide holistic customer solutions, our drive for pioneering innovation in 2014 was not limited to product. Our innovation extended to our service offering, aiming to provide our customers with excellence in operations and best-in-class services.

Our service business is a crucial element in our overall value proposition to our customers, offering a major opportunity to develop closer and stronger relations with them, as well as to gain valuable insights about the behaviour of our products over their entire life cycle. These insights allow us to continuously improve all elements of our customer offering.

In 2014 we launched a unique, integrated customer service program, providing our customers with an outsourcing model to manage their cold drink equipment in a holistic and optimized manner which significantly reduces their total cost of ownership. Through this service we are able to materially support our customers in the management of their assets from distribution through to the end of life, with services including (among others) placement, storage, service, refurbishment and end-of-life recycling. We have also simplified our operations and actively improved our supply chain with an advanced distribution network, resulting in more efficient and reliable service

for our customers. Through advanced IT infrastructure and new centralized control points, we have seamless, live monitoring of all units and all stages of the product life cycle. The centralization of control also provides a clear single point of reference for our customers. Finally, keeping a sustainability focus in mind, this program also allows customers to refurbish their old units, thus also allowing them to save on the cost of a new unit and to reduce material use.





## Innovating the Future

It is clear that 2014 has been a very strong year for innovation at Frigoglass. Going forward we will continue to differentiate our business through our industry leading innovation.

We have begun rolling out our integrated services concept in Europe and will progressively implement it across the continent. This offering creates significant value for our customers and we are confident that it will become a major development driver in the years to come.

In coolers, in 2015 we will focus on the further rollout of our ICOOL range. In addition, we will actively continue to expand our product portfolio pipeline, developing pioneering innovative solutions for all our other major customer categories.

Paschalis Papagiannidis  
Quality & FES Director



# Sustainability

At Frigoglass, we recognize that sustainable business practices are an increasingly important component of how we run our business and interact with our stakeholders. That is, in supplying our customers with market leading products, in striving to build an attractive working environment for employees, and in driving returns and benefits for our stakeholders.

We remain focused on maintaining sustainable, ethical and environmentally sound business practices, which in turn directly inform our growth strategy and drive our approach to innovation and environmental awareness.

We are pleased to report that throughout 2014, we made considerable progress on a range of areas including finding additional ways to minimize the environmental impact of our products, improving the efficiency of our operations, enhancing and streamlining our manufacturing processes to become ever more effective, reducing waste, increasing recycling and promoting environmental education and awareness amongst our employees and in the communities in which we operate.

## Strategy

Our objective is to continue harmonizing our business strategy with our sustainability strategy. We set out on a journey in 2011 to re-focus our sustainability and environment awareness programme, focusing on three core pillars (product responsibility, sustainable operations and social responsibility) and in 2014, we incorporated these pillars with the business priorities of our 'Going Forward' strategy. As a result three new areas of focus for our sustainability strategy were developed, namely those of customer engagement, supplier engagement and community engagement.

Following a detailed research and analysis process, we also progressed in determining those sustainability issues of most importance to our stakeholders, resulting in the identification of 12 key issues (Product responsibility, Quality management, Energy and emissions, Materials use, Waste, Supplier relations, Inventory management, Talent development and wellbeing, Health and safety, Diversity and equal opportunity, Community investment and engagement and Human rights). While these 12 key issues cover a broad scope, our objective is to ensure that we address, to the extent we can, each of them in our continuing efforts to improve our working practices under each of our three sustainability pillars.





# Sustainability

## Sustainability Pillars

### 1. Product Responsibility

As a global supplier of beverage coolers, our commitment is to design and produce innovative products while continuing to reduce their environmental impact. We recognize the impact on the environment from the operation of our products, and addressing environmental efficiency is a priority both for us and our customers. Consequently, in 2014, we continued to demonstrate our commitment to this cause, developing our cutting edge ICOOL range which offers best-in-class energy efficiency with energy savings of up to 60%. This new range is a clear indication of our dedication to providing products that are environmentally responsible, while also satisfying our customers' needs. At the same time, Glass packaging, is not only energy intensive during production but also requires a large amount of raw materials; reducing material use is a primary goal for our operation.

### 2. Sustainable operations

A sustainability focus from a manufacturer's point of view means we continue to reduce our impact on the environment through constant measurement and improvement of all our operational processes. In recent years we have introduced a number of initiatives aimed at reducing energy consumption and emissions, and we are pleased to have achieved significant year-on-year improvement in our carbon emissions also in 2014. In addition to our emissions management, we are also continuing to reduce our material use, increase our level of recycling and continue to promote education and awareness within our business and in our society.

### The Frigoglass Supplier Code

Committed to operate with unconditional honesty and integrity, across our global footprint, we updated the Frigoglass Supplier Code in 2014, in order to better respond to new market dynamics and requirements. The code sets out the basic operating principles and minimum standards we expect from our suppliers to adhere to and comply, across all their activities and throughout their premises and operations. These principles and minimum standards cover the areas of:

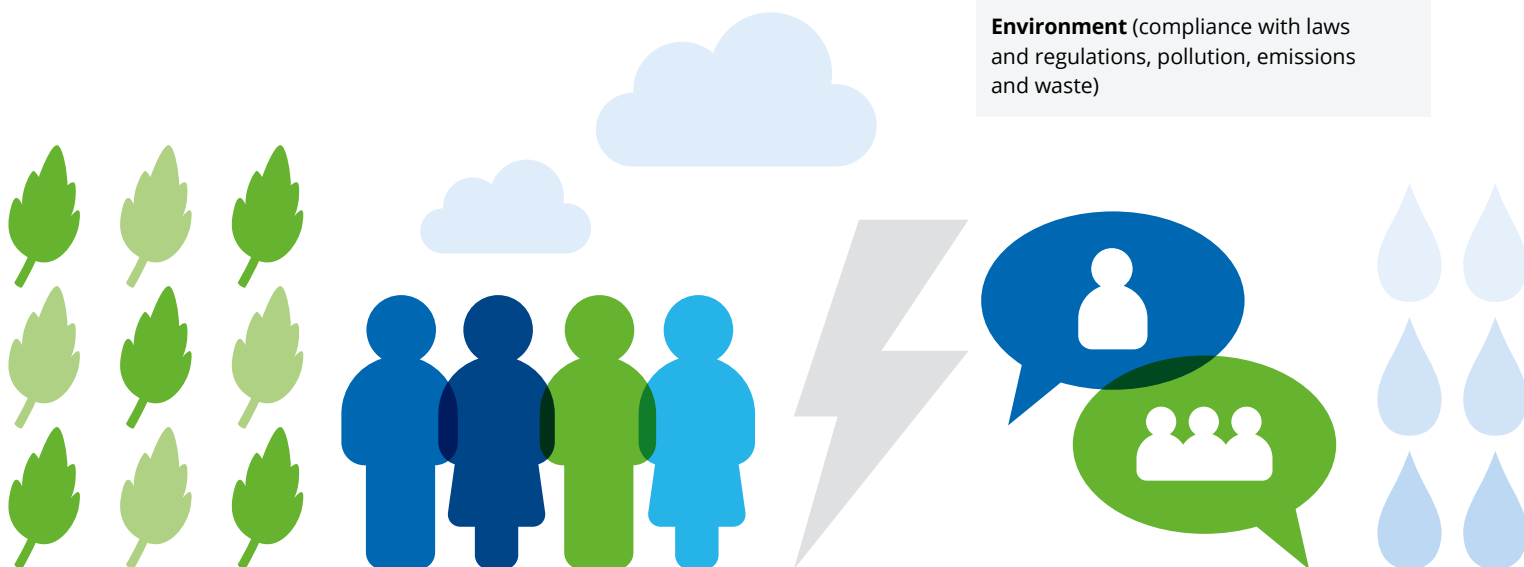
**Ethics** (antitrust, bribery, conflict of interest, protection of information and intellectual property)

**Labor** (child labor, forced labor, working hours, wages and benefits)

**Human Rights** (diversity and equal opportunity, harassment and violence, freedom of association)

**Health and Safety**

**Environment** (compliance with laws and regulations, pollution, emissions and waste)



### 3. Social responsibility

We continue to contribute to the development of our workforce and the communities in which we operate having realized that success depends on how we select, develop, treat and reward our people. Recognizing our impact on community, we aim to strengthen social inclusion, support charities and improve quality of life through our programs and projects.

One such initiative undertaken in 2014 is the 'Cool for Good' initiative. Under this initiative, during the Christmas holiday season of 2014, Frigoglass donated new beverage coolers to numerous charity organizations that operate in the Attica region of Greece and support people in need and the local communities. In addition to the donation of beverage coolers, Frigoglass employees actively and enthusiastically participated in collecting food and beverages in order to fill the coolers.

## Validating our progress

We believe that measuring and validating our progress is important – so that we and others can objectively judge and assess our commitment to sustainable and ethical practices.

### Independent Assessment:

Our customers and other stakeholders can access detailed information about our sustainability initiatives by downloading and reviewing our published Sustainability Reports and Updates that can be found on our website. In addition, they can also monitor our progress through a variety of independent global Organizations and Authorities such as CDP, ECOVADIS and SEDEX, which provide an objective and independent validation of the efforts we make each and every year to improve performance.

### Awards:

We strive to win awards, not for recognition, but as validation of our sustained commitment to corporate and social responsibility. Frigoglass is pleased to have won another award (Bronze Award) for the Solar ICM at the 2014 Environmental Awards. For a second consecutive time, our innovative and highly successful Solar ICM was recognized as one of the top products in the Energy Efficient Product category. The Solar ICM, the latest addition to our company's green product portfolio, operates using rechargeable batteries which are powered by a solar panel placed on top of the unit. Our pioneering solution minimizes the environmental footprint, reduces energy costs while it allows our customers to reach new markets in rural areas with limited power resources.



# Business Review

## Europe & North America



### 2014 Review

#### Europe

Our performance in Western Europe was encouraging. We saw our sales significantly improving in the second half of the year, growing in double digits. This growth momentum in the second half resulted in an 8% year-on-year sales increase for the full year, primarily driven by increased orders from Coca-Cola bottlers and brewery customers in Germany, Greece and Sweden. Our improved performance in 2014, particularly in terms of customer service and parts availability and delivery, resulted in further improving and solidifying relationships with our key customers.

West Europe's growth was offset by the significant decline in sales in East Europe, our most challenging market for 2014. Throughout the year, the highly uncertain market conditions in the Ukraine and Russia, placed heavy pressure on our customers, who in turn, sought to maximise the returns from their limited investments including those in coolers. Seeking to increase the sales efficiency of their cooler fleet, our customers revise merchandising standards towards bigger and more attractive coolers. Leveraging our strong local presence and close customer relations in Russia, we successfully addressed these new merchandising standards; launching 2 new bigger single and double door models and producing new heavily customized units for our beer customers. In addition, we expanded our service capability in the country by creating a new service center, with heavy refurbishment capability in Novosibirsk, allowing us to further improve our service offering to our customers.

In a recessionary market environment across Europe the past few years, we focus on improving operational efficiency. In 2014, we consolidated our manufacturing footprint and piloted lean manufacturing principles to our plant in Romania. While in 2014 we saw sales recovering in West Europe, this was more than offset by lower sales in East Europe. Political instability, increased market uncertainty and an overall softening of the economic environment in the Ukraine and Russia led to lower orders from our customers.

In North America, we addressed loss making business with the closure of our South Carolina manufacturing facility early in the year and fundamentally changed our business model.

In 2014, we made far-reaching steps to rationalise our manufacturing footprint. On that front, we successfully integrated our Turkish manufacturing volume into our flagship plant in Romania. This contributed to reducing complexity, improving quality and significantly improving our cost competitiveness.

Driven by our Product Optimization strategic project, we launched the next generation family of coolers, namely the ICOOL range. Within the second half of 2014, we presented ICOOL to The Coca-Cola Company and all major Coca-Cola bottlers. Initial field tests, which we carried out in the Greek market, resulted in double-digit sales uplift for our customer SKUs, clearly showcasing the great value addition potential of ICOOL to our customers.

We are also excited about our innovative, integrated service offering. In 2014, we started implementing this new offering in Greece (CCH, Heineken) achieving increased service levels and overall customer satisfaction. Our new offering creates significant customer value, providing a unique outsourcing model for our customers in managing their cold drink equipment fleet. It also significantly reduces total cost of ownership and allows our customers to focus on their core activities. With this innovative concept, we are shifting our business model increasingly towards a full scope of asset management, resulting in superior value addition for our customers and opening up additional revenue streams for our business. The very successful implementation of the new service offering in Greece in 2014, created customer excitement and paved the way for the further roll-out of the concept to other markets, primarily in East Europe, such as Russia.

**Lars Arnoldsen**  
Commercial Director  
Europe MENA & N. America



**Aristidis Pappas**  
Operations Director  
Europe



### North America

In North America, we decided to phase out loss making sales, resulting in full year sales declining compared to 2013.

In 2014 we successfully transformed our business model, now focusing on sales, after-sales and logistics. Our commercial and local supply chain presence allows us to secure leadtimes and serve our customers through our global manufacturing network with highly innovative and profitable coolers.

### Outlook

Going forward, our objective is the return to growth, targeting to grow market share through innovation.

In Europe, the new ICOOL range and our innovative integrated service concept creates unparalleled value for our customers, allows us to widen our business approach and significantly grow our business further. ICOOL has been very well received by customers and has the potential to become the global winning cooler platform. As early as Q1 2015, we have received orders for the ICOOL from key Coca-Cola bottlers, for more than 40 countries in Europe and North Africa. In North America, we focus on profitable sales on the basis of our revised commercial business model.

In addition, the savings from the manufacturing base rightsizing initiatives in 2014 will continue improving our cost base and strengthening our competitiveness. In 2015 onwards, these consolidation-related benefits, together with savings resulting from intensifying our efficiency improvement initiatives in European operations, will become increasingly apparent.

## Sales

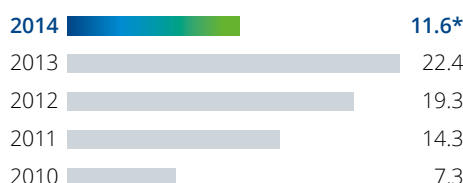
Western Europe €m



Eastern Europe €m



North America €m



\* Frigoglass ceased manufacturing operations in Q1 2014.



# Business Review

## Asia

In 2014, our sales declined in double digits, despite a marked recovery in China. In India, sales were adversely affected by the fire incident at our manufacturing facility in April. Continued volatility negatively impacted our sales in Indonesia. In this highly competitive market environment, we focus on driving our efficiency and cost competitiveness. We also focus on capturing the region's growth potential by broadening our customer base.

### 2014 Review

In China, our performance improved substantially compared to 2013. Our sales increased in double digits, gaining share in Coca-Cola and other Key Accounts, as a result of increased competitiveness and improved after sales service. We also grew our export business, supplying niche products to the USA market. Staying committed and focused on helping our customers introduce and apply environmentally friendly technologies, we were the first company to launch HFC-free refrigerant products to the non-Coca-Cola customer segment.

We continued to win new customers within the highly competitive Asian market, focusing on providing superior cold-drink-equipment solutions. Through integrating solutions such as LED lighting and maintenance-free condensers, we introduced best-in-class energy and promoted solutions focusing on reducing Total Cost of Ownership.

We are pleased with our performance in Vietnam. We retained leading market shares among key players in the industry and achieved new customer wins such as Pepsi. In 2014, we also supported Carlsberg's expansion into Nepal, providing value added branded coolers to help establish key brand presence in traditional channels across the country and provide customer cold-drink excitement.

In India, despite a strong performance with Pepsi (driven by improved quality and after sales service), our overall sales were impacted by the fire at our manufacturing facility. Our local and global teams worked efficiently, with impressive determination, to restore capacity and we were able to successfully resume production in record time after the incident. We are grateful for the overwhelming expression of support from our key customers and market partners. In July we also commissioned the second production line.

We were affected by a weak market in Indonesia in 2014. Heavy floods in the beginning of the year, and weakened demand (due to inflation and the IDR weakening) contributed to this. In addition, the growth of new and aggressive entrants in the beverage segment (such as BIG Cola) also placed increased focus on the productivity of customer investments on assets, including coolers.

### Outlook

We continue driving efficiencies across all our Asian operations. At the same time we focus on capturing the growth potential of the region by increasing share with key customers in South East Asia as well as by expanding in new markets such as Myanmar, Bangladesh and Sri Lanka.

In India, full capacity will be re-instated within 2015. Improvements in the layout and the implementation of the latest lean manufacturing thinking, will lead to further improvements in efficiency and cost competitiveness, allowing us to fully benefit from the long term growth potential of the Indian sub-continent.

We are introducing in 2015 our new ILOOK range which will strengthen our business model and provide a new growth platform in Asia. Following initial presentations of the ILOOK in India and Malaysia, we are encouraged by the positive reception of the new range by our customers.

To support our customers' sustainability strategy, we continue to roll out CO2 with our Coca-Cola customers in China and India. We also implement new roll out for Coca-Cola in South East Asia.

Finally, we continue to stand out in the Asian market with our Service business, offering service solutions focusing on post warranty and spare parts, as well as supporting our customers on special projects in India and South East Asia (IPS, LED retrofit).

## Sales

Year	Sales (€m)
2014	64.4
2013	94.7
2012	106.6
2011	85.2
2010	88.8



Arvinder Pental  
Director BU ICM Asia



# Business Review

## Africa & Middle East

Our Cool and Glass business in the Africa and Middle East region represented 41% of our total sales in 2014. Going forward, further increase is expected in this region, driven particularly by the strong growth fundamentals in Africa, benefiting both our Cooler and Glass bottles outlook.

### 2014 Review

2014 was a very successful year for our Glass operation in both Africa and the Middle East, recording strong double digit sales growth in our respective operations. At the same time, our Cool business was characterized by more volatile conditions, especially in the first half of the year. We witnessed a slight decrease in cooler investments in Africa by our soft drink customers; however this was counterbalanced by accelerated cooler investments in the second half of the year by some of our largest brewery customers.



### Glass

On the basis of our strong position in the major hotspot of our customers' investments, our Glass business went from strength to strength throughout 2014. Performance

reached outstanding levels particularly in the fourth quarter, with total sales increasing by a remarkable 34%.

This strong performance reflected our customers' focus in growing their business in these regions; particularly our beer customers, such as Heineken, SABMiller and Diageo, who together with several other breweries, have publically outlined and executed strategies to increase their market investments in Africa, primarily in our core market of Nigeria. Innovation and light weighting is driving demand for new glass across all segments. Brand development and brand extensions continue to be the prevailing strategy of all major bottlers together with new SKUs in the rapidly growing Spirits segment. In 2014, we successfully supported our customer (Heineken) in the complete float replacement of its new Gulder Beer bottle.

Our 2014 performance also reflected solid sales in the plastic crates business. This was driven by increased demand in Nigeria for our unique, value-enhancing, complementary offering of delivering crated bottles to our customers. In 2014, we also completed the modernization of our crowns manufacturing plant. Due to this planned upgrade, our sales in our metal crowns business were marginally lower. Going forward however, this investment will increase capacity, significantly improve efficiency, quality and result in enhancing our customer base and performance.

Our sales in Jebel Ali increased by 33% in 2014. This performance is a reflection of the significant progress and efforts the team has made in broadening our customer base of global customers; supporting their marketing campaigns with innovative, technologically advanced and superior quality products,

in markets covering the Middle East, East & Southern Africa as well as South East Asia and Australia.

### Cool

Market conditions in our key market, Nigeria, remained strong throughout the year as our global beverage customers continued to invest heavily in the region, especially brewers. In 2014 we revamped our cooler manufacturing operation in Nigeria and initiated a pilot service program to service the Coca-Cola coolers in and around Lagos. The tests from this pilot have been very successful and a complete country roll out will be implemented during the course of 2015-2017.

In South Africa, sales were slightly more volatile as we faced several challenges throughout 2014; adverse currency movements and market volatility negatively impacted our sales. Furthermore, in July there was a month-long metal union workers strike which caused a temporary stoppage in production. Finally, an internal audit revealed a serious case of intentional misstatement of earnings in the financial years prior to 2013 by the local senior management team, leading to a restatement of prior years' balance sheet with a cumulative effect on Frigoglass Group's equity of EUR7.4 million as of 31 December 2014. As a result, the previous management was dismissed and a new senior management team was appointed. Frigoglass has conducted a review of its operations and has not identified any other inappropriate accounting practice.

Our sales in the Middle East region experienced slight growth, primarily driven by higher sales in the UAE and Saudi Arabia. This performance was achieved despite the political and macroeconomic challenges in key markets in the region.

Gerasimos Varvias  
Executive Director  
BU Africa & Middle East



### Outlook

Africa's potential for growth is huge. Beverage companies cite Africa as the "land of opportunity" in the years to come. In beer, over the next decade, Africa will lead global volume and profit growth. Beer volume in Africa is expected to grow on average at 8% per annum to 2025. Population growth, urbanisation trends and increasing consumption per capita, all trend in favour of growing beverage consumption.

These long term market fundamentals are particularly attractive for our Glass business. To continue leveraging these fundamentals, we plan to rebuild one of our three furnaces in Nigeria in 2015, aiming to increase capacity and efficiency. This, in combination with other investments will provide us with the capacity, both in volume and in product specification, to serve the growing needs of beverage partners.

We are optimistic about the prospects of our Cool business. We have initiated to promote our new ILOOK range in 2014. The ILOOK has already been met with very positive feedback from key customers and is expected to provide additional growth opportunities for Frigoglass in 2015 and beyond. Furthermore, our customers are increasingly focusing on Sub-Zero coolers and we are strongly positioned to cover this trend with our product range.

In conclusion, we are uniquely positioned to benefit from Africa's huge growth potential. We hold very strong market positions in the key markets and have a substantial local manufacturing footprint, allowing us to serve effectively our customers in the continent. In addition, we have heavily invested and consistently continue to invest in our operations to meet increased demand and support our long term growth plans for this region.

### Sales

Cool	€m
2014	65.8
2013	70.4
2012	102.7
2011	88.4
2010	75.4

Glass	€m
2014	147.4
2013	124.1
2012	122.4
2011	103.5
2010	82.0

# Corporate governance

## Governance framework

The Board is responsible for dealing with the Company's affairs exclusively in the interests of the Company and its shareholders within the existing regulatory framework.

The Board's key responsibilities are:

- Setting the Company's long-term goals.
- Making all strategic decisions.
- Making available all required resources for the achievement of the strategic goals.
- Appointing senior executive management.

The Board is appointed by the General Meeting of Shareholders of the Company and consists of 9 members, 8 of whom are non-executive and 4 of whom are independent. The members of the Board are elected by the General Meeting of Shareholders and serve for a three (3) year term. The only executive member is the Chief Executive Officer.

The experience of the members of the Board of Directors encompasses diverse professional backgrounds, representing a high level of business, international and financial knowledge contributing significantly to the successful operation of the Company. The Board is fully balanced between the number of independent and non-independent members. The independent, non-executive members are able to contribute impartial opinions and advice to the Board's decision-making, to ensure that the interests of the Company, shareholders and employees are protected, whereas the executive member is responsible for ensuring the implementation of the strategies and policies decided by the Board.

According to the Company's Code of Business Conduct and Ethics the members of the Board must avoid any acts or omissions from which they have, or may have, a direct or indirect interest and which conflict or may possibly conflict with the interests of the Company.

The Members of the Board of Directors receive remuneration which is approved by the Company's General Meeting of Shareholders, in accordance with the specific provisions of the Articles of Association and the law.

## Audit Committee

According to article 37 of Law 3693/2008 the Company has set up and maintains an Audit Committee which is, inter alia, responsible for monitoring:

- The procedures for provision of financial information;
- The effective operation of the internal audit and risk management systems;
- The course of the mandatory audit of individual and consolidated financial statements;
- matters relating to the existence and safeguarding of the impartiality and independence of the legal auditor or audit office, particularly in relation to the provision to the Company of other services by the legal auditor or audit office.

The Audit Committee is also responsible for the submission of proposals to the Board of Directors regarding any change to the chart of authorities and the organizational chart of the Company.

The members of the Audit Committee have been appointed by the General Meeting of Shareholders of the Company as per the provisions of law 3693/2008 and are the following:

### *Chairman*

**John Androutsopoulos**  
*Non-executive/ Independent*

### *Members*

**Loucas Komis**  
*Non-executive*

**Doros Constantinou**  
*Non-executive*

The above members have substantial past experience in senior financial positions and other comparable experience in corporate activities.

Mr. Androutsopoulos fulfills the requirements provided by law regarding the requisite knowledge of accounting and auditing.

The Audit Committee shall meet whenever it is deemed necessary and in no circumstances less than four times a year. It must also hold at least two meetings attended by the Company's regular auditor, without the presence of the members of the administration.

The Audit Committee meets validly when at least two of its members are present, of whom one must be its Chairman. The Audit Committee held a total of five (5) meetings in 2014. The said meetings were scheduled in such a way so as to coincide with the publication of the Company's financial information.

The Audit Committee considered a wide range of financial reporting and related matters in respect of the 2013 annual financial statements and the 2014 half-year financial information. In this respect the Audit Committee reviewed any significant areas of judgment that materially impacted reported results, key points of disclosure and presentation to ensure the adequacy, clarity and completeness of the financial statements and the financial information, and the content of results announcements prior to their submission to the Board. The Audit Committee also considered reports from PwC on their audit of the 2013 annual and their review of the 2014 half year Board of Directors report that forms part of the statutory reporting obligations of the Company.

Moreover, in 2014, the Audit Committee:

- Reviewed the results of the audits undertaken by Internal Audit and considered the adequacy of management's response to the matters raised, including the implementation of any recommendations made.
- Reviewed and approved the 2015 Internal Audit program, including the proposed audit approach, coverage and allocation of resources.
- Reviewed the effectiveness of Internal Audit, taking into account the views of the Board and senior management on matters such as independence, proficiency, resourcing, and audit strategy, planning and methodology.

- Reviewed regular reports on control issues of Company level significance, including details of any remedial action being taken. It considered reports from Internal Audit and PwC on the Company's systems of internal control and reported to the Board on the results of its review.

## Internal audit Department

The main duties and obligations of the Internal Audit Department include:

- Monitoring faithful implementation of and compliance with the Company's Articles of Association, Internal Regulation of Operation and directives, and in general any applicable legislation.
- Reporting cases of conflict between interests of members of the Board of Directors or managers and the interests of the Company.
- Submitting written reports to the Board of Directors at least once each quarter on any important findings of the internal audits they have conducted.
- Attending the General Meetings of Shareholders.
- Cooperating with state supervisory authorities and facilitating them in their work.

The internal auditor acts according to the International Standards for the Professional Practice of Internal Auditing and the policies and procedures of the Company and reports directly to the Audit Committee.

## Human Resources and Remuneration Committee

The role of the Human Resources and Remuneration Committee is to establish the principles governing the Company's human resources policies which guide management's decision-making and actions.

More specifically, its duties are to:

- Oversee the management's succession planning policy
- Establish the principles governing the Company's Corporate Social Responsibility policy
- Establish the Compensation Strategy
- Submit to the Board proposals for executive Board members remuneration

The Human Resources and Remuneration Committee, which is appointed by the Board, is comprised of the following 3 non-executive Board members:

### Chairman

**Loucas Komis**  
*Non-executive*

### Members

**Haralambos (Harry) G. David**  
*Non-executive*

**Evangelos Kaloussis**  
*Non-executive/ Independent*

The Chief Executive Officer and HR Director shall normally attend meetings, except when discussions are conducted concerning matters affecting them personally.

The Human Resources and Remuneration Committee held 3 meetings in 2014.

# Corporate governance

## Investment Committee

The duties of the Investment Committee are to recommend to the Board the Company's corporate development and strategy and to evaluate and suggest to the Board new proposals for investments and/or Company expansion according to the defined strategy.

Moreover, the Investment Committee is also responsible for evaluating and suggesting to the Board opportunities for business development and expansion through acquisitions and/ or strategic partnerships.

The Investment Committee, which is appointed by the Board, comprises of 4 members, two of whom are non-executive, and is formed as follows:

### *Chairman*

**Haralambos (Harry) G. David**

*Non-executive*

### *Members*

**Torsten Tuerling**

*Executive*

**Loucas Komis**

*Non-executive*

**Nikolaos Mamoulis**

*Chief Financial Officer*

The Investment Committee held 2 meetings in 2014.

## Communication with Shareholders

Frigoglass recognizes the importance of effective and timely communication with shareholders and the wider investment community. The Company maintains an active website [www.frigoglass.com](http://www.frigoglass.com) which is open to the investment community at large and to its own shareholders. The site features a description of the Company's corporate governance, management structure, ownership and all other information useful or necessary to shareholders and investors. Frigoglass also communicates with the investment community through its participation in a number of conferences and road-shows (in Greece and abroad) and the schedule of conference calls.

## Board of Directors

(three-year term ending in 2015)

**Haralambos (Harry) G. David**

*Chairman,  
non-executive member*

**John K. Androutsopoulos**

*Vice Chairman,  
non-executive member / independent*

**Loucas D. Komis**

*Member and Secretary,  
non-executive member*

**George Leventis**

*non-executive member*

**Doros Constantinou**

*non-executive member*

**Torsten Tuerling**

*Chief Executive Officer,  
executive member*

**Evangelos Kaloussis**

*non-executive member / independent*

**Vassilis Furlis**

*non-executive member / independent*

**Alexandra Papalexopoulou**

*non-executive member / independent*

## Management - Operating Committee

(as of February 2015)

**Torsten Tuerling**

*Chief Executive Officer*

**Nikos Mamoulis**

*Chief Financial Officer*

**Manolis Souliotis**

*Group Human Resources Director*

**Dimitris Bostanis**

*Chief Supply Chain Officer*

**Gerasimos Varvias**

*Executive Director  
ICM Africa & Middle East*

**Arvinder Pental**

*Director  
ICM Asia*

**Lars Arnoldsen**

*Commercial Director Europe  
MENA & N. America*

**Paschalis Papagiannidis**

*Quality & FES Director*

**Aristidis Pappas**

*Operations Director Europe*

**Vassilis Soulis**

*Service Director*

**Anna Tsoga**

*Innovation & SPRM Director*

## Certified auditors

PricewaterhouseCoopers  
268 Kifissias Avenue,  
152 32 Halandri, Athens, Greece

## Legal advisors

Kyriakides-Georgopoulos, Law Firm  
Leonidas Georgopoulos

## Board of Directors

### **Haralambos (Harry) G. David**

*Chairman (non-executive)*

Haralambos (Harry) G. David was elected Chairman of the Board of Directors, in November 2006. He has been a Member of the Board of Directors of Frigoglass since 1999.

He graduated with a Business Degree from Providence College USA, in 1987. His career began as a certified investment advisor with Credit Suisse in New York. He then served in several executive positions within Leventis Group Companies in Nigeria and Europe. Today he holds a position on the Boards of A.G. Leventis (Nigeria) PLC, the Nigerian Bottling Company, Cummins West Africa, Beta Glass (Nigeria) PLC and Ideal Group.

He is also a member of the General Council of the Greek Industries Federation (ΣΕΒ), member of the board of the Foundation for Economic and Industrial Research (IOBE), a member of the Organizing Committee of the Athens Classic Marathon and member of the TATE's Africa Acquisitions Committee.

Finally, he has served on the boards of Alpha Finance, ΔΕΗ (Hellenic Public Power Corp) and Emporiki Bank (Credit Agricole).

### **John K. Androutsopoulos**

*Vice Chairman (independent non-executive)*

John Androutsopoulos was appointed to the Board of Directors in July 1996.

His long career in the bottling and manufacturing sectors has included positions as Technical Manager of the Hellenic Bottling Company (1969-1985), General Manager of the Industrial Division of the 3E Company of companies (1986-1994), Chairman of the Board of Directors of Frigorex (1995), member of the Board of Directors of 3E Company (1995) and Managing Director of Frigoglass Company (1996-2001). He holds a degree in Electrical Engineering from Aachen Polytechnic where he also completed additional studies in Economics.

### **Loucas D. Komis**

*Member & Secretary (non-executive)*

Mr. Loucas Komis was appointed to the Board of Directors in July 1996.

Currently, he is also Chairman of the Board of Ideal Group S.A. and of the Board of Hellenic Recovery & Recycling Corporation (HE.R.R.Co) and Vice-Chairman of the Federation of Hellenic Food Industries (SEVT) and Member of the Board of LARGO Ltd. During his career he worked for nine years in the appliance manufacturing sector and has held top management positions with IZOLA S.A. In 1982, he joined the Coca-Cola Hellenic Bottling Company S.A. (CCHBC), where he also served as an Executive Board Member and remains an Advisor to the Chairman since 2001. He holds degrees from Athens University (BSc Physics), the University of Ottawa (MSc Electrical Engineering) and McMaster University, Ontario (MBA).



**George Leventis**

*Member (non-executive)*

George Leventis joined the Board of Frigoglass as a non-executive member in March 2014.

Mr. Leventis is a member of the executive committee of a family office and has previously worked in the fund management business as an equities analyst and more recently in private equity.

He graduated with a degree in Modern History from Oxford University and holds a postgraduate Law degree from City University. He is an Investment Management Certificate holder.

**Doros Constantinou**

*Member (non-executive)*

Mr. Doros Constantinou was appointed to the Board of Directors in October 2011.

Mr. Constantinou graduated from the University of Piraeus in 1974 and holds a degree in Business Administration. Mr. Constantinou started his career in auditing with PricewaterhouseCoopers, where he worked for ten years. In 1985, Mr. Constantinou joined Hellenic Bottling Company, where he held several senior financial positions. In 1996, he was appointed to the position of Chief Financial Officer and remained in that position until August 2000. He was a key member of the management team that led the merger of Hellenic Bottling Company and Coca-Cola Beverages. In 2001, Mr. Constantinou became Managing Director of Frigoglass until August 2003 when he moved to Coca-Cola Hellenic as Chief Executive Officer until his departure in July 2011. In October 2011, Mr. Constantinou was appointed Executive Director of Frigoglass until May 2012. Additionally, Mr. Constantinou is a member of the board of 3H Greek Hotel and Tourism Public Properties Company.

**Torsten Tuerling**

*Chief Executive Officer (executive)*

Torsten Tuerling was appointed Chief Executive Officer in May 2012.

Prior to joining Frigoglass, he was President and CEO of Franke Kitchen Systems Group, a global leader in its field, with operations in 19 countries across four continents. During his tenure at Franke, Torsten delivered significant result improvements and contributed materially to the development of their international operations. Formerly, he served as General Manager of the Food Retail Division of Carrier Commercial Refrigeration EMEA, a subsidiary of United Technologies Corporation. He successfully led the integration of Linde Refrigeration, following its acquisition by Carrier.

Torsten holds a Master's degree in Business Administration from the University of Saarbrücken in Germany and a Master of Science in Management from E.M. Lyon Business School in France.

## Board of Directors

### **Evangelos Kaloussis**

*Member (independent non-executive)*

Evangelos Kaloussis was appointed to the Board of Directors in June 2006.

He is Chairman of Nestlé Hellas. He is also Chairman of the Federation of Hellenic Food Industries and member of the Board of Directors of Alpha Bank and of Food Bank. During his professional career he assumed top management positions at the Nestlé Headquarters in Switzerland, France, Nigeria and South Africa. He holds a Master's Degree in Electrical Engineering from the Federal Institute of Technology in Lausanne (CH) and in Business Administration from the University of Lausanne as well as a graduate degree from IMD.

### **Vassilis Furlis**

*Member (independent non-executive)*

Vassilis Furlis was appointed to the Board of Directors in October 2002.

He is the Executive Chairman of Furlis Holdings SA. He also serves on the Board of Directors of Piraeus Bank SA, and of Titan Cement SA. He holds a Master's Degree in Economic Development and Regional Planning from the University of California/Berkeley and a Master's Degree in International Business from Boston University/Brussels.

### **Alexandra Papalexopoulou**

*Member (independent non-executive)*

Alexandra Papalexopoulou was appointed to the Board of Directors in April 2003.

She is Executive Director at Titan Cement Group in charge of Group Strategic Planning and serves on the Board of Directors of Titan Cement SA and of the National Bank of Greece. She is also a member of the Board of Directors of the "ALBA Graduate Business School" Foundation and of the Pavlos and Alexandra Kanellopoulou Foundation. Her professional career has included positions with the OECD as an analyst and Booz Allen Hamilton as an associate. She holds a BA degree in Economics from Swarthmore College and an MBA from INSEAD.

---

# Remuneration

## **Salary**

The salary structure is determined by an internal grading system, reflecting market pay practices. Salary ranges are determined by a number of factors, including level of accountability, know-how and professional experience.

## **Management short-term incentive plan**

The management short-term incentive plan is based on the Management by Objectives principle. The incentive plan links individual performance with company results, aiming to increase employee commitment, thus in turn encouraging exceptional performance.

All managerial level positions are eligible for year-end bonuses. Employee performance is appraised and compensated annually according to objectives achievement. Targets are set to reflect the Company's annual strategy and the plan's breakdown varies according to the individual's position within the Company. Bonus payout is calculated on personal objectives achievement, as well as on the Company, function, region or operating unit operational targets.

## **Stock options**

Members of the Executive Committee and senior management are eligible to participate in Frigoglass' stock option plan. Options are viewed as part of the total remuneration package addressing potential for development.

Options are granted at a pre-determined exercise price, vested in one-third increments each year and can be exercised for up to ten years from the date they are granted according to the plan. The terms of each plan are subject to approval at the Annual General Meeting.

## **Pension scheme**

Employees participate in the Company's pension scheme in countries where it is applicable, thereby providing a savings and incentive tool.

## **Other benefits**

Fringe benefits are offered to employees according to the grade level. These benefits range from company car, fuel allowance, private health care, meal allowance, mobile phone, kindergarten allowance and others according to local market practices.

# Financial Risks

Frigoglass' global business activities expose the company to a variety of financial risks including foreign exchange, raw materials, credit, liquidity and interest rate risks. The objective of our risk management programme is to curtail potential adverse impacts on the Company's financial performance.

Risk management is the responsibility of the Treasury department, which aims to effectively manage the financial risks of Frigoglass and all its subsidiaries, according to the policies approved by the Board of Directors. Treasury identifies, evaluates, monitors and hedges financial risks alongside the Company's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange, interest rate and credit risks, use of financial instruments and investment of excess liquidity. Treasury refrains from speculative transactions or transactions that are not related to the Company's operations.

The Company's financial instruments consist mainly of bank deposits, trade receivables and payables, bank overdrafts, revolving credit facilities, long term bank loans, corporate bond, loans to/from subsidiaries, equity investments, dividends payable and leasing obligations. The Company may use derivative financial instruments in order to hedge certain risks.

## 1. Market risk

### a. Foreign exchange risk

The Company operates globally and is exposed to foreign exchange risks. Fluctuations in exchange rates, particularly in the US Dollar, Nigerian Naira, South African Rand, Indian Rupee, Norwegian Krone, Russian Ruble and Chinese Yuan against the Euro may have an adverse impact on our financial performance.

Our subsidiaries with functional currencies other than the reporting currency (Euro) use natural hedging to limit their exposure to foreign currency risk. Natural currency hedging can be achieved by matching, to the possible maximum extent, revenue and expense cash flows in the same currency in order to limit the impact of currency exchange rate movements. When natural hedging cannot be achieved, the Company makes use of derivatives.

Frigoglass has investments in subsidiaries which operate in various countries. Their net financial positions are exposed to foreign translation exchange risk during the consolidation to the Company's financial statements. The Company is not substantially exposed to this type of risk since most of its subsidiaries use the Euro as their functional currency, with the exception of operations in Nigeria, India, Indonesia, Kenya, South Africa and China.

The Treasury department may use forward exchange contracts in a variety of currencies that mature within one year to mitigate foreign exchange risk, if required.

### b. Price risk

The Company is exposed to fluctuations in raw material prices. This risk is offset in various ways, including increased productivity, higher sales volume leading to a positive operating leverage effect and higher selling prices. We also hedge our exposure to price risks associated with the purchase of raw materials by using commodity futures, option contracts and purchase agreements with suppliers.

## 2. Credit risk

Credit risk arises from cash and cash equivalents as well as from credit exposure to customers, which includes outstanding receivables and committed transactions.

The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The granting of credit is controlled by credit limits and the application of certain terms. All subsidiaries monitor the creditworthiness of their debtors on an ongoing basis with a quarterly central review. Appropriate provision for impairment losses is made for specific credit risks. At the year end, Frigoglass considered that there were no material credit risks that had not been covered by doubtful debt provisions.

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties.

### 3. Liquidity risk

Liquidity risk is managed by maintaining sufficient cash reserves and the availability of funds through adequate credit facilities. Due to the dynamic nature of the underlying businesses, our Treasury function aims to retain flexibility in funding by having committed credit lines.

The Company manages liquidity risk by effective working capital and cash flow management. Frigoglass monitors expected cash flows and ensures that adequate banking facilities and reserve borrowing facilities are maintained. Overall, the Company has sufficient borrowing facilities that could be utilized to fund any potential shortfall in cash resources.

### 4. Interest rate risk

The Company's income and operating cash flows are not dependent on interest rate fluctuations since we do not hold any interest-bearing assets other than short-term time deposits. Exposure to interest rate risk on liabilities is limited to cash flow risk from changes in floating rates.

The Company continuously reviews interest rate trends and financing needs. Consequently, all short- and long-term bank borrowings are entered into floating rates with re-evaluation dates of less than six months. Our Corporate Bond has a fixed interest rate.

### Capital risk management

The objective in managing capital is to safeguard our ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders as well as maintaining an optimal capital structure.

In order to sustain or amend the capital structure, Frigoglass may adjust the amount of dividends paid to shareholders, capital returned to shareholders, new shares issued or debt raised.

# Shareholder information

## Share capital

50,593,832 shares outstanding  
as at 31st December 2014 at  
a €0.30 nominal value

## Market of share listing

Athens Stock Exchange (ATHEX)

## Reuters

FRIR.AT

## Bloomberg

FRIGO GA

## Free float

56%

## Annual General Meeting

Tuesday, 26 May 2015

## Dividend history (€ per share)

Full year	Amount <sup>1</sup>	AGM date	Ex-dividend date	Payment date
2001	0.048	31 May 2002	3 Jun 2002	20 Jun 2002
2002	0.064	18 Jun 2003	22 Jul 2003	1 Aug 2003
2003	0.080	21 Jun 2004	22 Jun 2004	14 Jul 2004
2004	0.112	10 Jun 2005	10 Jun 2005	12 Jul 2005
2005	0.160	9 Jun 2006	14 Jun 2006	21 Jun 2006
2006	0.256	8 Jun 2007	13 Jun 2007	20 Jun 2007
2007	0.304	6 Jun 2008	10 Jun 2008	18 Jun 2008
2008	0.480*	5 Sep 2008**	5 Dec 2008	15 Dec 2008
2009	0.080	14 May 2010	7 July 2010	14 July 2010

\* Interim dividend \*\* Extraordinary General Meeting

## Capital return (€ per share)

Full year	Amount <sup>1</sup>	AGM date	Ex-dividend date	Payment date
2008	0.72	5 Sep 2008	30 Oct 2008	7 Nov 2008
2011	0.13	31 May 2011	6 Sep 2011	14 Sep 2011

Notes: 1 Adjusted for the issuance of 10,090,659 new bonus shares (one bonus share for every four existing shares) implemented in September 2011.

## 2014 share price (€ per share)

Quarter ended	High	Low	Close
31 Dec	1.73	1.65	1.67
30 Sep	2.82	2.70	2.70
30 Jun	3.78	3.66	3.72
31 Mar	4.96	4.71	4.71

### Share price

Share price at 31 December 2014:  
**€1.67**

### Market capitalisation

Market capitalisation at 31 December 2014:  
**€84.5 million**

### Trading Volume

Average daily trading volume in 2014:  
**73,211 shares**

### Analyst coverage

**Alpha Finance**

Antonis Diapoulis

**Eurobank Equities**

Katerina Zaharopoulou

**Investment Bank of Greece**

Vassilis Roumantzis

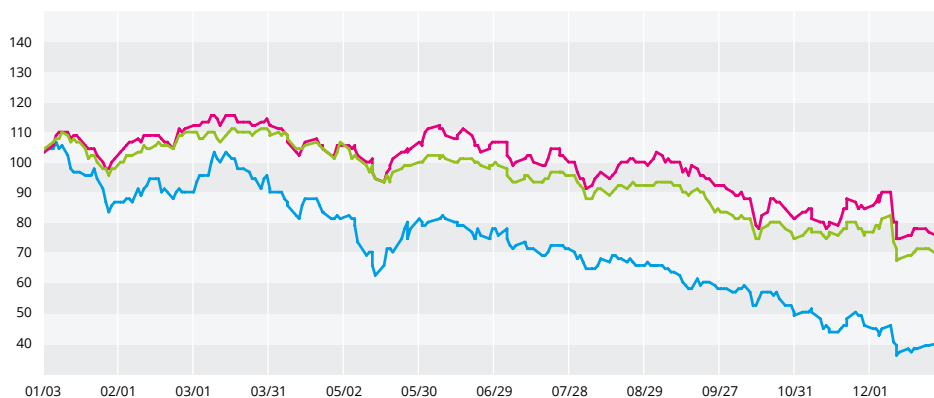
**NBG Securities**

Mary Psyllaki

**Piraeus Bank**

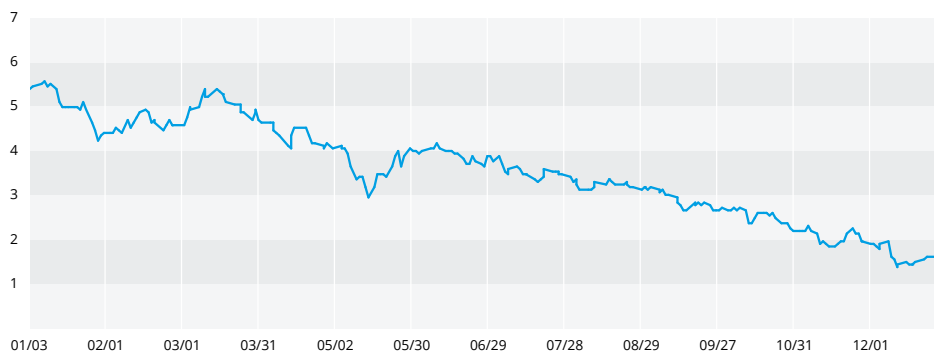
George Doukas

Frigoglass share price performance vs. ATHEX composite share price index & FTSE/ATHEX Mid Cap Index



■ Frigoglass ■ ATHEX Composite Share Price Index ■ FTSE/ATHEX Mid Cap Index

Frigoglass stock price performance 2014



# Notes





# Contact information

## **Frigoglass Head Office**

15, A. Metaxa Street  
145 64 Kifissia  
Athens, Greece

**T** +30 210 6165700

**F** +30 210 6199097

**[www.frigoglass.com](http://www.frigoglass.com)**

## Investor Relations Manager

### **John Stamatakos**

**T** +30 210 6165767

**E** [jstamatakos@frigoglass.com](mailto:jstamatakos@frigoglass.com)





[www.frigoglass.com](http://www.frigoglass.com)