

# Letter from the Chairman and the CEO

We are pleased to report a good and consistent performance, representing a step towards our commitment for sustainable growth. In the first year post our capital restructuring completion, we have laid the foundation for **Building the Future** of our business that could never have been achieved without the persistent passion and strong engagement of our people around the world.

## Market environment

After a long period of stagnation, the world economy is strengthening. While acknowledging that macroeconomic challenges persist, conditions in several of our addressable markets have improved, creating fertile ground for growth.

In the meantime, customers' demand follows the fast-changing consumer trends. Consumers, in developed markets, are moving to premium brands and healthier beverages, while those in emerging markets are also trading up. Our customers respond to this "drinking less but drinking better" trend, launching products targeting every consumer occasion. In this shifting landscape, Frigoglass is well positioned to capitalize on these trends and create

innovative, value-adding solutions to support its strategic beverage partners.

## Performance

In 2018, Frigoglass delivered an improved financial performance, representing a step forward in its post recapitalization journey towards sustainable growth. In our Commercial Refrigeration business, we achieved sales growth of 7% on continued top-line momentum in Europe and Africa. This good performance was driven by the successful execution of our commercial strategy, which resulted in increased cooler placements from key customers.

Looking in more detail at the drivers of our performance, we have made progress across all our strategic priorities, which reflect our consistent view of our long-term direction: Customer Focus, Innovation Leader, Frigoserve, Quality First, Cost Leadership and Winning Organization.

Our ICM portfolio continued evolving and expanding to meet the changing needs of our customers. Our innovation and expansion included the Hybrid family, targeted for emerging markets, the Plus range that achieved market penetration in Russia and the Flex range that met immediate success in Europe and Africa.

We also enhanced our market presence in India by launching "Norcool by Frigoglass", a complete line-up of coolers and freezers targeting the country's white goods market. Overall, we are pleased to have built an innovation pipeline that fuels growth.

We also expanded our Frigoserve business to new geographies. We inaugurated a new Service Operations center in Hungary to

enhance our footprint in Central Europe. More importantly, we stayed on track with our goals and achieved our target to provide our integrated services to more than 1.000.000 coolers.

Our Glass business saw a strong performance, led by demand for glass containers and a complementary plastic crates offering. In 2018, market demand across West Africa rebounded after the challenges of the two previous years. We also increased capital spending towards the maintenance of our glass furnace in Ughelli to improve efficiency.

In our Nigerian Glass operations, we continue to invest for future growth. In the last quarter of 2018, we announced a €25-30 million investment to expand our furnace capacity at the Beta Glass Guinea plant, located in Agbara, Ogun state. The investment includes the replacement of an end of its lifetime furnace with a new larger one, an additional production line, upgrades to existing production lines, as well as, new quality inspection equipment. The new furnace is expected to become fully operational in 2020. With this investment, we support the growth of our international and regional beverage customers, in the high growth West African region.

Another important development in 2018 was the completion of the Dubai-based glass business divestment. This was in line with our transformation strategy. This strategic move enables the company to focus on its commercial refrigeration business and the high growth Nigerian business operations.

## Sustainability leadership

While we are pleased with our financial results and the execution of our strategic priorities, we are proud of our sustainability performance. During the year, we made further progress across all sustainability pillars: the share of our green coolers grew to 82% of our total sales volume; our direct operations reported improved energy efficiency and reduced environmental impact; our people worldwide were systematically educated by the recently launched “Frigoglass Academy” platform; finally, the local communities in the regions where we operate were supported with targeted programs that improve people’s wellbeing and development. For the second year in a row, as evidence of our commitment to sustainability, we were awarded with the EcoVadis Gold distinction.

## Business transformation

Our journey is focused on the strategic reengineering of our global business processes and their incorporation into the latest technology tools, based on the SAP platform. This represents a quantum leap towards our transformation and is in line with our objective to become even more efficient, agile and customer centric.

Furthermore, to emphasize our priority to staying ahead of market and customer needs, we brought Commercial, Manufacturing, Planning & Logistics and Quality functions under the common global lead of our ICM Division Director. This change allows for a more effective, flexible and customer-centric organization, and has already reaped rewards.

## Building the Future together

On behalf of the Board and the Executive Committee, we would like to thank our shareholders for their patience and support. We would also like to extend our deepest appreciation to the Frigoglass community for their commitment and passion to advance your company forward. Finally, we would like to acknowledge the excellent relationships and trust that we have developed with our customers and suppliers globally.

Going forward we are optimistic for 2019 and about the company’s future, encouraged by the positive trends seen so far in the current year. We have work to do, but we have identified clear opportunities towards sustainable growth and are addressing them through our focus, energy and determination.

**Haralambos (Harry) G. David**  
*Chairman of the Board of Directors*

**Nikos Mamoulis**  
*Chief Executive Officer*



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*Chairman of the Board of Directors*



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*Chief Executive Officer*