

## Managing Director's review

The financial crisis that took hold at the end of 2008 significantly altered the global macroeconomic landscape in which Frigoglass had been operating. Whilst higher growth emerging markets maintained their positive momentum, Europe experienced a severe downturn, which translated into a significant change in the scale and mix of the capex plans of our customers.

Within this rapidly deteriorating environment, key business elements within our control, such as cash conservation and cost optimisation, became imperative disciplines together with focusing on reconstituting our revenue drivers.

Our 2010 consolidated revenue recovered to almost the 2007 levels but with a significantly altered geographical mix: during the period, we increased our business in Asia by four times and in Africa/Middle East by 50%; together, these regions now account for 53% of group revenue from 28% previously. Strong results during the year in Eastern Europe, led by the recovery in Russia, ongoing growth in Asia and Africa and stabilisation in some key markets in Western Europe, led to a recovery of ICM sales levels.

Throughout this period Frigoglass maintained its commitment to Sustainability and Innovation, both of which are firmly integrated into corporate strategy. During 2010, Ecocool the world's first complete product range of environmentally friendlier coolers, exceeded expectations, accounting for 25% of sales in Europe. Key characteristics of this range include the use of HFC-free refrigerants, a reduction of up to 50% in energy consumption through such features as intelligent management systems and LED lighting, as well as full recyclability. In October, Frigoglass and Coca-Cola Recycling announced a joint initiative to utilise recycled PET beverage bottles in the manufacture of plastic cooler components. These efforts have been recognised through a number of industry accolades such as the acknowledgment of our contribution to Heineken's "Brewing a Better Future" programme and a European Business Award for the Environment as one of the top European companies in the Sustainable Development category.

With continued investments in talented people and resources in our innovation and development centres in Greece, India, China, Turkey and now the USA, Frigoglass has developed 120 new products in the last two years, demonstrating strong customer orientation with bespoke products that maximise sales across trade channels.

As the crisis impacted the competitive landscape, Frigoglass progressed with gaining entry to the exciting and significant North American market aiming at capitalising on its strong Innovation and Sustainability platforms. Production facilities have been revamped with the extensive in-house metal processing capability and the installation of the environmentally friendlier cyclopentane (C5) insulation plant (first for our industry in the USA). With regard to our product range, in 2010 Frigoglass showcased its newest range of beverage coolers, Miracool, developed specifically for the North American market.

Frigoglass's Glass Operations are a further extension of our offering to beverage companies and represent an exciting opportunity to develop initiatives in line with our commitment to sustainable business practices and products. In particular, the launch of lightweight bottles, including Coke Ultra, significantly reduces the use of glass with no changes in functionality. In Plastic Crates, we have introduced a new design for our Ultra model, which is lighter and allows for an additional row on the pallet. We have also increased our capabilities and capacity in Metal Crowns, supported by the technical cooperation agreement with one of the world's highest quality bottle crown producers.

Frigoglass has continued to reinvest back into the business, increasing its capital expenditure in 2010 to €30.6 million, directed primarily towards machinery and equipment, the development of new products and the integration of the North America operations. Frigoglass also proposed the return of 33% of its 2010 profits to its shareholders through a tax-efficient capital return and repurchased 6.9% of its shares in the last two years.

Finally, I would like to express my gratitude to every member of the 5,148-strong Frigoglass team who has contributed to the remarkable performance of the Company in 2010, and it is the capabilities, talent and commitment of our people that will underpin our future growth. It is indeed an honour to stand alongside our business leaders as we diligently work towards delivering fresh value to our customers across 158 countries, so that 200 million consumers a day are delighted by an ice-cold beverage from a Frigoglass ICM. We would finally like to take this opportunity to thank our shareholders for their support and to emphatically state that we shall continue to work to protect and grow the value of their investment in Frigoglass.

**Petros Diamantides**  
Managing Director

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