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# Results Presentation

## Second quarter 2016 results

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# Second quarter highlights



- Lower y-o-y Cool sales
  - Sustained weak environment in Russia
  - Continued recovery in Western Europe through ICOOL
- Cool EBITDA margin up 100bps y-o-y
  - Favorable geographic sales mix
  - Service business performance
- Glass business impacted by Nigeria's Naira devaluation (-9.7%)
- Asia's manufacturing base rationalization
- Ongoing capital structure review process

# Ongoing challenges in Russia impacted Cool sales

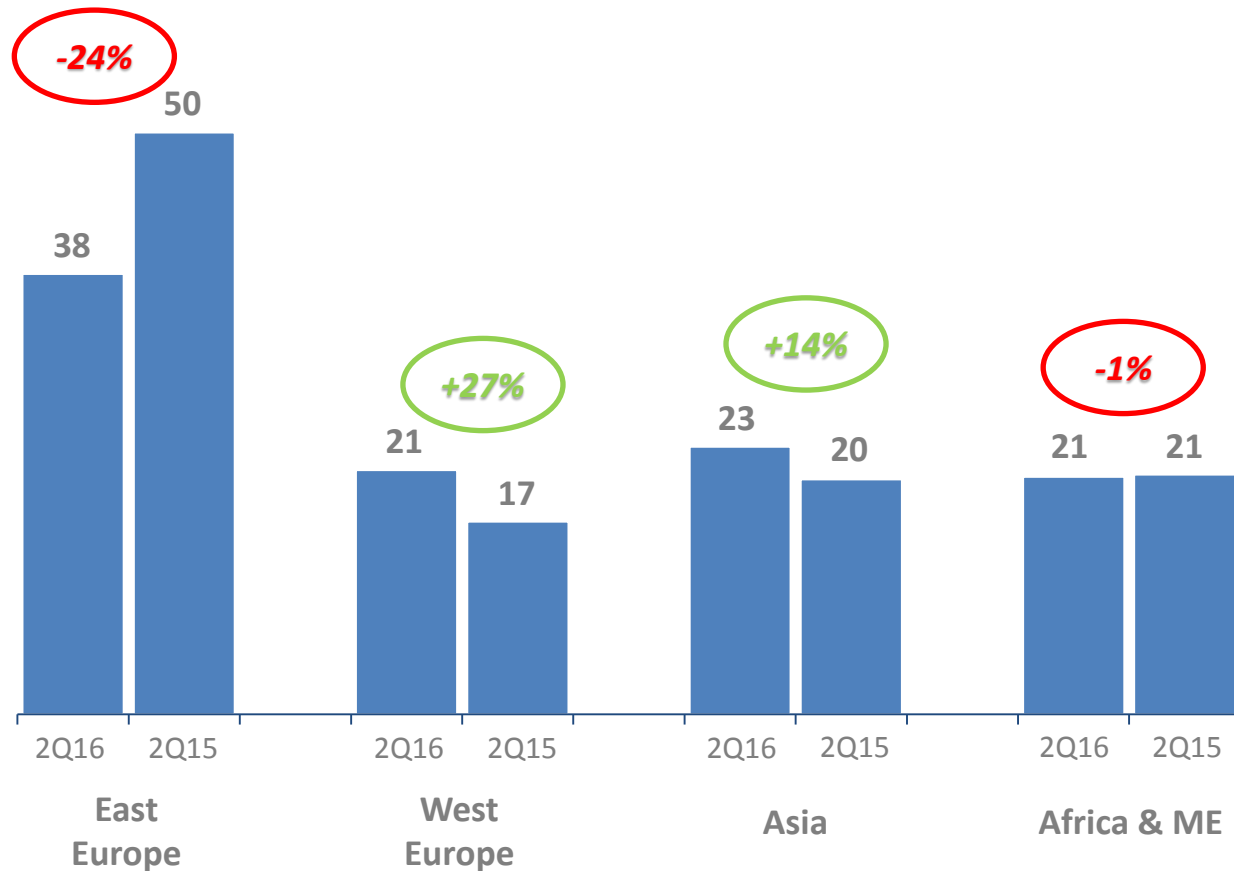
Beer industry challenges and weak macroeconomic conditions in Russia impacted sales in Eastern Europe

Continued recovery in Western Europe through sustained momentum of ICOOL among Coca-Cola bottlers

Double-digit growth in Asia

Broadly unchanged sales y-o-y in Africa & Middle East

2Q Cool sales by region (in €m)

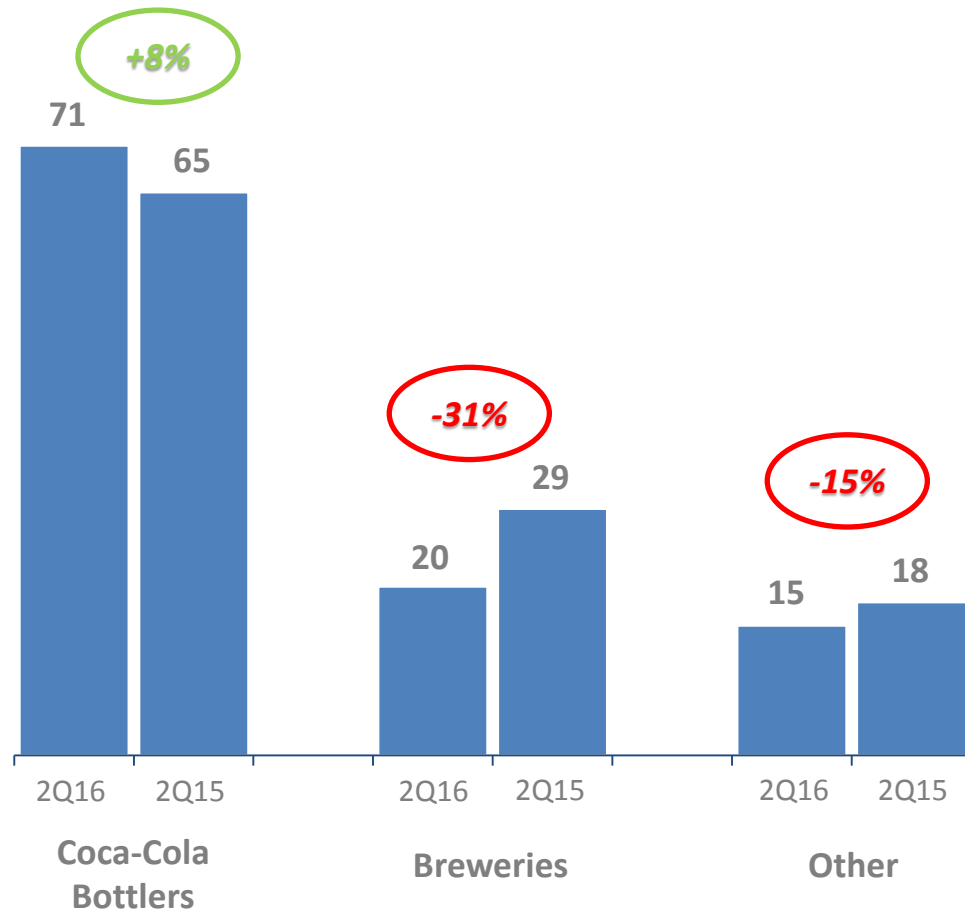


# Significantly lower sales to brewery customers in Russia

Continued growth momentum with Coca-Cola bottlers

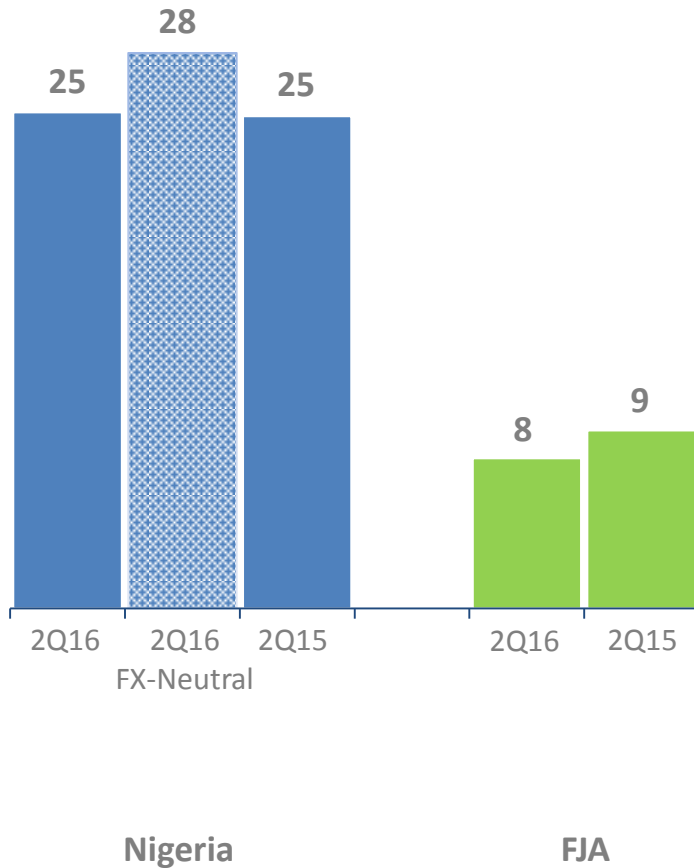
Lower cooler investments from breweries, mainly in Russia

2Q Cool sales by customer group (in €m)

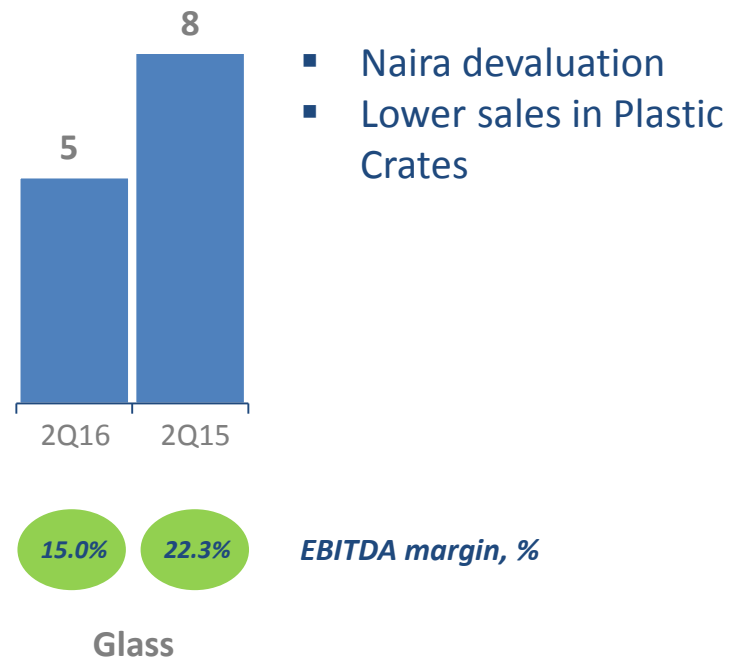


# Naira's devaluation impacted Glass business

2Q Glass Sales (in €m)



2Q Glass EBITDA (in €m)



# Manufacturing base rationalization in Asia



- Closure of manufacturing operations in China by end of 3Q16
- Production volume consolidation in India and Indonesia
- Commercial and customer service activities maintained
- Enabler for:
  - Capacity optimization
  - Fixed cost structure improvement
  - Long-term competitiveness

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# Financial review

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# Financial performance overview

Weak macroeconomic environment in Russia

EBITDA margin decline due to Naira devaluation, impacting Nigerian Glass business

Restructuring costs and capital restructuring related expenses impacted net profit

1H16 EBITDA margin decline driven by Glass Operations

Group (in €m)	2Q16	2Q15	Change, %
Sales	<b>137.8</b>	145.2	-5.1%
EBITDA	<b>17.3</b>	19.6	-11.4%
EBITDA margin	<b>12.6%</b>	13.5%	-0.9pp
Net Profit	<b>-16.8</b>	0.0	n.m.
Adj. Net Profit	<b>-0.5</b>	0.0	n.m.

Group (in €m)	1H16	1H15	Change, %
Sales	<b>239.7</b>	265.2	-9.6%
EBITDA	<b>28.0</b>	31.5	-11.1%
EBITDA margin	<b>11.7%</b>	11.9%	-0.2pp
Net Profit	<b>-25.1</b>	-4.0	n.m.
Adj. Net Profit	<b>-8.8</b>	-4.0	n.m.

*Adjusted Net Profit excludes restructuring costs and capital restructuring related expenses*



# 2Q segmental performance overview

## Cool Operations

Weak sales to breweries in Russia

EBITDA margin improvement:

- Geographic sales mix
- Service business
- Lower input costs
- Opex reduction

## Glass Operations

Currency-neutral sales up 6.2% y-o-y

EBITDA margin reduction:

- Naira devaluation
- Cost underabsorption

<b>Cool Operations</b> (in €m)	<b>2Q16</b>	2Q15	Change, %
Sales	<b>105.0</b>	111.2	-5.6%
EBITDA	<b>12.4</b>	12.0	3.6%
EBITDA margin	<b>11.8%</b>	10.8%	1.0pp
Net Profit	<b>-23.2</b>	-1.2	n.m.
Adj. Net Profit	<b>-6.9</b>	-1.2	n.m.

<b>Glass Operations</b> (in €m)	<b>2Q16</b>	2Q15	Change, %
Sales	<b>32.8</b>	33.9	-3.5%
EBITDA	<b>4.9</b>	7.6	-35.2%
EBITDA margin	<b>15.0%</b>	22.3%	-7.3pp
Net Profit	<b>6.4</b>	1.1	n.m.

*Adjusted Net Profit excludes restructuring costs and capital restructuring related expenses*

# 1H segmental performance overview

## Cool Operations

EBITDA margin marginally higher y-o-y, despite sales reduction

## Glass Operations

Naira devaluation impacted top-line and EBITDA

<b>Cool Operations</b> (in €m)	<b>1H16</b>	1H15	Change, %
Sales	<b>181.3</b>	197.7	-8.3%
EBITDA	<b>18.5</b>	20.1	-7.8%
EBITDA margin	<b>10.2%</b>	10.1%	0.1pp
Net Profit	<b>-30.1</b>	-4.0	n.m.
Adj. Net Profit	<b>-13.8</b>	-4.0	n.m.

<b>Glass Operations</b> (in €m)	<b>1H16</b>	1H15	Change, %
Sales	<b>58.4</b>	67.5	-13.5%
EBITDA	<b>9.6</b>	11.5	-16.8%
EBITDA margin	<b>16.4%</b>	17.0%	-0.6pp
Net Profit	<b>5.0</b>	0.0	n.m.

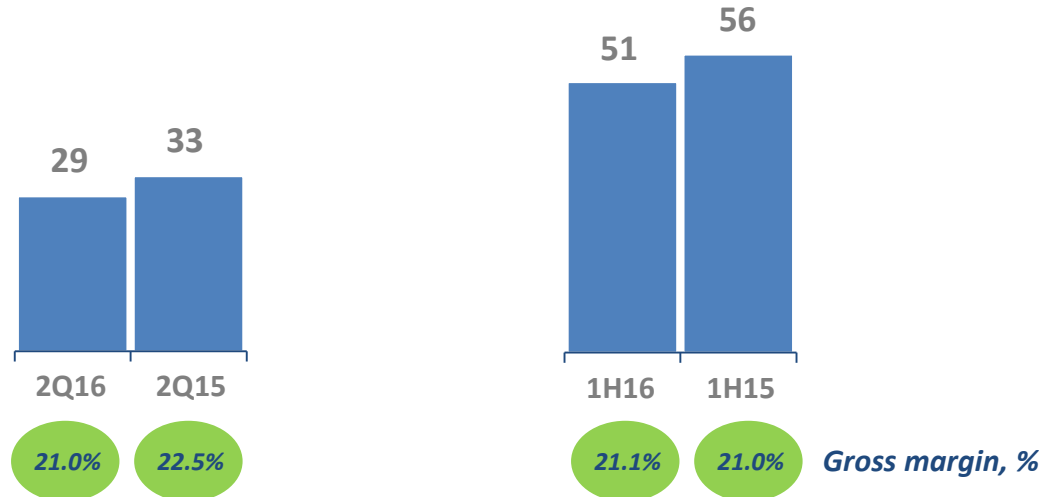
*Adjusted Net Profit excludes restructuring costs and capital restructuring related expenses*

# 20bps operating expenses over sales improvement in 2Q

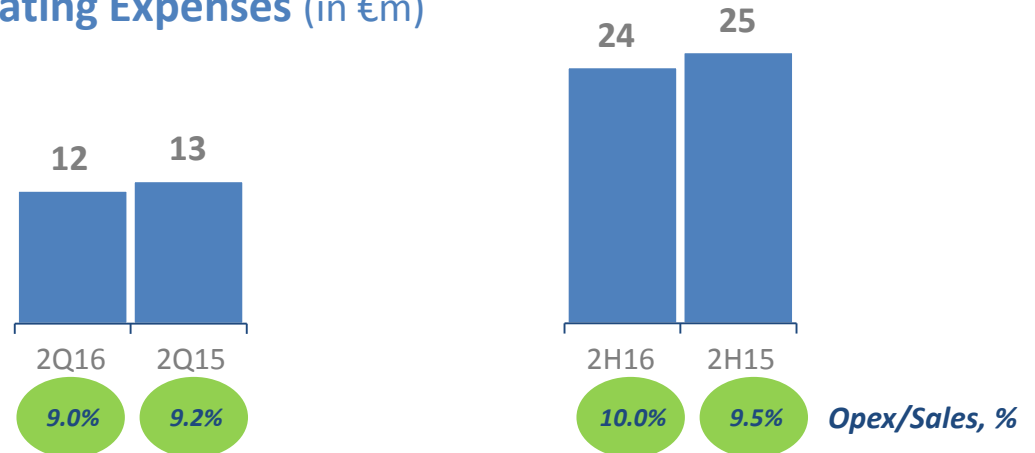
1H16 gross margin marginally better than 1H15 due to Cool business improvement

Lower administration expenses and cost efficiency measures led to a 20bps Opex/Sales improvement in 2Q16

## Gross Profit (in €m)



## Operating Expenses (in €m)



Gross profit and Operating Expenses excludes depreciation



# Restructuring costs

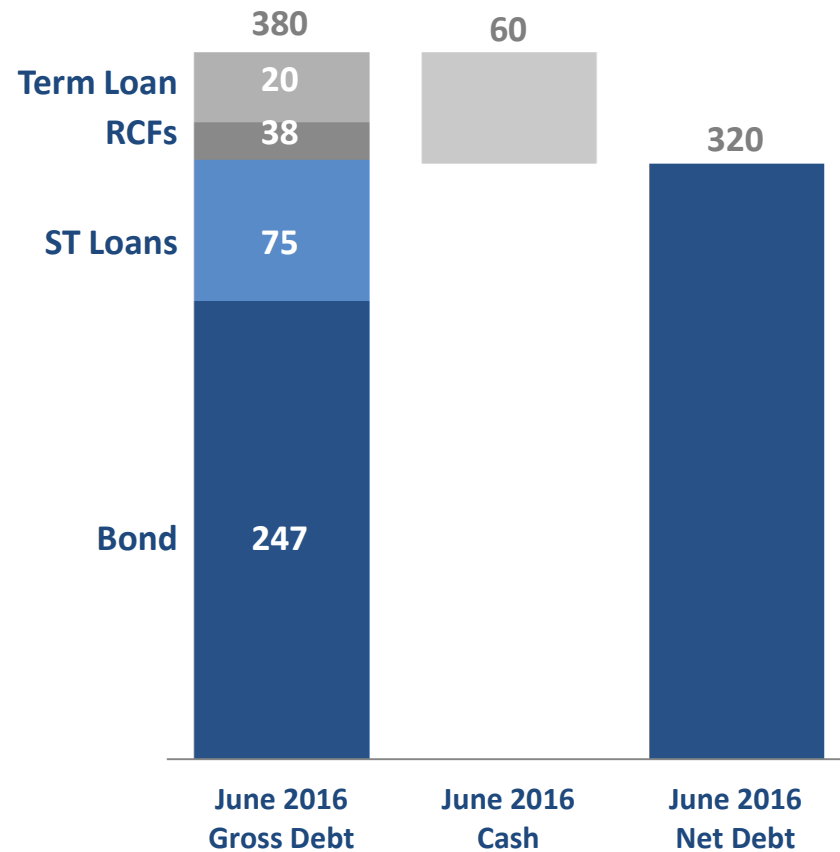


- €11.4m restructuring cost in 2Q16
  - Impairment of machinery and buildings
  - Severance and other expenses
- Estimated cash cost of approx. €2.5m
- Expected annualized cost savings of approx. €2.0m
  - Elimination of fixed production cost
  - Operating expenses reduction

# Net Debt at €320m, +13% y-o-y

€10m repayment and cancellation of RCFs' principal amount

€20m draw down of Boval SA ("Term Loan")



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# Business Outlook

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# Business Outlook



- Sustained challenges in Russia
- Service business expansion
- Uncertainty regarding Naira devaluation
- Successful execution of China closure and volume integration
- Conclude capital structure review

# Q&A





**For further information on Frigoglass, please visit our website at:**

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