

# Letter from the Chairman and the CEO

Dear stakeholder,

2019 was another year with strong performance and progress against our strategic priorities, delivering sales growth, EBITDA margin expansion and free cash flow generation. We continued building on the fundamental operational improvements embedded across our business, elevated innovation and remained strongly focused on our commercial and cost-out initiatives, as well as, our strategic investments for long-term growth.

In 2019, we continued our turnaround journey for a second consecutive year post the capital restructuring. A series of strategic initiatives implemented within the year enabled us to deepen our customer-centricity and improve our financial performance.

## Solid performance in 2019

We delivered a sound performance which was in-line with our expectations, while continued undertaking far-reaching transformational changes in our business. We grew sales by 16%, with comparable EBITDA improving over-proportionally by 27%, resulting in a margin expansion of 130 basis points to 15%. We also delivered a net profit of €6 million, compared to a loss of €9 million in 2018. We closed the year at €19.5 million of comparable adjusted free cash flow, representing a 55% growth versus 2018, despite high investments to support long-term growth of the Group.

Late in the year we engaged to refinance the vast majority of our borrowings in the international debt capital markets that was successfully completed in February 2020, through the issuance of €260 million Senior Secured Notes. Securing our funding for a 5-year period was a priority and will allow us to focus on our operations.

## Operational and financial business performance

We are pleased to see our **Commercial Refrigeration business** sales growing by 17% on the back of sustained momentum in Europe and Asia. Our renewed commercial strategy resulted into strong growth both in the soft drink and in the brewery segments across Europe. We remained focused on growing our market share with Coca-Cola bottlers, and in parallel expanding our customer base with the international and local accounts. The successful commercial initiatives during the year also resulted in increasing our market share with key breweries. In Asia, we achieved increased demand from key soft drinks customers in India and breweries in Southeast Asia. We also expanded our customer base in India

for our newly launched Norcool brand, which offers a complete product range of chest coolers and freezers to the white market, as well as launched a new range of countertop coolers for the chocolate segment.

2019 was an exceptional year also for our **Frigoserve business** thanks to customer and territory expansion as well as our operational efficiency initiatives. We improved our cost structure, invested behind our Spare Parts operations' information systems and significantly upgraded our infrastructure. We now enjoy an overall stronger position and added a logistics service in the UK which enabled us to offer a full service support to our customers in this market. In Western Europe, we remained focused on expanding into new countries with our major customers as we also continued to develop our business in India, harvesting the country's growth potential.

The performance of **our Glass business** remained solid, with sales increasing by 12% in 2019. This was achieved following solid demand for glass containers from key breweries and soft-drink customers as well as our price initiatives. The metal crowns business also reported an improved performance, with sales increasing by a double-digit rate, as our product and customer development strategy started to deliver tangible results.

During 2019, we prepared the Agbara plant for the furnace capacity expansion project, carrying out a significant amount of pre-work. We anticipate the upgraded furnace to be up and running towards the end of the third quarter of 2020. Following the successful completion of our €28.5 million investment we will pioneer NNPB technology for the first time in West Africa,

enabling lightweight glass container production to support our customer's growing needs for packaging suited for modern trade.

## Elevating innovation

The year's performance is also a reflection of our strong focus on innovation. We continued to develop our innovation pipeline and launched iSlim. A cooler with a slim design which makes its placement flexible to various locations. We also launched the Easy Reach Express 2.0, an open-front cooler with refreshed and customer appealing aesthetics that consumes significantly less electricity compared to its predecessor, enabling our customers to meet their sustainability targets. We are particularly pleased with customers trending towards connectivity solutions, with 50% of our sales representing IoT (Internet of Things) enabled coolers.

## Sustainability leadership

During the year, we improved our performance across all sustainability pillars and we are particularly proud that the share of our green coolers represented 82% of our total volume, while our direct operations reported improved energy efficiency and reduced environmental impact. This effort received Gold Recognition of commitment to the principles of sustainability and energy efficiency by the leading CSR rating agency EcoVadis, for the third year in a row.

## A challenging year ahead

The unfortunate COVID-19 pandemic is primarily a human tragedy, affecting millions of people around the world. Global economy will be tremendously impacted, therefore looking into 2020, we expect our results to be challenged by the volatility of the market environment under these circumstances. We are closely following up the developments and are taking measures to support our profitability and preserve our financial flexibility.

2019 performance and our clear strategic direction, supported by the drastic transformation of Frigoglass with an optimized manufacturing footprint, robust cost management, improved financial flexibility and organization effectiveness step up, form a strong foundation so as to effectively address the turbulence of the external environment in 2020.

To share our confidence, we invite you to read more about our 2019 performance and initiatives in this report and we take the opportunity to express our gratitude and thanks to our shareholders for their trust and support, our customers for their continued engagement, our suppliers and our employees for their undivided commitment and our Board of Directors for their valuable guidance.

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

**Nikos Mamoulis**  
*Chief Executive Officer*



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



**Nikos Mamoulis**  
*Chief Executive Officer*