

2017 | **Vetropack Holding Ltd**
Annual Report and Remuneration Report





Cold-pressed, but hot stuff: high-quality, natural olive oil is pure pleasure – for your eyes and nose as well as your taste buds. The warm climate and fertile soil of the growing regions, coupled with the manufacturers' extensive experience, guarantee a full-bodied flavour.

Glass bottles in various different shapes and colours provide protection and preserve the popular oil's unique character. Whether it comes in traditional standard containers or exclusive bottles tailor-made to customers' requirements, olive oil enriches the diversity of life.



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At a Glance

Key Figures 2017

		+/-	2016	2017
Net Sales	CHF millions	5.0%	601.7	631.5
EBIT	CHF millions	30.0%	49.3	64.1
Consolidated Profit	CHF millions	33.8%	42.6	57.0
Cash Flow*	CHF millions	20.2%	105.1	126.3
Investments	CHF millions	- 29.8%	95.8	67.3
Production	1 000 metric tons	0.6%	1 398	1 407
Unit Sales	billions	4.0%	4.87	5.07
Exports (in unit terms)	%	-	43.5	43.4
Employees	number	0.4%	3 243	3 257

* operating cash flow before change of net working capital

Agenda

2018

Annual General Assembly (Bülach)

20 April 2018, 11:15

Semi-Annual Report

28 August 2018

2019

Press Conference (Bülach)

19 March 2019, 10:15

Annual General Assembly (St-Prex)

24 April 2019, 11:15

The portraits used to illustrate this business report are of employees of the Vetropack Group. They are all united and characterised by a love of glass, regardless of the country or site where they work. Year after year, day after day, hour after hour, they produce glass packaging for customers in nine different standard colours and numerous speciality colours, if so required. The variety of shapes and customised engravings on offer also ensure that no wish goes unfulfilled.

Board of Directors' Report

Dear shareholders,

Vetropack Group enjoyed a successful 2017 marked by healthy growth and continued expansion on its domestic and foreign markets. Sales of glass packaging broke through the 5 billion unit barrier for the first time. With all plants working to full capacity and no significant stoppages in production due to furnace repairs, performance improved substantially and the balance sheet was strengthened.

Net and unit sales. Under favourable market conditions, Vetropack Group increased net sales by 5.0% to CHF 631.5 million in the 2017 fiscal year (2016: CHF 601.7 million). This equates to growth of 3.4% in local currencies.

Unit sales of container glass rose by 4.0% to 5.07 billion units of glass packaging over the same period (2016: 4.87 billion units), bringing Vetropack Group over the 5 billion unit threshold for the first time and marking a new record for unit sales. This increase in unit sales was spread evenly between the domestic markets on the one hand and the export business on the other. As a result, the percentage of total unit sales attributable to the domestic markets remained virtually constant at 56.6% (2016: 56.5%), with exports accounting for 43.4% (2016: 43.5%).

Performance of the Vetropack companies. All Vetropack companies contributed to the increase in revenue and unit sales.

On a challenging and fiercely competitive domestic market, Vetropack's Swiss glassworks managed to keep volume steady while substantially increasing the amount it exported thanks to targeted sales activities.

Vetropack Austria, with its two glassworks in Pöchlarn and Kremsmünster, succeeded in increasing domestic

volume slightly as well as ramping up export activities to neighbouring countries. This increase in volume was down to the Pöchlarn plant's new, added-capacity flint glass furnace commissioned in late 2016. This extra capacity is enabling Vetropack Austria GmbH to further consolidate its strong market position both domestically and internationally and to meet customer needs in a more tailored way.

The Czech plant, Vetropack Moravia Glass, increased its focus on making heavier and higher-quality glass packaging during the 2017 reporting year, a sales strategy that saw sales volumes dip but the added value improve significantly.

The measures intended to boost productivity at the Slovakian glassworks, Vetropack Nemšová, bore fruit, enabling the plant to expand its production volume by more than 2% in 2017. This additional volume mainly translated into higher export sales.

Following a lengthy period in the doldrums, the economy in Croatia and its surrounding countries has brightened slightly, benefiting the Croatian plant, Vetropack Straža, which increased both unit sales and revenue year on year.

A much more stable environment in Ukraine during the reporting year heralded the first signs of an economic



Claude R. Cornaz, CEO (left), Hans R. Rüegg, Chairman of the Board of Directors (right)

upturn and enabled Vetropack Gostomel to grow sales significantly in both unit and net terms. Export activities were also expanded strategically to over twice the volume that they generated in the previous year. This positive trend, coupled with an unexpectedly stable Ukrainian currency – the hryvnia – in 2017, pushed net sales in Swiss francs up by over 20% year on year.

In 2017, Vetropack Italia assumed responsibility for sales activities on its domestic market, which is

Vetropack's largest. The subsidiary now handles exports by its sister companies to Italy, enabling it to enhance relationships with local Italian customers and further extend its market presence. Boosted by these additional deliveries from its sister companies, Vetropack Italia's net sales jumped by over 25% compared with the previous year. Production capacity at the subsidiary's own plant was lower than last year due to scheduled maintenance to improve quality.

Production volume on the rise. A total of 1.41 million tonnes of saleable glass packaging were produced, as against 1.40 million tonnes in 2016.

Improvement in operating profitability. Vetropack Group generated consolidated EBIT of CHF 64.1 million, up by 30.0% on the previous year (2016: CHF 49.3 million). At 10.1% of net sales, the EBIT margin was well above the previous year's figure of 8.2%. This pleasing development reflects the positive market environment, greater production capacity and stable production costs in the reporting year.

Growth in consolidated profit. The strong operating added value and exchange rate gains on euro-denominated credit balances drove the consolidated annual profit up by an impressive 33.8% to CHF 57.0 million (2016: CHF 42.6 million), while the profit margin climbed to 9.0% (2016: 7.1%).

Further improvement in liquidity situation. Cash flow from operating activities increased further during the reporting year and amounted to CHF 124.7 million (2016: CHF 116.6 million), equating to 19.7% (2016: 19.4%) of net revenue. With only one furnace being repaired in 2017, the cash outflow from investing activities dropped from CHF 96.0 million in the previous year to CHF 64.7 million in this. All investments were fully financed by the Group's own funds. Free cash flow increased from CHF 20.6 million in the previous year to CHF 60.0 million, pushing the Group's net liquidity up accordingly to CHF 68.3 million (2016: CHF 16.9 million).

Balance sheet structure. Consolidated total assets grew significantly year on year to CHF 932.2 million

(2016: CHF 840.7 million). Thanks to the positive change in liquid assets and the increase in accounts receivable due to the revenue trend, short-term assets were up by 20.0% to CHF 407.9 million (2016: CHF 339.9 million). As most of the Group's long-term assets are denominated in Euros, the weaker Swiss franc caused this item to rise by CHF 23.5 million to CHF 524.3 million (2016: CHF 500.8 million).

Exchange rates also brought about a CHF 8.6 million increase in liabilities to CHF 243.9 million (2016: CHF 235.3 million). Some long-term financing was reclassified as short-term, which will enable Vetropack Group to repay some of its borrowings in 2018.

Shareholders' equity increased to CHF 688.3 million (2016: CHF 605.4 million). With an equity ratio of 73.8% (2016: 72.0%), the balance sheet remains very healthy.

At the end of the reporting year, Vetropack Group employed a workforce of 3,257 people (31 December 2016: 3,243 people).

Investments. Vetropack Group invested a total of CHF 67.3 million (2016: CHF 95.8 million) during the reporting year. The focal points were scheduled repairs to a flint glass furnace and the installation of a modern glass-blowing machine at the Ukrainian plant, Vetropack Gostomel. More new glass-blowing machines were also put in place at the Swiss, Czech and Croatian plants in 2017 to increase the capacity utilisation of the furnaces while giving greater flexibility in production. In Italy, meanwhile, in addition to some significant infrastructure maintenance projects,

a new sorting system was installed on a production line and equipped with powerful inspection machines.

Vetropack share. The stock market price of the Vetropack bearer share was CHF 1,876.00 at the end of 2017 (31 December 2016: CHF 1,775.00). Compared to the previous year, the share increased in value by 5.7%.

Dividend. The Board of Directors will propose to the Annual General Assembly on 20 April 2018 that a gross dividend of CHF 45.00 per bearer share (2016: CHF 38.50) and CHF 9.00 per registered share (2016: CHF 7.70) be paid out.

Outlook for the 2018 fiscal year. As things stand, the glass packaging industry will continue to enjoy a positive market environment in 2018. Consumption and demand appear to be stabilising at a slightly higher level. Vetropack Group will be able to utilise all its capacity to the full and is anticipating a slight increase in net sales. An operating result similar to that achieved in 2017 is forecast in view of the higher expenses incurred on the two major furnace products. Consolidated profit, by contrast, looks set to come in below 2017's level as the high exchange rate gains seen in 2017 are unlikely to be repeated. As in the past, however, the exchange rate trend could have a significant impact on the Group's results.

New CEO. The changing of the guard on the Management Board that was announced back in February 2017 was completed as planned: with effect from 1 January 2018, Claude R. Cornaz handed over the baton as CEO to Johann Reiter, previously head of the Business Division Switzerland/Austria. Mr Cornaz will

be nominated for election as Chairman of the Board of Directors at the Annual General Assembly in April.

Thank you. On behalf of the Board of Directors, we would like to thank our employees for their outstanding commitment and hard work during 2017. We would also like to thank our customers, suppliers, business partners and shareholders for their support and the confidence that they have shown in us.



Hans R. Rüegg
Chairman of the Board of Directors



Claude R. Cornaz
CEO

Bülach, 14 March 2018



“2017 was a year of continuity and new faces” – Claude Cornaz, CEO of Vetropack *(until 31 December 2017)*

Mr Cornaz, we're having this conversation at a time when you're no longer CEO but not yet Chairman of the Board of Directors of Vetropack Group. How do you feel?

Great! I can look back on 18 years of being responsible for Vetropack Group's day-to-day operations as CEO and forward to being involved in the long-term strategic management of our group of companies. It's a new challenge that I'm very excited about. And today, the day of this interview, I'm a member of the Board of Directors – as I have been for the past 20 years, incidentally (smiles). But, as we know, the reason we're having this conversation is to look back on the 2017 fiscal year, in other words the year in which I still held operational responsibility for Vetropack in my role as CEO.

Agreed. So let's talk about 2017. What has made this year special? And what will make it stick in your mind?

This would take us back to the handover ... Being my last year as CEO, it goes without saying that 2017 will stick very clearly in my mind. Rather than being a year with major rough edges, it was another year marked by positive continuity. I say “positive” because we succeeded – entirely in line with expectations – in bringing about continuous improvement: we ramped

up our production, increased unit sales and revenue, and improved performance.

Thinking about internal events, I'll remember 2017 as a year of new faces. Several changes in the make-up of the Management Board were completed or set in motion. We spent a lot of time discussing and deliberating how many changes were sensible, but also easily digestible, in what was, after all, quite a short space of time. Looking back – even though we haven't fully taken the final step yet – I'm very happy and feel vindicated in my belief that a strong group of companies with strong local management teams can cope with a great deal.

So what were the individual changes?

As well as the CEO handover on 1 January 2018 that we've already talked about, we welcomed a new head of the Business Division Ukraine in February 2017: Pavel Prinko took over from the retiring Andriy Girnyk, who had held the post for many years. Someone else entering retirement is Gregor Gábel, who was replaced as head of the Business Division Czech Republic/Slovakia by Boris Sluka with effect from 1 January of this year. Both men worked hard to familiarise themselves with their new remit even before they took up their respective posts and have really got to know their customers, management teams and staff,

but also the Group as a whole. The final step is now under way with Johann Eggerth replacing the Group's new CEO Johann Reiter as head of the Business Division Switzerland/Austria on 1 March 2018.

A bit much all in one go?

I don't think so. Firstly, we're not doing everything "all in one go", but rather we're spreading it out over more than a year. Secondly, it serves as confirmation as far as I'm concerned that a robust organisation with an experienced management team and stable business operations can "digest" an awful lot. And thirdly, we planned all the changes carefully and placed a lot of emphasis on the right internal and external communications.

But you didn't just focus on internal affairs and your organisational structure in 2017, did you?

No, of course not. One focal point, for instance, was the continued harmonisation of Group processes at Vetropack Italia, where we invested in the sorting systems on a production line and brought the quality assurance process in-house – this had previously been taken care of by external companies. Vetropack Italia has also been responsible for all our Italian sales since the start of 2017, in other words including deliveries from the sister companies, which also brought about major changes to workflows. The second example I'd like to mention is the successful certification of the St-Prex plant to FSSC 22000. This means that an important food-safety objective has now been achieved in this plant too. On the technical side of things – for my third example – we've done a lot to optimise capacity and production. In the



Croatian plant, for instance, where we've installed a new production machine, or with the work done to plan the two furnace overhauls in Nemšová and Kremsmünster for 2018. The two projects entail much more than actually replacing the furnace, because major investment is being made at both sites to improve capacity utilisation and optimise production flexibility. And it's also worth mentioning the opening of our group-wide training centre at the Pöchlarn plant, which hosted its first training courses for production staff from several of the Group's plants during 2017.

What's the current status of the hard glass project?

It's now called "VIP glass", which stands for "Vetropack Improved Performance Glass". We successfully began series production of hardened container glass for a beer bottle in mid-2017. Before the initial market trials can be carried out, we still need to conduct extensive tests and studies, which are unlikely to finish before the end of 2018. We are planning to trial VIP glass in a small market – "small" in the geographical sense – in the first half of 2019.

Mr Cornaz, thank you very much for talking to us. We wish you every success and a lot of satisfaction in your new role.

Bülach, 14 March 2018



Impressions 2017

Successfully certified. A certified management system for work safety is successfully introduced into Vetropack's Austrian glassworks in Pöchlarn in February. This certification is in accordance with OHSAS 18001:2007.

Lightweight in cuvée. In spring, PrJSC Vetropack Gostomel wins over the jury of the Ukrainian Packaging Stars with its "Bordolesse light 750 ml" wine bottle from the standard range and wins the thirteenth star. The light weight and the glassworks' new cuvée bottle colour get a particular mention.

New production machine. The production machine on one line in the Czech glassworks is changed at regular intervals.

Customer feedback. The Vetropack companies in Croatia, Switzerland, Austria and in selected export countries conduct a customer satisfaction survey in April. As well as very positive feedback, some areas for improvement are identified.

New online catalogue. The Vetropack Group publishes the new online catalogue. Searches can be filtered by product groups, shapes, colours, mouths, sealing types and content quantities and detailed information is available for each product.



First appearance at GLASS PACK. Vetropack Italia presents an ample range of glass containers at GLASS PACK exhibition, which is held for the first time in Pordenone, Italy. The fair is dedicated to companies that produce glass containers for the food and beverage industry and also to the ones involved in the packaging sector.

Excellent exports. In June, Vetropack Straža d.d. wins the "Golden Key" as the best company that exports to Serbia. The glassworks has been carrying out intensive market research in the neighbouring country for sixteen years.

Successfully certified by TÜV. In July, Vetropack Italia S.r.l. renews its certification and flawlessly meets the hygiene standards in the production of glass containers for the food and beverage industry. The audit has been carried out by TÜV Saarland in accordance with the European EN 15593, a big step forward to achieve ISO 22000.

Investments in technology. In the Swiss glassworks in Saint-Prex, the forehearth's fireproof material is replaced on three lines. On one line, the production machine, the lehr and the cold end are replaced



by new, modern facilities. This allows for better exchanging of moulds with other Vetropack glassworks and for lightweight wine bottles and similar glass containers to be produced using the press-blow-narrow-neck method.

Training and development. With the support of Vetroconsult AG, the new Group-wide training centre in Pöchlarn for production employees starts its training courses in September. The first national and international participants from the area of hot ends start

their training. The new glass-process engineering apprenticeship is also created. The first apprentices will start their training in September 2018.

Group appearance. At the SIMEI@drinktec in Munich, Germany, the Vetropack Group primarily presents its extensive standard wine range. Visitors are able to taste wine from all Vetropack countries. Particularly successful packaging solutions from the beer, soft drinks, mineral water and fruit juice sectors are also presented.

Two new production machines. The flint glass furnace in the Croatian glassworks receives two new production machines – one of which has twelve stations. This leads to better use of the melting capacity and allows for a higher yearly production of 5,600 tonnes of molten glass.





Flint glass furnace repaired. In Gostomel, Ukraine, the flint glass furnace is completely renovated following eleven years of continuous operation. Repairs are also carried out at hot and cold ends to ensure high-quality production over the next few years. The new furnace is more energy-efficient and has a higher melting capacity.

Cooking with Friends of Glass. Friends of Glass, together with Vetropack Austria GmbH and Austria Glas Recycling launches a food-blogger event, where people are invited to cook together using products packaged in glass. Many interested parties take up the offer and learn why glass is the healthiest packaging for food and drink.

Investments in Italy. The second semester 2017 starts with the modernization of the Cold End area with introducing a cutting-edge technology on one line and completing automatization of the inspection and packaging areas. The renewal includes also an extension to the working area and a brand new hall roof. The Hot End area is now as well state of the art after a completed major maintenance program of IS machines.

Craft beer booms. In spring and autumn, PrJSC Vetropack Gostemel takes part in the local brewer forum and presents the wide selection of products in the standard beer bottle range. They are joined at the event by 34 local craft-beer brewers.

Equal opportunities ensured. Vetropack Straža d.d. signs the Diversity Charter, pledging the creation and promotion of equal opportunities for its employees.

Protective storage. Another 6,500 square metres of the warehouse in Rogatec, Slovenia, are now covered. The storage of pallets with ready goods in the covered warehouses helps the Croatian glassworks meet the FSSC requirements.

Reward for untiring efforts. Vetropack Straža d.d. wins the CSR Index Award in the large company

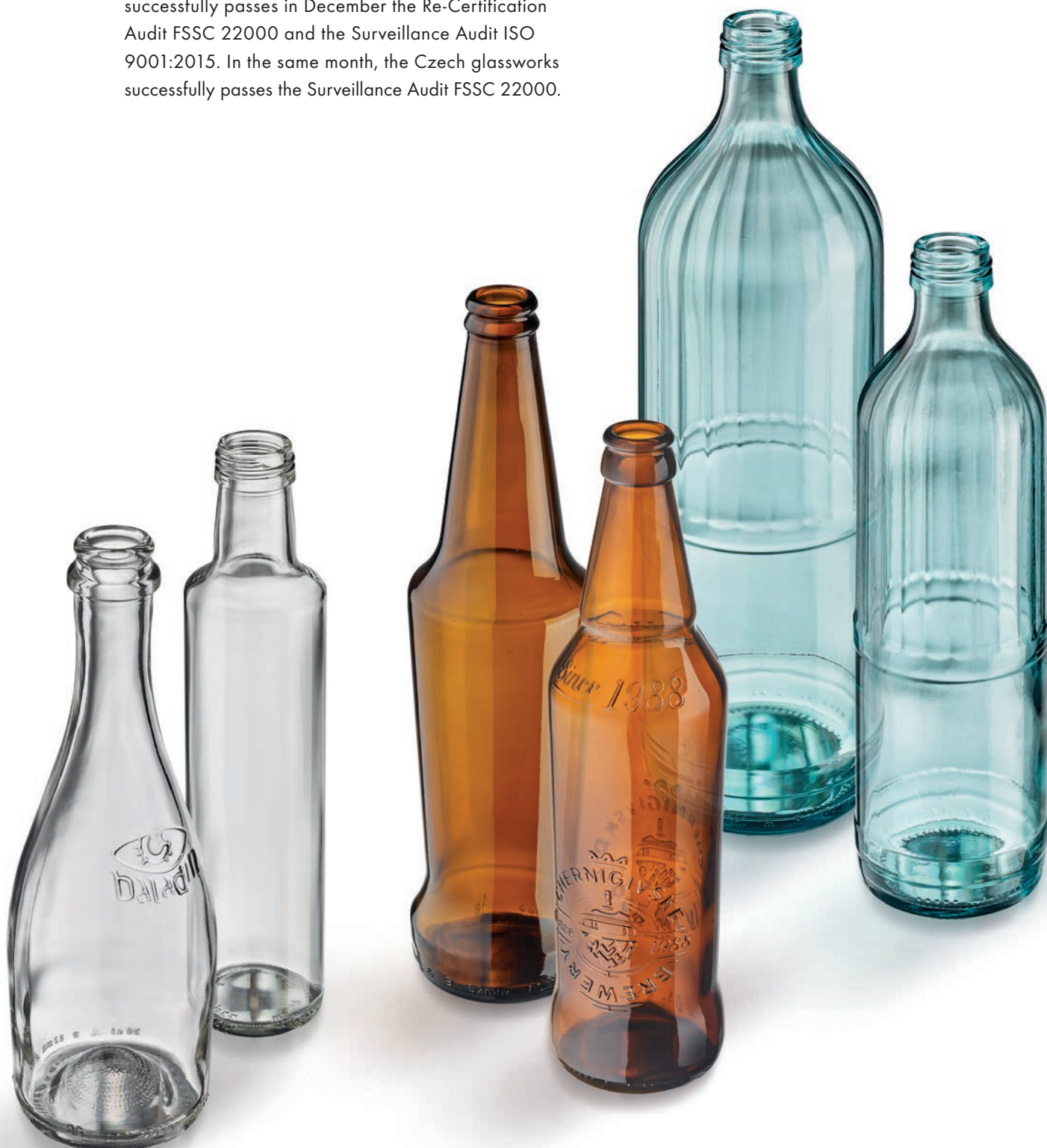
category. This award is a tribute to the continuous efforts of the glassworks to constantly take account of its impact on the environment, society, employees and business partners.

Local success. As the most successful and largest company in north-west Croatia, the Croatian Chamber of Economy honours Vetropack Straža d.d. with the "Golden Marten" award.



Nine lubricating robots at work. By the end of 2017, Vetropack has fitted out nine production machines in Kremsmünster, Pöchlarn, Kyjov and Hum na Sutli with lubricating robots, which coat preforms with an oil and graphite layer. Constant and equal lubrication is a basic requirement for ensuring a flawless moulding process and the quality of the glass containers.

Successfully certified. Vetropack Nemšová s.r.o. successfully passes in December the Re-Certification Audit FSSC 22000 and the Surveillance Audit ISO 9001:2015. In the same month, the Czech glassworks successfully passes the Surveillance Audit FSSC 22000.





Report on Group Companies

Vetropack Ltd (Switzerland)

Vetropack Ltd made net earnings of CHF 78.3 million in the 2017 fiscal year, up by 6.4% on the previous year. A total of 456.4 million units of glass packaging were sold. Exports made up 23.2% of total sales.

In Switzerland, the demand for empty glass containers was kept steady despite the increase in imports of glass packaging already filled abroad.

	+/-	2016	2017
Net sales in CHF millions	6.4%	73.6	78.3
Unit sales in millions	7.6%	424.2	456.4
Exports in unit terms		21.2%	23.2%
Production in tons	8.5%	95 342	103 429

In 2017 investments were made in more up-to-date production lines. The plant in St-Prex is thus now better placed to meet market requirements and offer new, innovative products. The loss of capacity that the glassworks suffered when operations were interrupted for machine replacement and repair work was offset by bringing in additional deliveries from its sister plants.

Vetropack Ltd's recycling activities again focused on close cooperation with organisations, municipalities, cities and authorities. The St-Prex plant was able to obtain sufficient used glass for its production purposes despite high demand for this material from foreign recycling companies.

Apart from the downtimes caused by the machine replacement and repair work, production capacity was fully utilised. At the end of the 2017 fiscal year, Vetropack Ltd employed 206 people (2016: 199).

Vetropack Austria GmbH (Austria)

In the 2017 fiscal year, the net earnings of Vetropack Austria GmbH amounted to EUR 177.3 million, an improvement of 3.1% on the previous year. Sales of glass packaging increased to 1,631.0 million units. Exports made up 45.9% of total sales.

Two main factors were responsible for this welcome trend: sales growth in Austria itself, which translated in particular into very high demand during a summer of good weather, and a highly successful working relationship with key customers at home and abroad.

Both Austrian glassworks (Pöchlarn and Kremsmünster) began switching their forklift fleet to electric in 2017, further reducing their carbon footprint. The same motive was behind a move to replace the compressed air supply system at the Kremsmünster plant. Even at this early stage, the groundwork began for the scheduled installation of a new furnace in Kremsmünster, which is slated for 2018. As well as the planning work, the building infrastructure in and around the mould store has already been revamped. Both Austrian plants also pressed on with efforts to modernise their production and testing facilities.

	+/-	2016	2017
Net sales in EUR millions	3.1%	171.9	177.3
Unit sales in millions	6.0%	1 538.7	1 631.0
Exports in unit terms		45.2%	45.9%
Production in tons	4.7%	330 248	345 814
1 EUR = CHF		1.090	1.111

Production capacity at both glassworks was fully utilised. At the end of the 2017 fiscal year, Vetropack Austria GmbH employed 680 people (2016: 686).

Vetropack Moravia Glass, a.s. (Czech Republic)

In the 2017 fiscal year, Vetropack Moravia Glass, a.s. generated net earnings of CZK 2,221.00 million, down 4.0% on the previous year. A total of 829.2 million units of glass packaging were sold. Whilst domestic sales and exports to third parties declined, deliveries to sister companies increased by 35.4% in unit terms.

Following the move by the Czech National Bank to depeg the koruna from the euro in April 2017 (the rate having been fixed at CZK 27.00 to the euro up to that point), the Czech economy began to grow, also signalling potential market expansion. However, this pushed the koruna higher, putting the export activities of Vetropack Moravia Glass, a.s. at a disadvantage.

Nevertheless, positive results were achieved by focusing particularly on customers from whom a reasonable margin could be generated and on the necessary ongoing cost management.

	+/-	2016	2017
Net sales in CZK millions	- 4.0%	2 313.8	2 221.0
Unit sales in millions	- 5.0%	873.0	829.2
Exports in unit terms		42.9%	42.8%
Production in tons	- 1.0%	220 060	217 943
100 CZK = CHF		4.033	4.225

Existing production capacity was fully utilised in 2017. All plants were run highly efficiently and major progress was made in using the new cullet recycling plant.

At the end of the 2017 fiscal year, Vetropack Moravia Glass, a.s. employed 462 people (2016: 458).

Vetropack Nemšová s.r.o. (Slovakia)

Net earnings at Vetropack Nemšová s.r.o. amounted to EUR 56.3 million, while a total of 489.2 million units of glass packaging were sold – both improvements on the previous year. Exports made up 55.7% of total sales.

	+/-	2016	2017
Net sales in EUR millions	3.1%	54.6	56.3
Unit sales in millions	3.8%	471.1	489.2
Exports in unit terms		48.7%	55.7%
Production in tons	2.1%	139 125	142 022
1 EUR = CHF		1.090	1.111

The faster-growing Slovakian economy in 2017 improved the country's economic stability and boosted private consumption, which increased demand amongst the customers of Vetropack Nemšová s.r.o. The company successfully defended its strong market position by concentrating primarily on manufacturing quality and capacity utilisation on its production lines. In terms of product groups, efforts focused on beer, spirits and wine, with the latter enjoying a noticeable increase in sales. The equivalent figures for spirits and mineral water, meanwhile, fell slightly.

The focus during the 2017 reporting year lay on preparing the ground for modernising and expanding production capacity in 2018. This represents a sizeable investment.

At the end of the 2017 fiscal year, Vetropack Nemšová s.r.o. employed 345 people (2016: 344).





Vetropack Straža d.d. (Croatia)

In the 2017 fiscal year, Vetropack Straža d.d. achieved net earnings of HRK 842.0 million, up by 0.9% on the previous year. A total of 1,132.8 million units of glass packaging were sold. Exports made up 74.2% of total sales.

The economic upturn that Croatia has enjoyed since 2015 continued during the reporting year and boosted domestic demand. However, the effects of the regional economic crisis that neighbouring countries suffered for several years continued to be felt. Nevertheless, turnover in these markets remained on a par with the previous year. Alongside Croatia itself, sales rose most in Serbia, while matching the previous year's levels in the other export markets.

Vetropack Straža d.d. developed and produced 25 new kinds of glass packaging during the 2017 reporting year. All production capacity was fully utilised and increased volumes were bought in from other Group companies in order to meet demand.

Purchasing activities focused on obtaining new local sources of cullet. Straža was supplied with 105,860 tonnes of the material in 2017, 14.0% more than in 2016. At the end of the 2017 fiscal year, Vetropack Straža d.d. employed 575 people (2016: 565).

	+/-	2016	2017
Net sales in HRK millions	0.9%	834.7	842.0
Unit sales in millions	3.4%	1 095.7	1 132.8
Exports in unit terms		75.5%	74.2%
Production in tons	0.8%	259 460	261 445
100 HRK = CHF		14.471	14.887

PrJSC Vetropack Gostomel (Ukraine)

In the 2017 fiscal year, the net earnings of PrJSC Vetropack Gostomel amounted to UAH 1,716.1 million, up by 16.2% on the previous year. A total of 667.8 million units of glass packaging were sold. Exports as a proportion of total sales increased to 17.1%.

	+/-	2016	2017
Net sales in UAH millions	16.2%	1 477.0	1 716.1
Unit sales in millions	4.4%	639.3	667.8
Exports in unit terms		9.2%	17.1%
Production in tons	- 2.6%	224 226	218 437
100 UAH = CHF		3.846	3.668

Ukraine continues to experience economic difficulties. In addition, inflation remains high, the weakening hryvnia is shrinking purchasing power and the conflict in the east of the country is still unresolved. Across the board, the entire glass industry is offsetting lower domestic demand by ramping up exports. PrJSC Vetropack Gostomel succeeded in retaining its leading position on the Ukrainian glass market in an increasingly competitive environment.

Apart from the planned break in production for the regular refurbishment of a furnace, all capacity was fully utilised. At the end of the 2017 fiscal year, PrJSC Vetropack Gostomel employed 635 people (2016: 636).

Vetropack Italia S.r.l. (Italy)

Vetropack Italia S.r.l. generated net earnings of EUR 82.3 million in the 2017 fiscal year, up by 25.3% on the previous year. A total of 540.5 million units of glass packaging were sold, 31.2% more than the previous year. Exports amounted to 11.8% of total sales. Vetropack Italia S.r.l. assumed responsibility for sales activities on its home market in 2017.

The Italian glass market remained characterised by very competitive behaviour by all players. As illustrated above, however, Vetropack Italia S.r.l. successfully held its own in this environment and benefited from its strong relationships with both long-standing and newly acquired customers.

	+/-	2016	2017
Net sales in EUR millions	25.3%	65.7	82.3
Unit sales in millions	31.2%	412.0	540.5
Exports in unit terms		18.0%	11.8%
Production in tons	- 8.6%	129 425	118 254
1 EUR = CHF		1.090	1.111

At the end of the 2017 fiscal year, Vetropack Italia S.r.l. employed 270 people (2016: 269).

Müller + Krempel Ltd (Switzerland)

In the 2017 fiscal year, the trading company Müller + Krempel Ltd, which is based in Bülach and belongs to Vetropack Group, had net earnings of CHF 9.3 million, matching its performance last year (2016: CHF 9.3 million). Of that sum, 75.2% came from the retailing sector and 24.8% from the pharmaceutical and cosmetics sector. With a few exceptions, Müller + Krempel Ltd only operates in Switzerland.

The retailing sector increased its share of sales slightly by expanding its online business and introducing new products. Its business involving primary packaging for pharmaceuticals and cosmetics continued to shrink slightly as glass is increasingly being replaced by plastic as the primary packaging material used in this sector. The surprisingly sharp rise of the euro eroded margins somewhat.

At the end of the 2017 fiscal year, 11 people were employed at Müller + Krempel Ltd (2016: 11).

	2016	2017
Net sales by Business Unit		
Retail Trade	73.5%	75.2%
Pharmaceutical & Cosmetics	26.5%	24.8%

Vetroconsult Ltd (Switzerland)

Vetroconsult Ltd, Bülach, covers technology, production and informatics, as well as dealing with the purchasing of all capital and industrial goods. These services are provided for all Vetropack companies.

As well as replacing the glass production lines in the Swiss glassworks in St-Prex, the Czech plant in Kyjov and its Croatian counterpart in Hum na Sutli, the main activities in the field of technology in 2017 also included scheduled repairs to a flint glass furnace at the Ukrainian plant in Gostomel. With Vetroconsult's support, the new Group-wide training centre for production employees at the Austrian glassworks in Pöchlarn launched its training courses in the third quarter of the year.

Work in the field of production focused on providing production technology support and integrating Vetropack Italia S.r.l. into Vetropack Group in order to meet the Group-wide quality and productivity criteria.

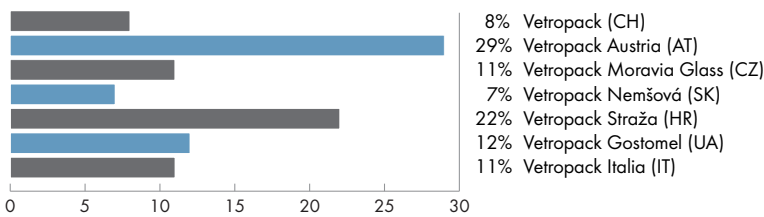
Procurement activities were targeted on the Group-wide optimisation of how industrial goods are purchased, especially energy, raw materials, moulds and packaging, alongside obtaining capital goods for Vetropack's various plants.

In the field of informatics, meanwhile, the focus lay on completing the integration of the Italian subsidiary Vetropack Italia S.r.l. into the Group-wide IT systems as well as working on traceability and a new online catalogue and product information system.

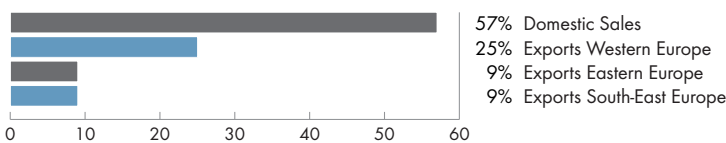
At the end of 2017, Vetroconsult Ltd employed 33 people (2016: 34).

Vetropack Group

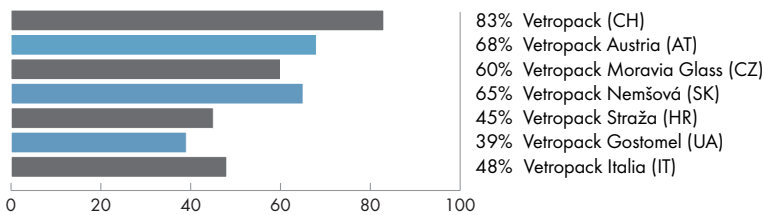
Sales by Group Company 2017
(total 5.07 billion units)



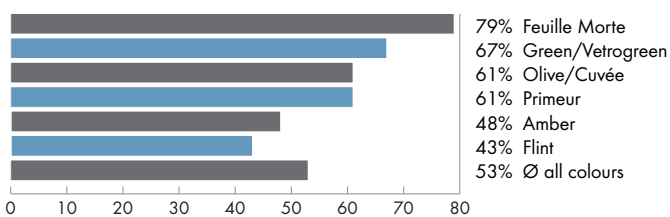
Sales by Markets 2017
(total 5.07 billion units)



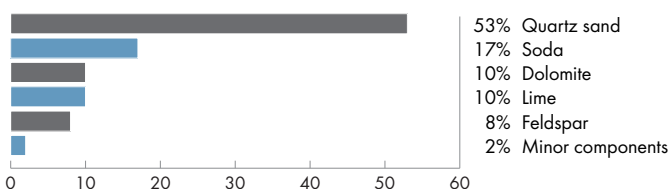
Cullet Ratio for Glass Production 2017
(by Group Company)



Cullet Ratio for Glass Production 2017
(by Colours)



Primary Raw Materials Ratio 2017
(excluding cullet)



Vetropack is one of Europe's leading manufacturers of glass packaging for the food and beverage industry with group management in Bülach (Switzerland). It runs state-of-the-art production facilities, as well as sales and distribution centres in Switzerland, Austria, the Czech Republic, Slovakia, Croatia, Ukraine and Italy.

As a customer orientated company, Vetropack guarantees innovative packaging solutions, reliable product quality and on-time deliveries. Tailor-made glass from Vetropack gives a basis for a successful market performance of our customers' products.



Financial Reporting – Vetropack Group

Consolidated Balance Sheet

CHF millions	Note	31.12.2016	31.12.2017
ASSETS			
Short-term Assets			
Liquid funds		89.7	133.6
Marketable securities	1	0.8	10.9
Accounts receivables	2	105.4	117.0
Other short-term receivables	3	13.1	10.4
Inventories	4	128.1	130.9
Accruals	5	2.8	5.1
Subtotal Short-term Assets		339.9	407.9
Long-term Assets			
Tangible assets	6	459.5	499.0
Financial assets	7	29.0	17.5
Intangible assets	8	12.3	7.8
Subtotal Long-term Assets		500.8	524.3
Total Assets		840.7	932.2
LIABILITIES			
Liabilities			
Short-term liabilities			
- Accounts payables		80.0	78.4
- Short-term financial debts	9	0.5	12.4
- Other short-term liabilities	10	18.9	21.9
- Deferrals	11	19.6	21.1
- Short-term provisions	12	3.0	3.7
Total Short-term Liabilities		122.0	137.5
Long-term liabilities			
- Long-term financial debts	13	74.2	63.9
- Other long-term liabilities		1.8	1.6
- Long-term provisions	14	37.3	40.9
Total Long-term Liabilities		113.3	106.4
Subtotal Liabilities		235.3	243.9
Shareholders' Equity			
Share capital	15	19.8	19.8
Capital reserves		0.3	0.3
Retained earnings		542.6	610.7
Consolidated profit		42.6	57.0
Subtotal Shareholders' Equity excl. Minorities		605.3	687.8
Minority interests	16	0.1	0.5
Subtotal Shareholders' Equity		605.4	688.3
Total Liabilities		840.7	932.2

Consolidated Income Statement

CHF millions	Note	2016	2017
Net Sales from Goods and Services	17	601.7	631.5
Other operating income	18	12.0	10.8
Changes in inventories		- 0.1	- 7.7
Material costs	19	- 100.6	- 100.8
Energy costs		- 90.0	- 88.9
Personnel expenses	20	- 142.1	- 150.1
Depreciation/Impairments of tangible assets	6	- 54.2	- 61.5
Depreciation/Impairments of intangible assets	8	- 7.9	- 6.2
Other operating expenses	21	- 169.5	- 163.0
Operating Result (EBIT)		49.3	64.1
Financial result	22	1.5	7.5
Ordinary Result		50.8	71.6
Non-operating result*	23	0.7	0.9
Consolidated Profit before Income Taxes		51.5	72.5
Income taxes	24	- 8.7	- 15.1
Consolidated Profit before Minority Interests		42.8	57.4
Minority interests from Group companies		- 0.2	- 0.4
Consolidated profit		42.6	57.0
Earnings per Share	25		
Undiluted earnings per bearer share in CHF		107.5	143.9
Undiluted earnings per registered share in CHF		21.5	28.8
Diluted earnings per bearer share in CHF		107.5	143.9
Diluted earnings per registered share in CHF		21.5	28.8

* This includes depreciation of CHF 1.0 million on non-operating real estate and buildings (2016: CHF 1.1 million).

Consolidated Cash Flow Statement

CHF millions	Note	2016	2017
Consolidated profit incl. minorities		42.8	57.4
+ Asset depreciation		62.9	68.4
+/- Loss/gain from applying/removing impairments		0.3	0.3
+/- Increase/decrease in provisions		- 1.8	0.1
+/- Loss/gain from disposals of tangible assets		1.1	0.4
+/- Other changes in non-cash items		- 0.2	- 0.3
= Operating Cash Flow before Change of Net Working Capital		105.1	126.3
+/- Decrease/increase in accounts receivables		- 4.1	- 2.2
+/- Decrease/increase in inventories		0.2	6.2
+/- Decrease/increase in other receivables and accruals		1.5	- 0.2
+/- Increase/decrease in accounts payables		15.0	- 7.4
+/- Increase/decrease in other short-term liabilities and deferrals		- 1.1	2.0
= Cash Inflow/Drain from Operating Activities		116.6	124.7
- Outflows for investments in tangible assets	26	- 81.4	- 65.5
+ Inflows for sales of tangible assets		0.3	0.4
- Outflows for investments in financial assets		- 11.4	0.0
- Inflows for sales of financial assets		0.0	2.9
- Outflows for investments in intangible assets		- 3.0	- 1.8
+/- Changes in marketable securities		- 0.5	- 0.7
= Cash Inflow/Drain from Investment Activities		- 96.0	- 64.7
- Dividend distribution to shareholders		- 15.3	- 15.3
+/- Formation/repayment of short-term financial debts		- 19.5	- 0.4
+/- Formation/repayment of long-term financial debts		43.5	- 2.1
= Cash Inflow/Drain from Financing Activities		8.7	- 17.8
Foreign Exchange Differentials		- 1.3	1.7
Changes in Liquid Funds		28.0	43.9
Liquid funds as per 1.1.		61.7	89.7
Liquid funds as per 31.12.		89.7	133.6
Changes in Liquid Funds		28.0	43.9
Inflows from interest		1.6	0.5
Outflows for interest		- 0.4	- 0.3
Outflows for income taxes		- 7.8	- 17.3

Changes in Consolidated Shareholders' Equity

CHF millions

	Share Capital	Capital Re- serves (Agio)	Retained Earnings	Subtotal excl. Minority Share Interests	Minority Share Interests	Subtotal incl. Minority Share Interests
Shareholders' Equity as per 1.1.2015	19.8	0.3	611.7	631.8	1.0	632.8
Accounting goodwill			- 16.8	- 16.8		- 16.8
Consolidated profit			42.1	42.1	- 0.7	41.4
Foreign exchange differentials			- 58.0	- 58.0	- 0.4	- 58.4
Dividends			- 15.3	- 15.3		- 15.3
Shareholders' Equity as per 31.12.2015	19.8	0.3	563.7	583.8	- 0.1	583.7
Consolidated profit			42.6	42.6	0.2	42.8
Foreign exchange differentials			- 5.8	- 5.8		- 5.8
Dividends			- 15.3	- 15.3		- 15.3
Shareholders' Equity as per 31.12.2016	19.8	0.3	585.2	605.3	0.1	605.4
Consolidated profit			57.0	57.0	0.4	57.4
Foreign exchange differentials			40.8	40.8		40.8
Dividends			- 15.3	- 15.3		- 15.3
Shareholders' Equity as per 31.12.2017	19.8	0.3	667.7	687.8	0.5	688.3

The legally non-distributable reserves of Vetropack Holding Ltd amount to CHF 4.0 million (2016: CHF 4.0 million). Vetropack Holding Ltd did not hold own shares from 2015 to 2017.



Consolidation Principles

Basis for the Consolidated Financial Statement

The consolidation of the Group's financial statements provides an actual picture of the Group's assets, financial and income situation, and regards therefore the Vetropack Group as a single business entity.

Consolidated Group statements are based on financial statements for the year and are prepared in accordance with applicable national laws of each of the companies concerned. They are then restated in accordance with internal Group valuation and formatting principles. Financial statements conform to the principles of Swiss GAAP FER in addition to accounting prescriptions set out in regulations for companies listed on the Swiss Stock Exchange.

In accordance with the FER framework 30, changes to estimates are permitted and result in the book value of an asset or liability being corrected. These changes can arise from new developments or new information. Vetropack Group has applied FER framework 30 to tangible assets in the moulds segment in the 2017 fiscal year. These were previously posted as costs under other operating expenses. After an in-depth analysis of moulds stocks, it was ascertained that the maximum service life of the moulds is now two years rather than 12 months at most as was previously the case. Newly acquired moulds will therefore be capitalised from 2017 onwards and will be depreciated over a maximum of two years. The general costs of moulds will also continue to be posted directly to expenses. CHF 10.9 million was invested in moulds in the 2017 financial year (previously posted to expenses) and the depreciation of moulds amounted to CHF 2.3 million.

Consolidation Scope

Consolidated Group statements include Vetropack Holding Ltd, as well as all domestic and foreign subsidiaries in which Vetropack Holding Ltd has a direct or indirect interest of more than 50%. In such cases, "Full Consolidation Method" is applied, i.e. assets, liabilities, expenses and incomes of consolidated companies are consolidated 100%, whereby all intra-Group transactions are eliminated (accounts receivables and payables, incomes and expenses). Minority interests are posted separately in the balance sheet and income statement.

Holdings between 20% and 50% are included in Group accounts, and are carried out according to the "Equity Method". The Group's percentage share of net assets is reported in the balance sheet under Financial Assets. Percentage share of net income is stated in the Consolidated Income Statement.

Holdings below 20% are posted in the consolidated balance sheet at acquisition cost less any necessary value adjustments.

An overview of companies within Vetropack Group and methods used to consolidate them into Group financial statements is found on page 55.

Capital Consolidation

Capital consolidation is carried out according to the "Purchase Method", whereby acquisition cost of an acquired company is charged against its net assets according to Group principles at the time of purchase. Any goodwill paid at the time of acquisition is charged directly to Group's reserves in acquisition year.

Foreign Exchange (FX) Differentials

Financial statements produced by foreign companies within the Group in their respective currencies are converted into Swiss francs as follows:

- Balance sheet figures according to the exchange rate valid at year end.
- Income statement figures according to the average annual exchange rate.
- Cash flow statement figures according to average and year end rates respectively.

Exchange rate differentials resulting from such foreign currency conversions are charged to profit reserves. Exchange rate differentials caused by converting transactions and balance sheet items in foreign currencies are recorded in the books of the respective Group company. Foreign exchange rate effects on long-term intra-Group loans with the nature of shareholders' equity are recorded in the consolidated shareholders' equity, not affecting net income.

	Average Exchange Rate		Year End Exchange Rate	
	2016	2017	2016	2017
EUR	1.09030	1.11129	1.07390	1.17020
CZK	0.04033	0.04225	0.03974	0.04583
HRK	0.14471	0.14887	0.14206	0.15728
UAH	0.03846	0.03668	0.03756	0.03482

Valuation Principles

Financial statements for individual companies are consolidated into the Group's financial statements, and valued in accordance with uniform principles across the Group. The most important valuation methods for the individual balance sheet positions are as follows:

Liquid Assets

Liquid assets include cash, current account balances at banks and other financial institutions, as well as fixed term deposits with maturity of no more than 90 days. Liquid assets are valued at their nominal rate.

Marketable Securities

Short-term securities include marketable and easily realisable securities investments and term deposits with a maturity of three to twelve months. Securities are valued at market prices. Term deposits are valued at their nominal rate.

Receivables

Receivables are valued at their nominal rate. Value adjustments are carried out for identifiable individual risks. Experienced based country-specific value adjustments (2% to 15%) are applied to other risks.

Inventories

Inventories are valued at either their acquisition or manufacturing costs. However, if the market price is lower, this figure is applied instead. Manufacturing costs include the cost of raw materials, individual production costs and a portion of allocated general overhead costs. The values used for items whose marketability is limited, are partially or entirely corrected according to their recognisable risks of loss. Inventories of intra-Group distribution are not assigned an intermediate profit. Discounts are recorded as reductions in the cost of goods.

Tangible Assets

Tangible assets are valued at their acquisition or manufacturing cost less any applicable depreciation. Depreciation is linear over the expected useful life of the asset, taking residual values into account. The relevant depreciation periods are as follows:

- Buildings	15 - 50 years
- Production facilities	10 - 20 years
- Machinery and furnaces	5 - 20 years
- Vehicles	5 - 7 years
- Office and other equipment	5 - 10 years

Assets of insubstantial value are directly expensed in the income statement upon acquisition. Intermediate profits arising from intra-Group asset transfers are eliminated.

Leasing

Leased assets (financial leases) are reported as assets in the balance sheet. At the beginning of the contract, leasing payments are established by applying either the leased goods' purchase value or market value respectively. Alternatively cash value is applied if lower. The corresponding liability toward the leasing grantor is carried as liabilities from financial leasing. Cost from rental agreements and operational leasing are recorded in the income statement.

Financial Assets

Non-consolidated participations are recorded in the balance sheet at their proportionate equity or purchase values. Loans and marketable securities are recorded at their nominal values or purchase prices respectively less any applicable value adjustments.

Intangible Assets

Intangible assets include brands, patents, licences, software and other intangibles. Acquired intangible assets are reported in the balance sheet at acquisition cost and are subject to linear amortisation over their estimated useful life. If it is impossible to determine the useful life of an intangible asset, it is generally amortised over a period of five years.

- Licences, patents, brands	5 years
- Software	3 - 5 years
- Other intangible assets	5 years

Assets of insubstantial value are directly expensed in the income statement upon acquisition.

Asset Impairment

If there is evidence that the value of an asset has been impaired, an "Impairment Test" is carried out. If the test reveals that there is indeed an impairment of assets, the book value is reduced with a net income effect on the attainable value.

Liabilities

Short-term a.k.a. current liabilities are debts that are repayable within one year. When the due dates are beyond one year they are posted in the balance sheet under long-term liabilities. Liabilities (incl. financial debts) are recorded in the balance sheet at nominal value.

Provisions

Provisions are formed when a legal or de facto obligation from past events has arisen. The outflow of funds to meet this obligation is likely, and provisionally it is possible to estimate its' amount reliably. The future outflow of funds is reported in the balance sheet at nominal value. If material, it is discounted as per the balance sheet date.

Taxes

All tax obligations, irrespective of their due dates, are set aside. Ongoing income taxes are calculated on the basis of taxable income and reported in the balance sheet under Liabilities. Deferred taxes are calculated based on all temporary differences between the values from the tax statement and the operating values. Tax relevant losses carried forward are only taken into account if it seems possible to offset them against income. The country specific tax rates are applied when calculating deferred taxes. Deferred tax assets are recorded in the balance sheet as financial assets and deferred tax liabilities as long-term provisions.

Derivative Financial Instruments

Derivative financial instruments are valued for trading and hedging purposes at their current value. Balance sheet relevant derivatives are reported under Other short-term receivables or Other short-term liabilities. Valuation changes are reported in the income statement.



Notes

1. Marketable Securities

This position includes bonds in the amount of CHF 9.4 million (EUR 8.0 million) measured at market value, which were repaid early in February 2018.

2. Accounts Receivables

CHF millions	31.12.2016	31.12.2017
Gross receivables	107.7	117.9
Value adjustments	- 2.3	- 0.9
Net receivables	105.4	117.0

3. Other Short-Term Receivables

CHF millions	31.12.2016	31.12.2017
VAT (value added tax) credit	3.1	3.2
Withholding tax credit	1.7	2.6
Other short-term receivables	8.3	4.6
Total	13.1	10.4

4. Inventories

CHF millions	31.12.2016	31.12.2017
Raw materials	8.6	10.9
Materials and supplies	41.0	44.2
Work-in-progress	2.7	3.0
Finished goods, merchandise	115.5	117.4
Advance payments	0.3	0.3
Value adjustments	- 40.0	- 44.9
Total	128.1	130.9

5. Accruals

CHF millions	31.12.2016	31.12.2017
Ongoing income tax (credit)	1.1	3.3
Other active accruals	1.7	1.8
Total	2.8	5.1

6. Tangible Assets

CHF millions

	Real Estate & Buildings Non- Operating	Real Estate & Buildings Operating	Furnaces Equipment Prod. Facilities Moulds	Other Tangible Assets	Advance Payments for Assets Under Construction	Total
Acquisition Value						
As per 1.1.2016	81.5	262.5	700.2	33.9	12.2	1 090.3
Additions	0.1	7.1	49.3	3.6	21.3	81.4
Disposals	- 0.1	- 0.5	- 39.0	- 2.0		- 41.6
Reclassifications	- 6.6	9.1	25.1	0.9	- 26.9	1.6
Foreign exchange differentials		- 1.6	- 5.6	- 0.2	0.1	- 7.3
As per 1.1.2017	74.9	276.6	730.0	36.2	6.7	1 124.4
Additions	0.2	4.0	35.3	2.2	23.8	65.5
Disposals		- 0.1	- 18.9	- 1.5		- 20.5
Reclassifications	0.1	0.4	16.8	0.5	- 17.8	0.0
Foreign exchange differentials	0.2	21.8	63.4	2.5	1.0	88.9
As per 31.12.2017	75.4	302.7	826.6	39.9	13.7	1 258.3
Accumulated Depreciation						
As per 1.1.2016	31.0	150.8	444.2	26.6	0.0	652.6
Ordinary depreciation 2016	1.1	7.5	43.4	3.0		55.0
Disposals		- 0.5	- 37.8	- 1.9		- 40.2
Reclassifications	- 3.5	3.6	1.5			1.6
Asset impairments*			0.3			0.3
Foreign exchange differentials		- 0.7	- 3.5	- 0.2		- 4.4
As per 1.1.2017	28.6	160.7	448.1	27.5	0.0	664.9
Ordinary depreciation 2017	1.0	7.7	50.2	3.3		62.2
Disposals		- 0.1	- 18.3	- 1.4		- 19.8
Reclassifications						0.0
Asset impairments*			0.3			0.3
Foreign exchange differentials		11.9	37.9	1.9		51.7
As per 31.12.2017	29.6	180.2	518.2	31.3	0.0	759.3
Book Value						
As per 1.1.2017	46.3	115.9	281.9	8.7	6.7	459.5
As per 31.12.2017	**45.8	**122.5	308.4	8.6	13.7	499.0

* The asset impairments relate to adjustments to the residual values of production facilities.

** This includes vacant real estate plots valued at CHF 3.7 million (2016: CHF 3.4 million).

As per 31.12.2017 payments on assets under construction amounted to CHF 4.6 million (2016: CHF 1.0 million).

7. Financial Assets

CHF millions	Note	31.12.2016	31.12.2017
Employer's contribution reserves	31	11.5	11.6
Assets from pension funds		1.3	1.4
Deferred taxes	24	3.2	2.4
Marketable securities		1.1	0.0
Participations in associated companies		0.5	0.5
Other financial investments		11.4	1.6
Total		29.0	17.5

8. Intangible Assets

CHF millions	Software	Software in Development	Other Intangible Assets	Total
Acquisition Value				
As per 1.1.2016	41.1	3.1	1.1	45.3
Additions	1.7	1.2	0.1	3.0
Disposals	- 0.2			- 0.2
Reclassifications	1.3	- 1.3		0.0
Foreign exchange differentials				0.0
As per 1.1.2017	43.9	3.0	1.2	48.1
Additions	1.1	0.7		1.8
Disposals	- 0.1			- 0.1
Reclassifications	1.9	- 1.9		0.0
Foreign exchange differentials	0.1		0.1	0.2
As per 31.12.2017	46.9	1.8	1.3	50.0
Accumulated Amortisation				
As per 1.1.2016	27.0	0.0	1.1	28.1
Ordinary amortisation 2016	7.9			7.9
Disposals	- 0.2			- 0.2
Reclassifications				0.0
Asset impairments				0.0
Foreign exchange differentials				0.0
As per 1.1.2017	34.7	0.0	1.1	35.8
Ordinary amortisation 2017	6.2			6.2
Disposals	- 0.1			- 0.1
Reclassifications	0.1		- 0.1	0.0
Asset impairments				0.0
Foreign exchange differentials	0.1		0.2	0.3
As per 31.12.2017	41.0	0.0	1.2	42.2
Book Value as per 1.1.2017	9.2	3.0	0.1	12.3
Book Value as per 31.12.2017	5.9	1.8	0.1	7.8

As part of ongoing group-wide IT projects, internal labour of CHF 0.1 million was capitalised (2016: CHF 0.9 million) in the "Software in development" category. There were no licences, patents or brands in 2016 or 2017.

The acquisition in Italy gave rise to goodwill in the amount of CHF 16.8 million in the 2015 financial year, which was charged directly to the shareholders' equity at the time of the acquisition. Were this to have been capitalised and amortised across a lifespan of five years, the shareholders' equity would be CHF 696.9 million as at 31 December 2017 (2016: CHF 617.4 million) and the 2017 consolidated profit would be CHF 53.6 million (2016: CHF 39.2 million). Amortisation in the 2017 reporting year would have amounted to CHF 3.4 million (2016: CHF 3.4 million). The remaining book value of the goodwill would amount to CHF 8.6 million as at 31 December 2017 (2016: CHF 12.0 million). There were no asset impairments in either the reporting year or the previous year.

9. Short-Term Financial Debts

CHF millions	31.12.2016	31.12.2017
Bank credits	0.5	12.4
Total	0.5	12.4

The item includes mortgages in the amount of CHF 12.3 million, which are to be repaid within the first six months of 2018.

10. Other Short-Term Liabilities

CHF millions	31.12.2016	31.12.2017
Prepaid recycling fees	4.2	4.0
Advance payments	0.7	2.1
Liabilities to employees	6.2	5.2
Other short-term liabilities	7.8	10.6
Total	18.9	21.9

11. Deferrals

CHF millions	31.12.2016	31.12.2017
Ongoing liable income taxes	5.4	4.8
Unclaimed vacations and overtime compensations	6.5	6.8
Other deferrals	7.7	9.5
Total	19.6	21.1

12. Short-Term Provisions

CHF millions					
	Service Anniversaries	Legal Proceedings	Guarantee Warranty	Other	Total
As per 1.1.2016	0.5	0.2	0.2	1.3	2.2
Reclassifications					0.0
Formations	0.2		0.8	0.7	1.7
Liquidations			- 0.1	- 0.1	- 0.2
Utilisations	- 0.2		- 0.1	- 0.4	- 0.7
Foreign exchange differentials					0.0
As per 1.1.2017	0.5	0.2	0.8	1.5	3.0
Reclassifications					0.0
Formations	0.1		0.5	1.7	2.3
Liquidations	- 0.1		- 0.3		- 0.4
Utilisations	- 0.1	- 0.1	- 0.4	- 0.8	- 1.4
Foreign exchange differentials			0.1	0.1	0.2
As per 31.12.2017	0.4	0.1	0.7	2.5	3.7

13. Long-Term Financial Debts

This category comprises loans that fall due for repayment as follows:

CHF millions	31.12.2016	31.12.2017
Residual period		
- 1 to 2 years*	21.0	59.9
- 3 to 5 years**	51.6	4.0
- > 5 years	1.6	0.0
Total	74.2	63.9

* in CHF; interest rate between 0.65% to 1.995% (2016: 0.5% to 1.95%)

** in CHF; interest rate between 0.85% to 1.85% (2016: 0.7% to 1.995%)

This item includes a bank loan of EUR 40.0 million, which has an interest rate of 0.7% and runs until 30 June 2019.

14. Long-Term Provisions

CHF millions	Deferred Tax Liabilities	Service Anniversaires	Pensions	Total
As per 1.1.2016	20.1	5.6	13.7	39.4
Reclassifications				0.0
Formations	1.8	0.3	1.7	3.8
Liquidations	- 2.9	- 0.1	- 0.2	- 3.2
Utilisations		- 1.5	- 1.1	- 2.6
Foreign exchange differentials	- 0.1			- 0.1
As per 1.1.2017	18.9	4.3	14.1	37.3
Reclassifications				0.0
Formations	2.3	0.6	1.0	3.9
Liquidations	- 1.4	- 0.5	- 0.1	- 2.0
Utilisations			- 1.3	- 1.3
Foreign exchange differentials	1.6	0.3	1.1	3.0
As per 31.12.2017	21.4	4.7	14.8	40.9

Deferred Tax Liabilities: cp. note no. 24

Service Anniversaries: Provisions are formed in respect to remuneration for long service to the company as defined in the Employment Regulations. These provisions, which take into account country-specific corrective factors for the staff turnover, were discounted between 0% to 16% (2016: 0% to 16%) as per balance sheet date.

15. Share Capital

The share capital is structured as follows:

CHF millions	31.12.2016	31.12.2017
220 480 Bearer Shares (2016: 220 480)		
nominal value CHF 50.00 (issued and paid in full)	11.0	11.0
880 000 Registered shares (2016: 880 000)		
nominal value CHF 10.00 (issued and paid in full)	8.8	8.8
Total	19.8	19.8

The bearer shares (Security no. 622 761) are listed on the SIX Swiss Exchange, Swiss Reporting Standard, with a year end closing price of CHF 1,876.00 (2016: CHF 1,775.00). Their total capitalisation equalled CHF 743.8 million (2016: CHF 703.8 million). Each registered and bearer share holds one voting right.

Major Shareholders with > 3% of Voting Rights

	31.12.2016	31.12.2017
Cornaz AG-Holding	67.6%	67.6%
Elisabeth Leon-Cornaz	5.2%	5.2%
La Licorne Holding SA	4.6%	4.6%

Shareholder's agreements exist between these and other persons and/or their shareholders (cp. page 70).

16. Minority Interests

The proportion of shareholders' equity held by minority shareholders of PrJSC Vetropack Gostomel equals 14.7% (2016: 14.7%).

17. Segment Reporting

The segment reporting used at the top management level for corporate management has just one significant segment ("Glass packaging"). The secondary segment "Speciality glass" comprises only trade revenue in Switzerland (Müller + Krempel Ltd).

Net Sales per Country

CHF millions	Change Previous year	Change Current year	2016	2017
Glass Packaging				
- Switzerland	- 5.5%	- 0.7%	69.8	69.3
- Austria	- 2.2%	3.4%	172.3	178.2
- Czech Republic	0.0%	- 12.8%	70.9	61.8
- Croatia	8.8%	3.3%	116.4	120.2
- Slovakia	4.5%	1.6%	44.5	45.2
- Ukraine	- 6.3%	20.7%	47.3	57.1
- Italy	165.7%	27.0%	71.2	90.4
Specialty Glass (Switzerland)	1.1%	0.0%	9.3	9.3
Total	8.0%	5.0%	601.7	631.5

Vetropack Group does not publish details on its segment results, as there is a significant risk that this could cause competitive disadvantages. The markets in which our business units operate are narrow niche sectors with few, primarily private suppliers, who could draw conclusions about our margins and prices from the segment results.

18. Other Operating Income

CHF millions	2016	2017
Materials and energy sales	2.5	3.1
Ancillary services	0.7	0.2
Real estate management income	0.6	0.7
Internally produced additions to plant and equipment	1.5	0.4
Supplier commissions	0.9	1.3
Allocations disposal fees	0.6	0.6
Other income	5.2	4.5
Total	12.0	10.8

19. Cost of Materials

CHF millions	2016	2017
Raw materials	92.1	92.8
Merchandise	8.5	8.0
Total	100.6	100.8

20. Personnel Expenses

CHF millions	2016	2017
Wages and salaries	108.1	113.1
Social benefits	29.9	32.6
Other personnel expenses	4.1	4.4
Total	142.1	150.1

Headcount by country (final count)

	Change Previous year	Change Current year	31.12.2016	31.12.2017
Switzerland	1.1%	2.5%	280	287
Austria	2.7%	- 1.2%	691	683
Czech Republic	0.4%	0.9%	458	462
Croatia	- 3.6%	1.8%	565	575
Slovakia	- 2.0%	0.3%	344	345
Ukraine	1.0%	- 0.2%	636	635
Italy	5.5%	0.4%	269	270
Total	0.5%	0.4%	3 243	3 257

Headcount by country (average)

	Change Previous year	Change Current year	2016	2017
Switzerland	- 1.8%	1.8%	280	285
Austria	1.9%	2.3%	683	700
Czech Republic	- 0.2%	1.7%	462	470
Croatia	- 1.0%	- 0.3%	576	574
Slovakia	- 0.6%	- 2.0%	355	348
Ukraine	- 1.1%	- 0.9%	637	632
Italy	1.2%	6.2%	260	276
Total	- 0.2%	0.9%	3 253	3 285

21. Other Operating Expenses

CHF millions	2016	2017
Maintenance and repairs	28.2	31.4
Moulds	14.4	5.3
Packaging material	25.6	26.7
Transport costs	41.8	42.6
Other administrative and operating expenses	59.5	57.0
Total	169.5	163.0

22. Financial Result

CHF millions	2016	2017
Interest income	2.1	0.9
Interest expenses	- 0.3	- 0.5
Currency exchange gains	3.5	12.1
Currency exchange losses	- 5.0	- 4.8
Other financial income	1.2	- 0.2
Total	1.5	7.5

23. Non-Operating Result

CHF millions	2016	2017
Non-operating real estate income	3.6	3.5
Non-operating real estate expenses	- 1.8	- 1.6
Non-operating real estate depreciation / impairments	- 1.1	- 1.0
Total	0.7	0.9

24. Income Taxes

CHF millions	2016	2017
Ongoing income taxes	10.2	13.5
Deferred income taxes	- 1.5	1.6
Total	8.7	15.1

Loss carryforwards amounted to CHF 10.5 million (2016: CHF 9.9 million) in total at the end of the reporting year. Tax loss carryforwards of CHF 3.7 million were included in the calculation of the deferred income tax assets (2016: CHF 6.3 million).

The impact on the tax on earnings of unrecognised loss carryforwards was CHF 1.6 million in the reporting year (2016: CHF 0.9 million). In the reporting year, as in the previous year, unrecognised loss carryforwards were used. The impact that this had on the tax on earnings in the reporting year was CHF -0.5 million (2016: CHF -1.0 million). In the reporting year, as in the previous year, there was no impact due to the use or expiry of unrecognised loss carryforwards.

The country-specific tax rates that apply to the calculation of the deferred taxes on earnings range from 7.8% to 27.9% (2016: 7.8% to 27.9%).

The weighted average tax rate to be applied based on the ordinary result is 16.5% (2016: 19.0%).

25. Results per Participation Right

The undiluted result per share is calculated by dividing the consolidated profit for the applicable year that is to be allocated to the shareholders of the Vetropack Group by the weighted average number of outstanding shares.

	2016	2017
Consolidated profit allocated to the shareholders of the Vetropack Group in million CHF	42.6	57.0
Weighted number of outstanding bearer shares for undiluted result per share	396 480	396 480
Weighted number of outstanding registered shares for undiluted result per share	1 982 400	1 982 400
Undiluted result per bearer share in CHF	107.5	143.9
Undiluted result per registered share in CHF	21.5	28.8

The diluted result per share is calculated in the same way as the undiluted result for both share types, as no dilution potential exists for either.

26. Investments

Investment Breakdown:

CHF millions	2016	2017
Switzerland	4.7	8.4
Austria	38.6	12.5
Czech Republic	10.6	5.3
Croatia	9.2	12.3
Slovakia	8.5	7.0
Ukraine	7.0	12.6
Italy	2.8	7.4
Total	81.4	65.5



Additional Information

27. Off Balance Sheet Transactions

CHF millions	31.12.2016	31.12.2017
Recourse from drafts	2.7	1.9
Letters of comfort	2.5	2.5
Guarantees	0.2	0.5
Other off-balance-sheet obligations	0.2	0.0
Off balance sheet leasing	1.7	1.9
Total	7.3	6.8

Contingent liabilities are stated at their maximum amounts (full sum of liability).

The repayment structure of the off balance sheet leasing liabilities is as follows:

CHF millions	31.12.2016	31.12.2017
Maturity		
- 1 to 2 years	0.2	0.2
- 3 to 5 years	1.5	1.7
- > 5 years	0.0	0.0
Total	1.7	1.9

28. Pledged Assets

The following assets' book values are used as collateral to secure bank credits and mortgages:

CHF millions	31.12.2016	31.12.2017
Accounts receivables	6.5	7.1
Marketable securities	1.6	2.7
Real estate	33.1	32.2
Total	41.2	42.0

29. Derivative Financial Instruments

No derivative financial instruments were held as at the reporting date in the previous year. As at 31 December 2016, Vetropack Holding Ltd had an open currency swap in the amount of CHF 20.0 million with a positive replacement value of CHF 0.1 million.

30. Transactions with Closely Associated Persons

CHF millions	31.12.2016	31.12.2017
Pension Funds		
Accounts receivables	0.0	0.0
Accounts payables	0.2	0.1
Interest expenses	0.0	0.0
Associated Companies		
Accounts receivables	0.0	0.0
Accounts payables	0.9	1.0
Capitalised services	0.0	0.0
Service income	0.0	0.0
Equity income	0.2	0.0
Glass cullet purchasing expenses	- 4.1	- 4.2
Maintenance and repairs expenses	- 0.3	- 0.3
Other service expenses	0.0	0.0
Equity valuation expenses	0.0	0.0
Other Closely Associated Persons		
Accounts receivables	0.0	0.0
Accounts payables	0.1	0.2
Investments in tangible assets	0.0	0.0
Distribution income	0.0	0.0
Packaging material expenses	- 0.4	- 0.5
Distribution expenses	0.0	0.0
Service expenses	0.0	0.0
Interest expenses	0.0	0.0
Tangible assets sales	0.0	0.0

The classification of "Other Closely Associated Persons" includes transactions with the following natural persons and legal entities, irrespective of the Vetropack Company in which they occurred: shareholders with voting rights of more than 20%, BoD members, MB members and all companies that are directly or indirectly controlled by these persons.

Transactions with closely associated persons and companies are handled on the basis of normal market terms and conditions.

31. Pension Fund

There exist various pension schemes within the Group, which are based on regulations of their respective countries. In Switzerland, these are contributor funded schemes in accordance with Swiss pension fund law; abroad they are state-guaranteed contribution-based pension schemes. The schemes are financed either through contributions to legally independent institutions and trusts or by registering the pension fund liability in the financial statements of the Group companies.

Employer's Contribution Reserves	Company Sponsored Pension Funds	
	2016	2017
CHF millions		
Nominal value 31.12.	13.0	13.1
Utilisation waiver 31.12.	0.0	0.0
Other value adjustments 31.12.	0.0	0.0
Discounting effects 31.12	- 1.5	- 1.5
Book value 31.12.	11.5	11.6
Changes	0.0	0.0
<hr/>		
CHF millions	2016	2017
Key influential factors		
- Change in discount rate	0.0	0.0
- Interest effect	0.4	0.4
- Utilisation and other effects	- 0.4	- 0.4
Total Change in Employer's Contribution Reserves	0.0	0.0

Assets and Liabilities from Pension Funds

CHF millions					
	Company Sponsored Pension Funds	Pension Funds without Excess / Deficiency Cover	Pension Funds with Excess Cover	Pension Funds without Own Assets	Total
Excess / deficiency cover 31.12.2017	8.0	0.0	4.0	0.0	12.0
Economic utilisation / liabilities 31.12.2016	0.0	0.0	0.0	- 12.0	- 12.0
Economic utilisation / liabilities 31.12.2017	0.0	0.0	0.0	- 12.7	- 12.7
Changes 2017	0.0	0.0	0.0	0.7	0.7
Contributions restricted to the period *	-0.1	0.0	2.5	1.3	3.7
Pension expenses 2016	0.0	0.0	2.2	1.5	3.7
Pension expenses 2017	- 0.1	0.0	2.5	2.0	4.4

* including changes in employer's contribution reserves

The values for pension funds of Swiss companies are based on previous years' financial statements, whereby all substantive decisions in the current fiscal year are taken into account. The uncommitted funds are not available to the Vetropack Group.

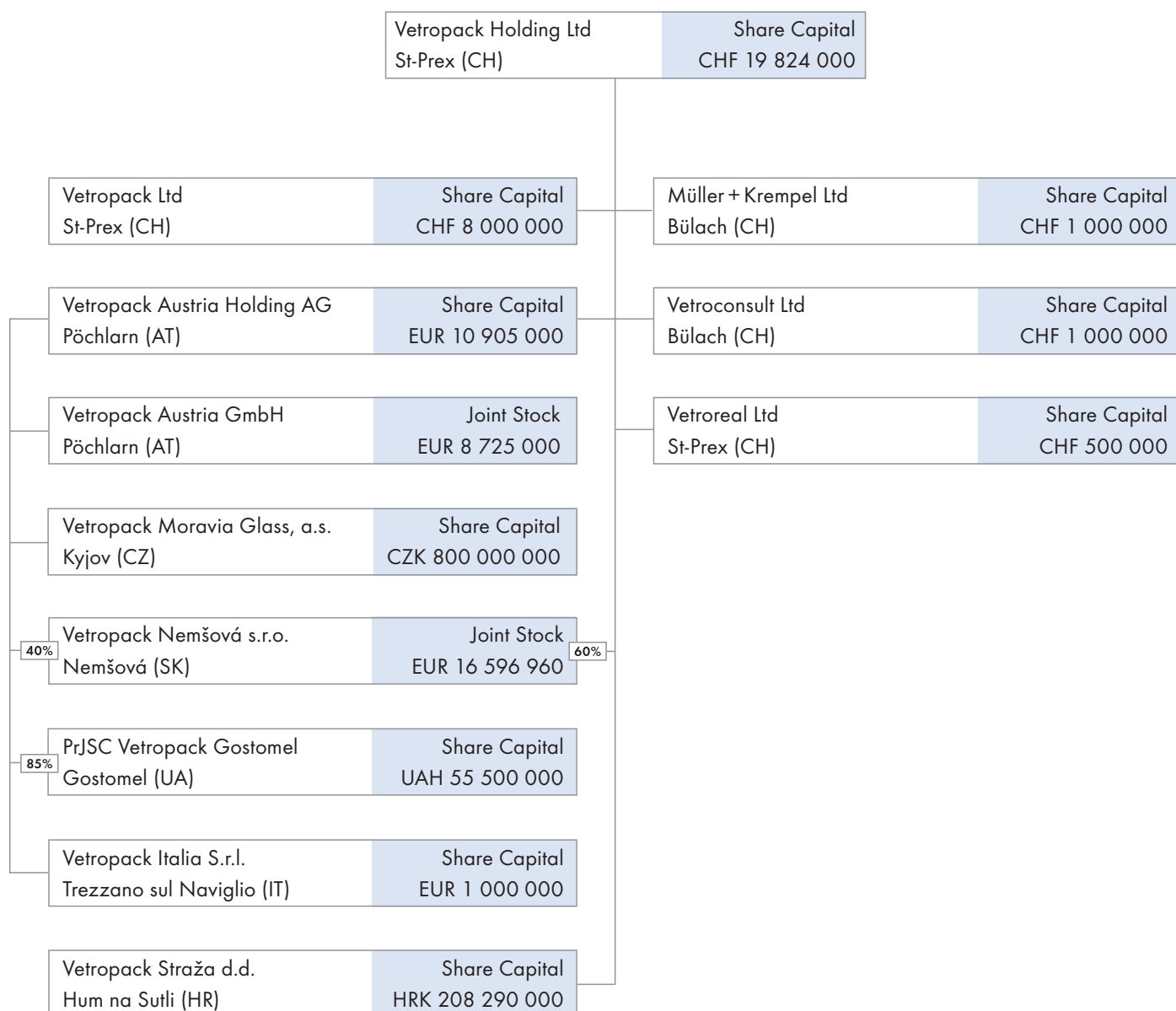
CHF millions	2016	2017
Key influential factors		
- Changes in employer's contribution reserves	0.0	0.0
- Changes in economic utilisation / liabilities	0.3	0.7
- Pension fund contributions	3.4	3.7
Total Pension Fund Expenses	3.7	4.4

32. Events after the balance sheet date

No significant events occurred between the balance sheet date and the Board of Directors approving the consolidated financial statements on 14 March 2018 that could negatively affect the declarations made in the 2017 annual financial statements.



Ownership Structure



Company Participations

Company	Domicile	Currency	Share Capital	*Share	Consolidation	Owner
Switzerland						
Vetropack Holding Ltd	St-Prex	CHF	19 824 000		K	the public
Vetropack Ltd	St-Prex	CHF	8 000 000	100%	K	VPH
Vetroconsult Ltd	Bülach	CHF	1 000 000	100%	K	VPH
Vetro-Recycling Ltd	Bülach	CHF	100 000	100%	K	VPH
Müller + Krempel Ltd	Bülach	CHF	1 000 000	100%	K	VPH
Vetoreal Ltd	St-Prex	CHF	500 000	100%	K	VPH
Austria						
Vetropack Austria Holding AG	Pöchlarn	EUR	10 905 000	100%	K	VPH
Vetropack Austria GmbH	Pöchlarn	EUR	8 725 000	100%	K	VAH
Austria Glas Recycling GmbH	Wien	EUR	50 000	24.5%	E	VPA
PTP Pro Glas GmbH	Wien	EUR	35 000	50%	E	VPA
Czech Republic						
Vetropack Moravia Glass, a.s.	Kyjov	CZK	800 000 000	100%	K	VAH
Croatia						
Vetropack Straža d.d.	Hum na Sutli	HRK	208 290 000	100%	K	VPH
Straža-Imo d.o.o.	Hum na Sutli	HRK	855 031	25.1%	E	VST
Slovakia						
Vetropack Nemšová s.r.o.	Nemšová	EUR	16 596 960	60/40%	K	VPH/VAH
Ukraine						
PrJSC Vetropack Gostomel**	Gostomel	UAH	55 500 000	85.3%	K	VAH
Italy						
Vetropack Italia S.r.l.	Trezzano	EUR	1 000 000	100%	K	VAH

K = Fully consolidated companies

E = Equity method

VPH = Vetropack Holding Ltd

VPA = Vetropack Austria GmbH

VAH = Vetropack Austria Holding AG

VST = Vetropack Straža d.d.

* Capital shares and voting rights are identical.

** During the year under review JSC Vetropack Gostomel was renamed PrJSC Vetropack Gostomel.

As per 31 Dezember 2017



To the General Meeting of Vetropack Holding Ltd, Saint-Prex
Zurich, 14 March 2018

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Vetropack Holding Ltd, which comprise the balance sheet, income statement, cash flow statement, statement of change in equity and notes (pages 28 to 55), for the year ended 31 December 2017.

Board of Directors' responsibility. The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion. In our opinion, the consolidated financial statements for the year ended 31 December 2017 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibility section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Tangible Assets

Area of focus. The balance sheet position “tangible assets” as of 31 December 2017 amounts to CHF 499.0 million (Prior Year: CHF 459.5 million) and therefore represent approximately 54% of total assets. More than half of the tangible assets are furnaces, equipment and production facilities, which are exposed to hard industrial operations. This leads to two significant management assessments. Firstly, the management has to assess the moment a machine is ready for use and therefore depreciation can start. Secondly, management has to estimate the useful life and challenge the estimations continuously. Furthermore, events during production could lead to unplanned impairment of machines. These events can have an impact on the consolidated profit as well as the consolidated equity.

Our audit response. We assessed and tested controls regarding design and operational effectiveness of asset purchase respectively recognition and valuation of tangible assets. Besides testing controls we performed substantive procedures where we recalculated the depreciation rates, evaluated the appropriateness of tangible asset lives applied in the calculation of depreciation and searched for indications for impairment. Furthermore, we performed test of details regarding the recognition of tangible assets and assessed the timeliness of the transfer of assets in the course of construction.

Refer to consolidated Balance Sheet on page 28, Valuation Principal on page 34 as well as Note Nr. 6 on page 39 regarding the financial statement.

Report on other legal requirements. We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert
(Auditor in charge)

Marc Hegetschweiler
Licensed audit expert

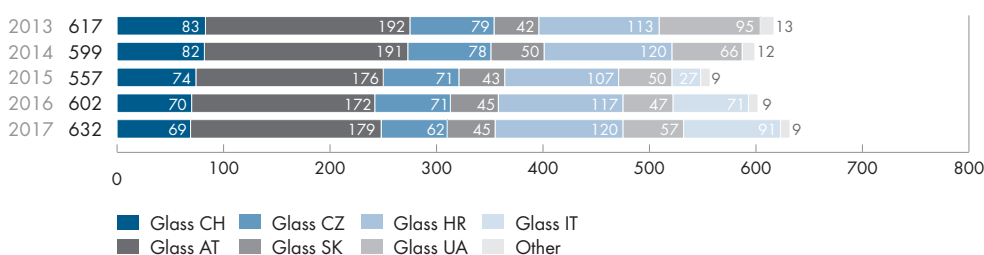


Five Year Overview

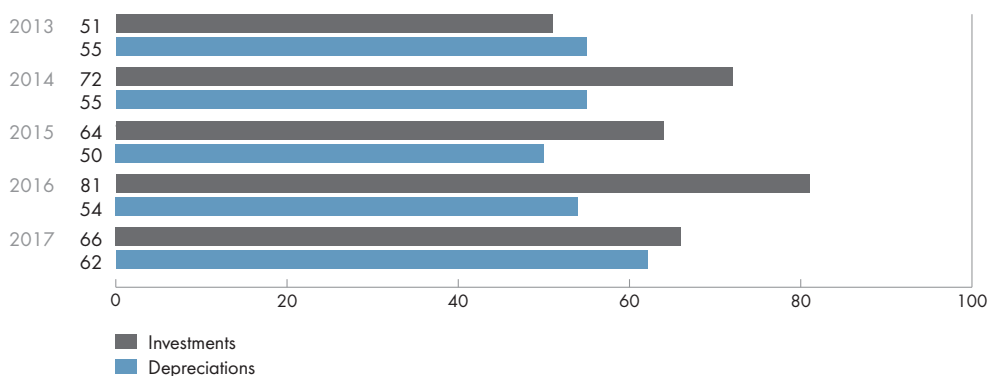
		2013	2014	2015	2016	2017
Consolidated Income Statement						
Net sales from goods and services	CHF millions	617.2	599.3	557.0	601.7	631.5
Change net sales from previous year	%	2.7	- 2.9	- 7.1	8.0	5.0
Employees	number	3 014	2 985	3 228	3 243	3 257
Net sales per employee	TCHF	205	201	173	186	194
Operating cash flow before change in net short-term assets	CHF millions	110.4	107.2	103.7	105.1	126.3
Cash flow as % of net sales	%	17.9	17.9	18.6	17.5	20.0
Depreciations/ Impairments on tangible assets *	CHF millions	55.3	56.1	51.6	55.3	62.5
Income taxes	CHF millions	12.8	5.0	7.3	8.7	15.1
Net profit	CHF millions	56.4	49.2	42.1	42.6	57.0
Consolidated Balance Sheet as per 31.12.						
Investments in tangible assets	CHF millions	50.5	72.1	63.7	81.4	65.5
Total assets	CHF millions	794.1	792.1	784.3	840.7	932.2
Short-term assets	CHF millions	299.3	309.6	312.1	339.9	407.9
Long-term assets	CHF millions	494.8	482.5	472.2	500.8	524.3
Liabilities	CHF millions	151.5	159.3	200.6	235.3	243.9
Shareholders' equity	CHF millions	642.6	632.8	583.7	605.4	688.3
Equity ratio	%	80.9	79.9	74.4	72.0	73.8

* This includes amortisation on non-operating real estate and buildings.

Consolidated Net Sales 2013 - 2017 in CHF millions



Investments and Depreciations 2013 - 2017 in CHF millions





Financial Reporting – Vetropack Holding Ltd, St-Prex

Balance sheet

CHF millions	Note	31.12.2016	31.12.2017
ASSETS			
Short-term Assets			
Liquid funds		54.4	102.4
Marketable securities	5	0.0	9.4
Accounts receivables from Group companies		2.3	2.2
Total other short-term receivables in relation to holding		23.3	5.6
Accruals		0.1	0.0
Subtotal Short-term Assets		80.1	119.6
Long-term Assets			
Marketable securities		11.2	0.0
Loans to Group companies		176.7	181.6
Participations	4	102.4	108.7
Tangible assets		0.1	0.1
Subtotal Long-term Assets		290.4	290.4
Total Assets		370.5	410.0
LIABILITIES			
Liabilities			
- Accounts payables to third		2.2	1.9
- Accounts payables to Group companies		0.4	0.6
Accounts payables		2.6	2.5
- Short-term financial debts to Group companies		8.7	15.4
Short-term interest-bearing financial debts		8.7	15.4
Deferrals and short-term provisions		2.3	3.2
Subtotal Short-term Liabilities		13.6	21.1
- Long-term financial debts to Group companies		3.0	3.0
- Long-term provisions		0.6	0.7
Total Long-term Liabilities		3.6	3.7
Total Liabilities		17.2	24.8
Shareholders' Equity			
Share capital	6	19.8	19.8
Legal capital reserves / reserves from capital investments		28.6	28.6
Legal profit reserves		0.3	0.3
- Free reserves		244.3	264.4
Retained earnings brought forward from previous year		24.9	25.0
Annual profit		35.4	47.1
- Accumulated profits		60.3	72.1
Voluntary retained earnings		304.6	336.5
Subtotal Shareholders' Equity		353.3	385.2
Total Liabilities		370.5	410.0

Income Statement

CHF millions	Note	2016	2017
Dividend income		25.5	25.3
Income generated from licenses		8.5	9.0
Management fees		7.0	7.0
Other income		2.2	2.2
Total income		43.2	43.5
Personnel expenses		- 7.8	- 7.9
- Administrative expenses		- 6.0	- 4.4
- Promotional expenses		- 1.3	- 1.0
- various operating expenses		- 2.4	- 2.1
Other operating expenses		- 9.7	- 7.5
Depreciation of tangible assets		- 0.1	- 0.1
Operating Result (EBIT)		25.6	28.0
Currency exchange losses		- 17.8	- 5.2
Total financial expenses		- 17.8	- 5.2
Interest income		5.1	4.3
Currency exchange gains		16.5	15.4
Other financial income		1.0	0.1
Total financial income		22.6	19.8
Ordinary Result		30.4	42.6
Extraordinary income	2/4	6.3	6.3
Annual Profit Before Taxes		36.7	48.9
Income taxes		- 1.3	- 1.8
Annual Profit		35.4	47.1

Notes

1. Information on the principles applied in the annual financial statement

The annual financial statement has been prepared in accordance with the provisions of Swiss law, in particular the articles governing commercial accounting and financial reporting in the Swiss Code of Obligations (Art. 957 ff).

2. Net release of hidden reserves

Hidden reserves of CHF 6.3 million were released in the reporting year (2016: CHF 6.3 million).

3. Range of full-time positions averaged across the year

The company employed between ten and 50 persons in the reporting year and the previous year.

4. Participations

The overview on page 55 provides a breakdown of the participations held directly or indirectly by Vetropack Holding Ltd. Value adjustments to participations of CHF 6.3 million were released in the reporting year (2016: CHF 6.3 million).

5. Marketable securities

The amount of CHF 9.4 million (EUR 8.0 million) relates to bonds measured at market value, which were repaid early in February 2018.

6. Share capital

Regarding detailed information on the share capital, refer to Vetropack Group's financial reporting (cp. note no. 15, page 43).

7. Total amount of securities provided for third-party liabilities

A guarantee of CHF 2.5 million exists in favour of Vetropack Ltd, St-Prex (2016: CHF 2.7 million).

8. Joint Liability

In the framework of VAT group taxation, all affiliated Swiss companies within the Vetropack Group are jointly and severally liable for total debt owed to the federal tax authorities.

9. Contingent Liabilities

Vetropack Group operates a cash pooling system for which Vetropack Holding Ltd performs the function of pool master. As a result of the cash pooling agreements with the banks, the pool master has a liability for possible negative balances in the participating pool accounts.

10. Derivative Financial Instruments

No derivative financial instruments were held as at the reporting date in the previous year. As at 31 December 2016, Vetropack Holding Ltd had an open currency swap in the amount of CHF 20.0 million with a positive replacement value of CHF 0.1 million.

11. Disclosure in Accordance with Swiss Code of Obligations (663c)

The table below lists the numbers of shares per member of the BoD and MB as of 31 December 2017. Shares held by closely associated persons are included in the total for the respective individual.

Voting Rights	Registered Shares 2016	Bearer Shares 2016	Registered Shares 2017	Bearer Shares 2017
Hans R. Rüegg *	0	100	0	100
Sönke Bandixen *	0	40	0	40
Pascal Cornaz *	5 000	0	5 000	0
Rudolf Fischer *	0	10	0	10
Richard Fritschi *	0	250	0	250
Jean-Philippe Rochat *	0	10	0	10
Urs Kaufmann*	-	-	0	49
Total	5 000	410	5 000	459
Claude R. Cornaz **	1 381	215	1 381	215
David Zak **	0	0	0	0
Günter Lubitz **	0	130	0	140
Marcello Montisci **	0	0	0	0
Johann Reiter **	0	0	0	0
Total	1 381	345	1 381	355

* BoD members; position see Corporate Governance, page 72 to 74

** MB members; position see Corporate Governance, page 75 to 76

List of Major Shareholders with Holdings > 5%

	31.12.2016	31.12.2017
Cornaz AG-Holding	67.6%	67.6%
Elisabeth Leon-Cornaz	5.2%	5.2%

Shareholder's agreements exist between these and other persons and/or their shareholders (cp. page 70).

Board of Directors' (BoD) Proposal for the Corporate Profit Appropriation

The board of Directors proposes the following appropriation of profits to the Annual General Assembly of shareholders (AGA):

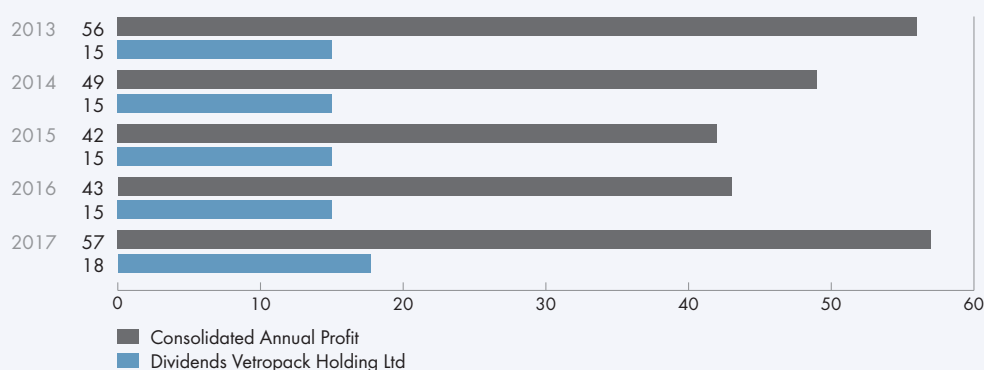
CHF millions	2016	2017
At disposal of the AGA		
Retained earnings	24.9	25.0
Annual profits	35.4	47.1
Total profit	60.3	72.1
Total at the disposal of the AGA	60.3	72.1
Board of Directors' Proposal		
Total profit	60.3	72.1
Allocation profit	- 20.0	- 30.0
Dividend payment	- 15.3	- 17.8
Retained earnings	25.0	24.3

Acceptance of this proposal results in the following dividend payments:

CHF millions	Gross Dividend	35% Withholding Tax	Net Dividend
Bearer shares CHF 50.00 nominal value	45.00	15.75	29.25
Registered shares CHF 10.00 nominal value	9.00	3.15	5.85

The dividend payment is to be paid to registered shareholders on 27 April 2018 via the usual appointed paying agents. Payment to holders of bearer shares is to be made in exchange for coupon number 22 at the Swiss branch offices of the following banks: Banque Cantonale Vaudoise, UBS, Credit Suisse, Zürcher Kantonalbank.

Consolidated Annual Profit and Dividends 2013 – 2017 in CHF millions



To the General Meeting of Vetropack Holding Ltd, Saint-Prex
Zurich, 14 March 2018

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Vetropack Holding Ltd, which comprise the balance sheet, income statement and notes (pages 62 to 66), for the year ended 31 December 2017.

Board of Directors' responsibility. The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion. In our opinion, the financial statements for the year ended 31 December 2017 comply with Swiss law and the company's articles of incorporation.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority.

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Report on other legal requirements. We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert
(Auditor in charge)

Marc Hegetschweiler
Licensed audit expert

Five Year Overview

	2013	2014	2015	2016	2017
Income Statement and Balance Sheet (CHF millions)					
Total income	57.9	44.3	42.9	43.2	43.5
Annual profit	39.8	36.0	25.9	35.4	47.1
Total assets	336.2	338.8	370.7	370.5	410.0
Participations	79.9	86.1	96.1	102.4	108.7
Share capital	20.5	19.8	19.8	19.8	19.8
Shareholders' equity	325.7	322.5	333.2	353.3	385.2
Share Details (CHF millions)					
Share prices					
- Bearer share high	1 990	1 933	1 655	1 777	2 175
- Bearer share low	1 660	1 495	1 200	1 350	1 710
Earnings per share					
	138	124	106	108	144
Dividends					
- Bearer share	37.50	38.50	38.50	38.50	*45.00
- Registered share	7.50	7.70	7.70	7.70	*9.00
Distribution ratio in %					
	26.4	31.0	36.2	35.8	31.3

* motion for the AGA on 20 April 2018



Corporate Governance

The following explanations contain fundamental information for the Vetropack Group as laid out in the Corporate Governance Guidelines defined by the SIX Swiss Exchange as per 13 December 2016.

Operational Group Structure

Refer to the illustration on page 88.

Group Companies

For Shareholdings and their Percentage Breakdowns, refer to the illustration on page 55.

Capital Structure

For details of the share capital, refer to note no. 15 on page 43. For details of changes in capital structure within the last three years, refer to table "Changes in Consolidated Shareholders' Equity" on page 31. Vetropack Holding Ltd does not issue options on participation rights.

Dividends

Registered and bearer shares are dividend bearing.

List of Major Shareholders with Holdings > 3%

	31.12.2016			31.12.2017		
	No. of Registered Shares	No. of Bearer Shares	Voting Rights in %	No. of Registered Shares	No. of Bearer Shares	Voting Rights in %
Cornaz AG-Holding						
Oberrieden	721 946	22 097	67.6	721 946	22 097	67.6
Elisabeth Leon-Cornaz						
St-Prex	56 868	0	5.2	56 867	0	5.2
La Licorne Holding SA						
Martigny	50 722	0	4.6	50 722	0	4.6

A shareholders' lock-in agreement exists between the shareholders of Cornaz AG-Holding. A further shareholders' agreement exists between Cornaz AG-Holding and the shareholders mentioned above, as well as 4 further shareholders (cp. the disclosure report dated 21 December 2017 published on the SIX Swiss Exchange website: <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>).

The core elements of both agreements are:

- Uniform exercise of voting rights at the AGA.
- Mutual obligation to offer shares to parties to the agreement.

During the year under review, no disclosure reports were issued to the company within the meaning of Art. 120 of the Swiss Stock Exchange Act.

Board of Directors (BoD)

Principles Underlying the Voting Procedure for Members of the Board of Directors and their Terms of Office

The members of the Board of Directors of Vetropack Holding Ltd are each elected by the Annual General Assembly of shareholders (AGA) on an annual basis. Re-election is permitted. Each year, the AGA elects the Chairman of the Board of Directors and the individual members of the Nomination and Compensation Committee (NCC), who must be members of the Board of Directors, as well as the independent proxy. Their term of office shall end upon the conclusion of the next AGA. The BoD appoints the Chairman of the NCC.

BoD Duties

The BoD performs its duties as laid out in the Swiss Code of Obligations (CO) 716a.

The BoD Chairman has the following additional main duties:

- Preparing and drawing up the invitations to the AGA jointly with the CEO.
- Drawing up the agenda for BoD meetings, and issuing invitations and relevant documentation jointly with the CEO.
- Chairing the AGA and the BoD meetings.
- Monitoring the implementation of resolutions passed by the AGA and the BoD.
- In urgent cases, the BoD Chairman can conclude transactions that fall within the competence of the BoD by executive decision. Any such actions are communicated in writing without delay to the BoD.

Respective Areas of Responsibility for the BoD and Management Board (MB)

The duties that are not reserved for the BoD in accordance with CO 716a are delegated to the MB. This means that the MB can act freely within the guidelines laid down by the BoD, but it is also fully responsible for the operational management of the Group.

Working Methods

In 2017, the BoD exercised its overall supervisory and monitoring role by receiving oral and written reports from the MB at five regular annual meetings, by consulting amongst its members, and by reaching decisions in relation to any motions raised. Ordinary BoD meetings normally last at least four hours. The head auditor was invited to the March meeting to disclose the results of the external audit. Moreover, a two-day strategy meeting was held in August. During the November meeting, the results of the 2017 internal audit were discussed and focal areas were defined for the 2018 internal audit. A further ten annual meetings were held, exclusively involving the BoD Chairman, the CEO, and the CFO. They discussed operational topics, preparations for ordinary meetings, as well as reports from internal audit. The BoD is regularly informed regarding the Group's commercial state of affairs and planning via written Monthly, Semi-Annual and Annual Reports, and receives a planning dossier at both company and Group levels (three year plan). The Nomination and Compensation Committee (NCC) is responsible for checking the BoD and extended MB remuneration scheme. The working methods of the NCC are set out on page 79 of the Remuneration Report. With the exception of the NCC, the BoD forms no committees.

Risk Assessment

Vetropack Holding Ltd utilises a risk management system that enables the identification, early recognition, and analysis of risks in order for the company to take appropriate action. The system's scope includes strategic, operational, financial, and compliance risks. It covers not only Vetropack Holding Ltd's risks, but also the key risks of its subsidiaries. All systematically identified risks are listed according to rank. This risk ranking system is formulated from a risk probability matrix. Management is actively involved in checking annually the matrix and in keeping it up to date. During the year under review, the Board of Directors dealt with the topic of risk assessment in its August meeting.

BoD Members

	Position	Nationality	Appointed	Elected till
Hans R. Rüegg	Chairman, non-executive	CH	1993	May 2018
Richard Fritschi *	Vice-Chairman, non-executive	CH	2005	May 2018
Claude R. Cornaz *	Member, executive	CH	1998	May 2018
Sönke Bandixen	Member, non-executive	CH	2012	May 2018
Pascal Cornaz	Member, non-executive	CH	2009	May 2018
Rudolf W. Fischer *	Member, non-executive	CH	2000	May 2018
Jean-Philippe Rochat	Member, non-executive	CH	2006	May 2018
Urs Kaufmann	Member, non-executive	CH	2017	May 2018

* Members of the Nomination and Compensation Committee (NCC)

Hans R. Rüegg (1946, Rüti ZH)

Dipl. El. Ing., ETH, Zürich, Switzerland / MBA, University of Florida, Gainesville, USA

1983 - 1993 Delegate of the BoD, Baumann Federn AG, Rüti, Switzerland
1993 - 2011 Chairman and Delegate of the BoD, Baumann Federn AG, Rüti, Switzerland
1993 - 2005 Member of the BoD, Vetropack Holding Ltd, Bülach, Switzerland
2005 - present Chairman of the BoD, Vetropack Holding Ltd, Bülach, Switzerland
2011 - 2017 Chairman of the BoD, Baumann Federn AG, Rüti, Switzerland

Richard Fritschi (1960, Oberrieden ZH)

Dipl. Controller SIB, Zürich, Switzerland

1979 - 1985 Various functions for Luwa SA, in Zürich, Switzerland and England
1985 - 1987 Project Controller, Airchal-Luwa SA, Paris, France
1987 - 1991 Head of Finance and Administration, Isolag AG, Zürich, Switzerland
1991 - 1999 Head of Finance, Allo Pro / Sulzer Orthopädie, Baar / Winterthur, Switzerland
1999 - 2001 Head of Sales, Sulzer Orthopädie/Sulzermedica, Winterthur, Switzerland
2001 - 2003 President Europe / Asia / South America, Sulzer Orthopädie / Sulzermedica, Winterthur, Switzerland
2003 - 2005 President Europe / Australasia, Zimmer, Winterthur, Switzerland
2006 - 8/2011 CEO, Ypsomed AG, Burgdorf, Switzerland
9/2011 - present Board of Directors in various private and listed companies

Governing Mandates: Chairman, Cornaz AG-Holding, Oberrieden, Switzerland / Chairman, Bibus Holding AG, Fehraltorf, Switzerland / Member, Fromm Holding AG, Cham, Switzerland

Claude R. Cornaz (1961, Bülach ZH)

Dipl. Mechanical Engineering, ETH / BWI, Zürich, Switzerland

- 1987 - 1989 Management Services Contraves AG, Zürich, Switzerland
- 1998 - present Member of the BoD, Vetropack Holding Ltd, Bülach, Switzerland
- 1989 - 1993 Project Engineer, Nestec in Vevey, Switzerland and Thailand
- 1993 - 1999 Head of Corporate Development and Head of Technology & Production Vetropack Group
- 1996 - 2017 MB Member, Vetropack Group
- 2000 - 2017 CEO of Vetropack Holding Ltd, Bülach, Switzerland

Governing Mandates: Member, Bucher Industries AG Niederweningen, Switzerland / Vice-Chairman, H. Goessler AG, Zürich, Switzerland / Vice-Chairman, Cornaz AG-Holding, Oberrieden, Switzerland / Member, Glas Trösch Holding AG, Buochs, Switzerland

Offices: BoD Member of the European Federation for Glass Packaging (FEVE), Brussels, Belgium

Sönke Bandixen (1957, Stein am Rhein SH)

Dipl. Mechanical Engineer, ETH Zürich, Switzerland, PMD Harvard Business School, USA

- 1984 - 1993 Various functions for SIG AG, as of 1990 MB Division Packaging Machines, Neuhausen am Rheinfall, Switzerland
- 1994 - 1996 Vice President Marketing, Cosatec AG, Dübendorf, Switzerland
- 1997 - 2003 CEO Division Door Systems, Kaba Holding AG, Rümlang, Switzerland
- 2004 - present Partner, AMC Account Management Center AG, Zürich, Switzerland
- 2007 - 2010 CEO, Orell Füssli Holding AG, Zürich, Switzerland
- 2010 - 2011 Self-employed Management Consultant
- 2012 - 2014 CEO, Landert Motoren AG, Bülach, Switzerland
- 2015 - present Self-employed Management Consultant

Governing Mandate: Member of Schweizerische Schifffahrtsgesellschaft Untersee und Rhein, Schaffhausen

Offices: Member Advisory Board, CGAM Center for Global Account Management, HSG St. Gallen, Switzerland, Mayor of Stein am Rhein, Member of the Board of Trustees of the Jakob and Emma Windler Foundation, Stein am Rhein

Pascal Cornaz (1971, Les Paccots FR)

Dipl. Purchaser, Switzerland

- 1995 - 2005 Various functions in technical customer support, purchasing, and logistics, Switzerland
- 2005 - 2007 Member of the Executive Board of Giovanna Holding SA, Clarens, Switzerland
- 2008 - 2011 Member of the Executive Board and Head of Customer Service of Ginox SA, Clarens, Switzerland
- 2012 - present CEO Diamcoupe SA, Cheseaux s. Lausanne, Switzerland

Rudolf W. Fischer (1952, Bergdietikon AG)

PhD. Economics. publ., University of Zürich, Switzerland

- 1982 - 1991 Various management positions in HR and Trade Marketing, Jacobs Suchard, Switzerland and Belgium
- 1991 - 1994 CEO Jockey (Switzerland), Uster, Switzerland part of the Austrian Huber Tricot Group (91 & 92), and Hanro AG, Liestal (93 & 94), Switzerland
- 1994 - 1995 Partner Bjørn Johansson Associates, Executive Search, Zürich, Switzerland
- 1996 - 2011 Schindler Management AG, Ebikon, Switzerland, Group Management Member, responsible for HR and Training
- 2012 - 8/2016 Schindler Holding Ltd, Member of the Board of Directors, Member of the Supervisory and Nomination Committee, Member of the Compensation Committee (full-time), Switzerland
- 9/2016 - present Schindler Holding Ltd, Member of the Board of Directors, Member of the Supervisory and Nomination Committee, Member of the Compensation Committee

Jean-Philippe Rochat (1957, Lausanne VD)

Lic. iur. University of Lausanne, Switzerland

- 1980 - 1984 Publicitas Ltd, Lausanne, Bern and Basel, Switzerland
- 1984 - 1985 Fiduciaire Fidinter Ltd, Lausanne, Switzerland
- 1985 - 1987 Legal internship in Geneva, Switzerland
- 1987 - 1989 Lawyer, Pfyffer, Argand, Troller & Associates, Geneva, Switzerland
- 1989 - 2015 Partner Lawyer at Carrard, Paschoud, Heim et Associés, Lausanne, Switzerland
- 2015 - present Partner Lawyer at Kellerhals Carrard, Lausanne, Switzerland

Governing Mandates: Chairman, MCH Beaulieu Lausanne SA, Lausanne, Switzerland / Member, PKB Privatbank, Lugano, Switzerland / Member, Investissements Fonciers SA - La Foncière, Lausanne, Switzerland / Member, Vaudoise Holding SA, Lausanne, Switzerland

Offices: Member of the Strategy Council "Chambre Vaudoise du Commerce et de l'Industrie" (CVCI), Lausanne, Switzerland / Honorary consul of Finland in Lausanne, Switzerland

Urs Kaufmann (1962, Rapperswil-Jona SG)

Dipl. Mechanical Engineer, ETH/BWI Zürich, Switzerland

- 1987 - 1993 Project Manager, Production Manager and Head of Sales, Zellweger Uster AG, Uster and USA
- 1994 - present HUBER+SUHNER Group
- 1994 - 1997 Managing Director of Henry Berchtold AG, Kollbrunn
- 1997 - 2000 Division Head and Member of Management Board
- 2001 - 2002 Sector Head and Member of Executive Group Management
- 2002 - 2017 CEO, since 2014 Delegate of the Board of Directors
- 2017 - present Chairman of the Board of Directors

Governing Mandates: Chairman of Schaffner Holding Ltd, Luterbach / Member of SFS Group Ltd, Heerbrugg / Member of Gurit Holding Ltd, Wattwil / Member of Müller Martini Holding Ltd

Offices: Member of the Executive Committee of Swissmem

Members of the BoD for Vetropack Holding Ltd do not sit with other BoD members on the boards of other listed companies, nor are there any business relationships between the BoD members and Vetropack Holding Ltd. Claude R. Cornaz, Rudolf W. Fischer, Jean-Philippe Rochat and Urs Kaufmann also act as directors of other listed companies as set out on pages 72 to 74 of this report.

MB Members

	Position	Nationality	Appointed
Claude R. Cornaz	CEO	CH	1.5.1993
David Zak	CFO	CH	1.5.2002
Günter Lubitz	GM Techniques/Production/Procurement	DE	1.6.2003
Johann Reiter	GM Business Division Switzerland/Austria	AT	1.11.2010
Marcello Montisci	GM Marketing/Sales/Production Planning	IT	1.3.2005

Claude R. Cornaz (1961)

Dipl. Mechanical Engineer, ETH / BWI, Zürich, Switzerland

1987 - 1989	Management Services, Contraves AG, Zürich, Switzerland
1989 - 1993	Project Engineer, Nestec in Vevey, Switzerland and Thailand
1993 - 1999	Head of Corporate Development for Technology and Production, Vetropack Group
1996 - 2017	MB Member, Vetropack Group
1998 - present	Member of the Board of Directors, Vetropack Holding Ltd
2000 - 2017	CEO of Vetropack Holding Ltd

David Zak (1965)

BSc., Business Administration, Boston University, Boston, USA

1989 - 1997	Various international Finance and Management positions within the ABB Group, including Controller for ABB Holding AG, Zürich, Switzerland Vice-Chairman, ABB s.r.o., Prague, Czech Republic
1998 - 2002	CFO, Studer Professional Audio AG, Regensdorf, Switzerland
5/2002 - present	CFO, Vetropack Holding Ltd / MB Member, Vetropack Group

Günter Lubitz (1953)

Dipl. Engineer, Glass and Ceramics Engineer, University of Duisburg, Duisburg, Germany

1977 - 1985	Management Positions as Production Engineer and Head of Production within the German glass packaging industry
1985 - 1988	Production Manager and Technical Director at Bangkok Glass Industry, Bangkok, Thailand
1989 - 2003	Technical and Works Manager at various glass packaging companies in Germany
6/2003 - present	Head of Techniques/Production/Procurement for the Vetropack Group / MB Member, Vetropack Group

Johann Reiter (1960)

Dipl. Industrial & Mechanical Engineer, HTL, Kapfenberg, Austria

- 1976 - 2010 Various functions at Böhler Edelstahl GmbH & Co KG, Kapfenberg, Austria, including business area manager for freeform forge and casting parts
- 11/2010 - present GM Business Division Switzerland/Austria / MB member, Vetropack Group

Marcello Montisci (1954)

PhD., Electrical Engineer, University of Rome, Italy, MBA, Università Commerciale Luigi Bocconi, Milan, Italy

- 1980 - 1985 Technical Sales, VARIAN, Turin, Italy
- 1985 - 1991 Various management functions, AXIS Spa, Florence, Italy
Including four years in the USA
- 1991 - 2001 Commercial Director, AVIR Spa (O.I.), Milan, Italy
- 2001 - 2005 MD, United Hungarian Glass (O.I.), Oroshaza, Hungary
- 3/2005 - present Head of Marketing/Sales/Production Planning, Vetropack Group
- 2/2006 - present MB Member, Vetropack Group
- 2006 - 2009 Division Head, Czech Republic/Slovakia

There are no management agreements between Vetropack Holding Ltd and companies, nor individuals outside the Group.

Remuneration and Additional Information

The Remuneration Report on pages 79 to 82 and the disclosure pursuant to Art. 663 CO on page 65 provide details on the remuneration, shareholdings, loans and credits granted to members of the BoD and MB as well as closely associated persons.

Shareholders' Participation Rights

Voting Rights, Voting Rights Restrictions and Representation: Each registered or bearer share has one voting right. There is no representation restriction in respect of bearer shares. Registered shares can only be represented by other holders of registered shares (persons or legal entities).

Statutory Quorums: The articles of incorporation of Vetropack Holding Ltd specify only the statutory requirements as laid out in Articles 703 and 704 of the Swiss Code of Obligations.

Convocation of the AGA: The invitation is issued at least 20 days prior to proposed date of the assembly. Within the invitation the shareholders are informed of business items to be negotiated during the assembly, as well as motions proposed by the BoD, and by shareholders who have demanded that a given business item be placed on the agenda. Extraordinary General Assemblies (EGAs) are convened as necessary and as defined by legal precedent. Shareholders representing at least one tenth of total share capital can demand convocation of an EGA at any time.

Composition of the Agenda for the AGA: Shareholders who represent shares with a nominal value of CHF 1,000,000 can demand that a business item is placed on the agenda. This request must be submitted in writing to the Chairman of the BoD at least 40 days prior to AGA.

Transfer Provisions: There are no ownership nor transfer restrictions for registered or bearer shares. Transfers of registered shares must be reported to the Shareholders' Office of Vetropack Holding Ltd.

Registrations in the Share Register: For the voting right to be exercised, registration must take place at least 20 days prior to the AGA.

Changes of Control and Defence Measures: There is no statutory regulation in relation to “opting-out” nor “opting-up”. There are no clauses on changes of control in favour of members of the BoD nor the MB.

Period of Notice: Fixed-term contracts of MB members may not be longer than one year (cp. article 22 of the articles of incorporation). Likewise, the period of notice for terminating permanent contracts may not be longer than one year (cp. article 22 of the articles of incorporation). Permanent contracts of employment with a maximum period of notice of twelve months have been concluded with the MB members (cp. article 22 of the articles of incorporation).

Auditors

Mandate: Ernst & Young Ltd have been auditors for Vetropack Holding Ltd since 1995. The head auditor has been responsible for the auditing mandate since 2013. The head auditor is changed every seven years.

Fees: During the year under review, Ernst & Young Ltd invoiced Vetropack Group the sum of CHF 0.4 million for auditing services regarding accounts of individual Group companies as well as consolidated accounts. In 2017, all affiliates of the Vetropack Group were audited by Ernst & Young Ltd.

Supervisory and Control Instruments Vis-à-Vis the External Auditors: At the ordinary November meeting, the entire BoD reviews the scope and key aspects of the external audit, including key aspects for auditing the internal control system of the current year. At the ordinary March meeting all BoD members are informed of audit results both in writing (Auditor's Report, Group Auditor's Report, Management Letter, Explanatory Notes) and verbally (the lead auditor attends the BoD's March meeting). In February, the main points and results of audits carried out at subsidiaries are also discussed with auditors at the ordinary meetings of the governing body of each subsidiary. A member of the BoD is present at these meetings. With the help of the above-mentioned information sources, the BoD annually assesses both the statutory auditors' and group auditors' performance and independence during the March meeting. The BoD annually analyses the development of external audit costs (multiple year comparison).

Information Policy

Vetropack Holding Ltd provides information through the following channels: Annual Report, Annual Press Conference, Annual General Assembly and Semi-Annual Report. Current information is available via the company's website at www.vetropack.com.

Press releases are published under the “News” header (<http://www.vetropack.com/en/vetropack/news/>). Under the “Investor Relations” header (<http://www.vetropack.com/en/vetropack/investor-relations/vetropack-in-figures/>) key figures, financial publications, financial agenda, news subscription, articles of incorporation, minutes of the last AGA and contact information are published.

By registering for the newsletter (push mail), one automatically receives an e-mail directing to newly released investor relations information pages on the company's website (<http://www.vetropack.com/en/vetropack/investor-relations/news-service/>).

Contact Address

Shareholders' Office
c/o Vetropack Holding Ltd
PO Box, CH-8180 Bülach, Switzerland
Phone +41 44 863 32 70
Fax +41 44 863 31 25



Remuneration Report Vetropack Holding Ltd

1. Introduction

The strategy adopted by Vetropack Group is aimed at ensuring the company's sustainable long-term development, taking into account the interests of its stakeholders. Since Vetropack is firmly rooted in local markets, a high degree of importance is attached to the specific conditions at individual locations. Vetropack's remuneration principles have been drawn up with this in mind; they include a fixed component aligned with local market conditions and an appropriate variable component, which is performance- and results-related.

2. Principles of the Remuneration Scheme and its Components

Vetropack Group's remuneration scheme is geared towards its employees' level of responsibility and experience as well as local conditions. It is managed and further developed without drawing on any external advice.

Members of the Board of Directors (BoD) receive a fixed cash benefit with no variable components.

Members of the Management Board (MB) receive basic remuneration reflecting their individual responsibility and experience as well as a variable performance- and results-related component. They are also awarded non-cash benefits in the form of supplementary pension contributions and a company car, which is also available for their private use.

All remuneration is paid in cash and there are no share or option plans.

3. Organisation and Authorities for Determining Remuneration

The BoD determines the principles underlying its own remuneration scheme as well as that of the MB at the request of the Nomination and Compensation Committee. It sets remuneration for the BoD and the CEO annually at the request of the Nomination and Compensation Committee.

The Nomination and Compensation Committee (NCC) consists of three members of the BoD who are elected individually by the Annual General Assembly each year. The Annual General Assembly of 10 May 2017 elected Claude R. Cornaz, Richard Fritschi and Rudolf Fischer to the NCC, with the latter being elected its Chairman by the BoD. The NCC reports on its discussions and decisions and proposes any motions at the next meeting of the entire BoD. The committee met four times in 2017: March, May, August and November.

The main task of the NCC is to regularly check the BoD's and MB's remuneration schemes. The NCC recommends remuneration proposals for the members of the BoD and the CEO to the entire BoD for resolution, with the CEO not taking part in discussions concerning his own remuneration. The committee takes independent decisions regarding the remuneration of the remaining members of the MB at the request of the CEO. The NCC also puts to the BoD the motions relating to overall remuneration for the BoD and MB that are to be proposed at the Annual General Assembly. The CEO does not attend meetings at which his remuneration is discussed.

It also prepares the medium- and long-term human resources planning for the members of the BoD and the MB and submits its proposals to the entire BoD for resolution.

The Annual General Assembly of Vetropack Holding Ltd votes on the remuneration of the Board of Directors and the Management Board as follows:

- prospectively and separately on the maximum total amount of remuneration for the Board of Directors for the period until the next Annual General Assembly (cp. article 27 of the company's articles of incorporation <https://www.vetropack.com/en/vetropack/investor-relations/corporate-governance/>).
- prospectively and separately on the maximum total amount of remuneration for the Management Board for the fiscal year that follows the Annual General Assembly (cp. article 27 of the articles of incorporation).

Article 28 of the articles of incorporation provides for an additional 40% of the amount approved by the Annual General Assembly for members of the Management Board nominated during the remuneration period.

4. Description of the Remuneration Components

Board of Directors

Members of the BoD receive fixed remuneration in cash, with the Chairman, Vice-Chairman and ordinary members entitled to different amounts based on a graduated scale. The members of the NCC also receive fixed remuneration in cash for their work on the Committee, with the Chairman and ordinary members likewise entitled to different amounts based on a graduated scale. There are no variable components. Remuneration is paid out after each Annual General Assembly.

Management Board

Members of the MB receive fixed basic remuneration (fixed basic salary), which is commensurate to the level of responsibility they have in their individual role, their experience and local conditions.

They also receive a variable cash bonus that consists of two parts:

- an individual bonus, based on the achievement of individually defined performance goals,
- a net result bonus, calculated on the basis of an individually defined per mille rate of the Group's consolidated net profit after tax. If the consolidated net profit is lower than 2% of the net revenue, this net result bonus is zero.

When appraising the extent to which individual performance goals have been achieved, the elements that cannot be quantified are evaluated at the appraiser's discretion.

The target value for the variable component as a whole, i.e. the individual bonus and net result bonus together, is between 25% and 50% of the basic salary.

It is limited to a maximum of 75% of the basic salary and is paid out in March of the following year after the Annual Report has been approved by the BoD.

5. Board of Director's (BoD) Remuneration

Only cash benefits were paid to members of the BoD in 2017. No shares, options, loans and credits, additional fees or remuneration of any other kind were disbursed to either members of the BoD, former members of the BoD or persons closely associated with them. There are also no outstanding credits or loans.

2016 BoD Remuneration

in CHF	Cash		Social Security Contributions	Total
	BoD	NCC		
Hans R. Rüegg, Chairman	120 000		6 465	126 465
Richard Fritschi, Vice-Chairman*	85 000	6 667	6 751	98 418
Claude R. Cornaz, Member*	61 000	6 667	4 578	72 245
Sönke Bandixen, Member	61 000		4 493	65 493
Pascal Cornaz, Member	61 000		4 493	65 493
Rudolf W. Fischer, Member*	61 000	10 000	5 229	76 229
Jean-Philippe Rochat, Member	61 000		4 493	65 493
Total	510 000	23 334	36 502	569 836

2017 BoD Remuneration

in CHF	Cash		Social Security Contributions	Total
	BoD	NCC		
Hans R. Rüegg, Chairman	123 333		6 706	130 039
Richard Fritschi, Vice-Chairman	88 333	10 000	7 272	105 605
Claude R. Cornaz, Member	63 667	10 000	5 006	78 673
Sönke Bandixen, Member	63 667		4 708	68 375
Pascal Cornaz, Member	63 667		4 708	68 375
Rudolf W. Fischer, Member	63 667	15 000	3 895	82 562
Jean-Philippe Rochat, Member	63 667		4 708	68 375
Urs Kaufmann, Member	43 333		3 204	46 537
Total	573 334	35 000	40 207	648 541

6. Management Board's (MB) Remuneration

Only cash benefits were paid to members of the MB in 2017. No shares, options, loans and credits, additional fees or remuneration of any other kind were disbursed to either members of the MB, former members of the MB or persons closely associated with them. There are also no outstanding credits or loans.

in CHF	Basic Salary	Bonus	Pension/Social Security Contributions	** Non-cash Benefits	Total
2016 MB Remuneration					
Total MB	2 009 700	538 505	644 240	31 159	3 223 604
Highest level of remuneration *	618 240	181 940	208 140	5 280	1 013 600
2017 MB Remuneration					
Total MB	2 018 390	592 117	656 642	32 650	3 299 799
Highest level of remuneration *	618 240	193 306	207 757	5 280	1 024 583

* Claude R. Cornaz, CEO

** Company car for personal use

7. Comparison of Remuneration disbursed with the Remuneration approved by the 2016 and 2017 Annual General Assembly

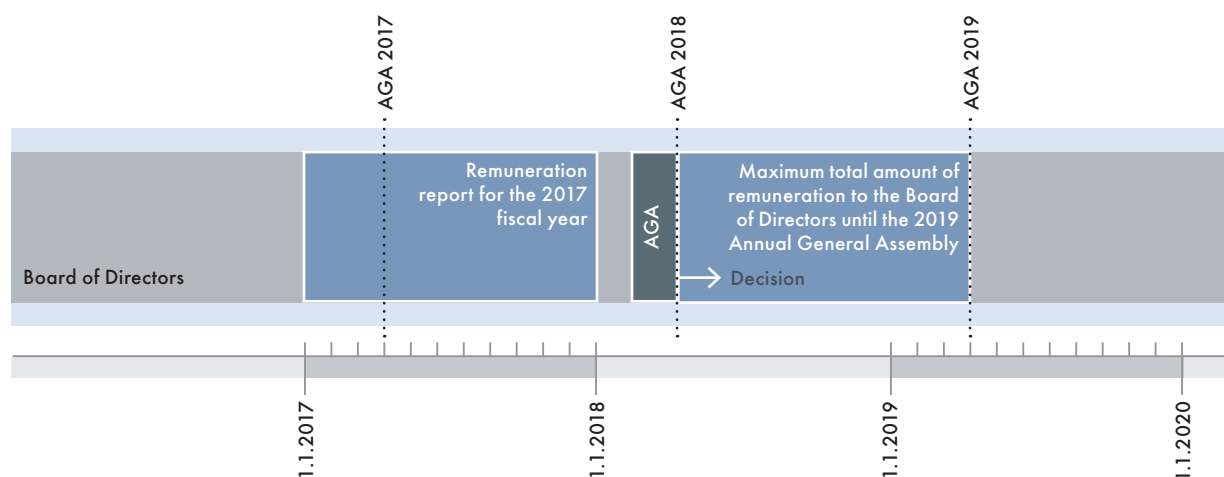
Board of Directors

At the Annual General Assembly on 10 May 2017, the total amount of remuneration on the Board of Directors was voted and a maximum of CHF 690,000 defined.

Remuneration to the Board of Directors is approved prospectively for the period until the next ordinary Annual General Assembly in accordance with the articles of incorporation. The table below compares the maximum amount of remuneration to the Board of Directors approved by the Annual General Assembly with the amounts actually disbursed in 2017.

in CHF	
Approved total remuneration for the BoD from the 2017 AGA until the 2018 AGA	690 000
Remuneration disbursed to the BoD in 2017	648 541

The difference is due to a slight increase in Board of Directors' fees as well as the addition of a new member of the Board of Directors and a postponement (see diagram below).



Management Board

The total remuneration to the Management Board for the 2017 fiscal year (CHF 4,400,000) was approved at the Annual General Assembly on 11 May 2016. See below a comparison of approved and disbursed remuneration for 2017.

CHF millions	2017
Approved total remuneration for the Management Board for 2017	4 400 000
Remuneration disbursed to the Management Board in 2017	3 299 799

8. Shareholdings

Information on shares held by members of the Board of Directors and the Management Board can be found in the Financial Report of Vetropack Holding Ltd on page 65.

To the General Meeting of Vetropack Holding Ltd, Saint-Prex
Zurich, 14 March 2018

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of Vetropack Holding Ltd for the year ended 31 December 2017. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) on pages 79 to 82 of the remuneration report.

Board of Directors' responsibility. The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility. Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion. In our opinion, the remuneration report for the year ended 31 December 2017 of Vetropack Holding Ltd complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert
(Auditor in charge)

Marc Hegetschweiler
Licensed audit expert





Organisation

Extended Group Management
as per 31 December 2017

Back row: Pavel Prinko, Tihomir Premužak, Gregor Gábel, Christoph Burgermeister
Middle row: Marcello Montisci, David Zak, Elisabeth Boner, Günter Lubitz
Front row: Inge Jost, Johann Reiter, Claude R. Cornaz, Sergio Antoci



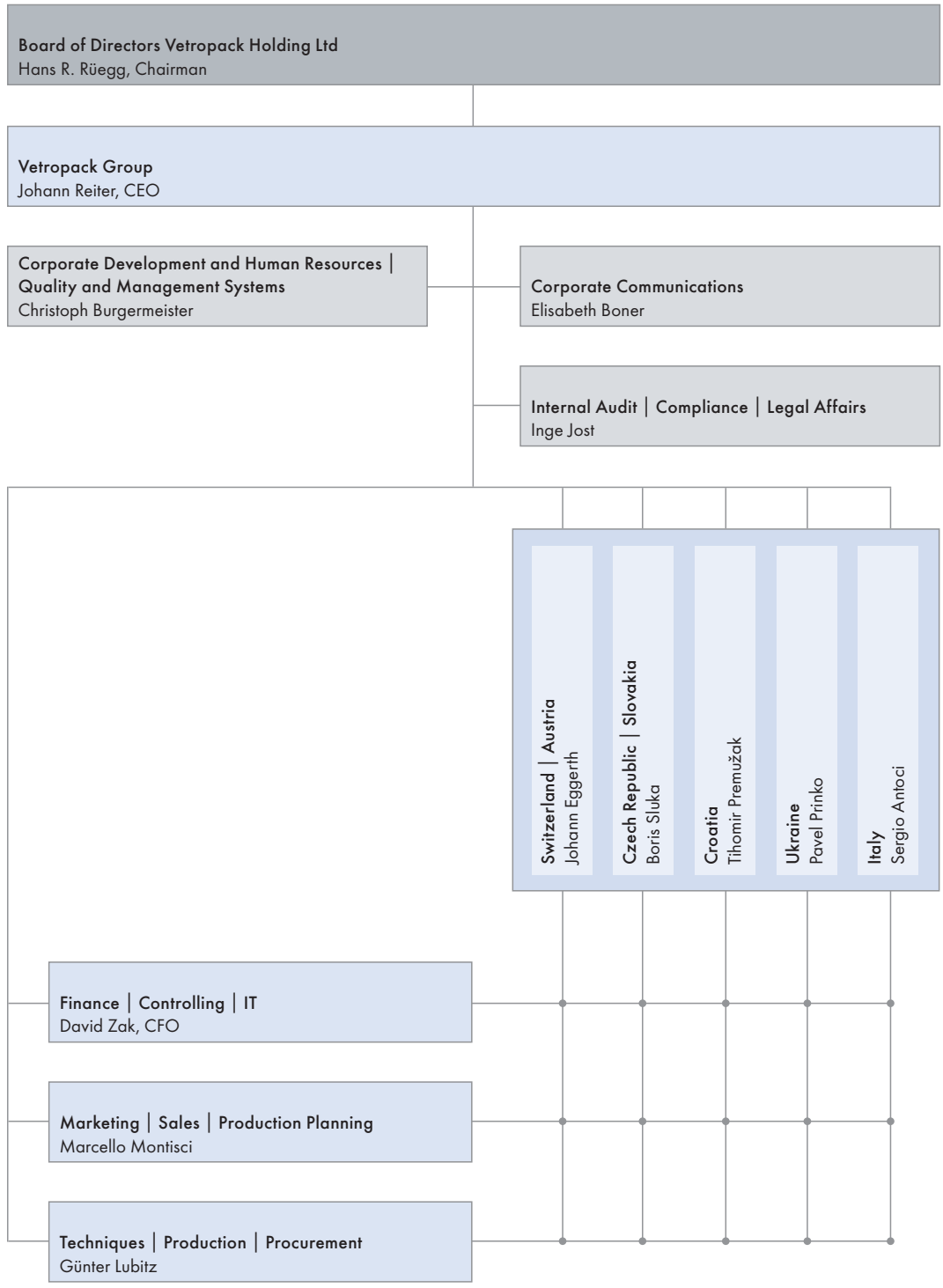
Back row: David Zak, Pavel Prinko, Johann Eggerth, Tihomir Premužak, Elisabeth Boner, Christoph Burgermeister
Front row: Marcello Montisci, Inge Jost, Sergio Antoci, Johann Reiter, Boris Sluka, Günter Lubitz



Organisation

Extended Group Management
as per 1 March 2018

Organisation as per 1 March 2018



Group Management Board

Johann Reiter, CEO

David Zak, CFO

Günter Lubitz

Johann Eggerth

Marcello Montisci

Finance, Controlling and IT

David Zak

- Shared Service Centre Switzerland Christian Trösch

- Group Controlling and Accounting Adriano Melchiorretto

- IT Bruno Hennig

Marketing, Sales and Production Planning

Marcello Montisci

Techniques, Production and Procurement

Günter Lubitz

- Procurement Ulrich Ruberg

Corporate Development and Human Resources

Quality and Management Systems

Christoph Burgermeister

- Quality Management Andrea Steinlein

- Quality Assurance Christoph Böwing

Corporate Communications

Elisabeth Boner

Internal Audit, Compliance, Legal Affairs

Inge Jost

Business Division Switzerland/Austria

Johann Eggerth

Marketing + Sales Herbert Kühberger

- Switzerland Christine Arnet

- Austria Herbert Kühberger

- Export Europe West Leopold Siegel

Finance + Administration Bernhard Karrer

Supply Chain Werner Schaumberger

Techniques Thomas Poxleitner

- St-Prex Plant Philippe Clerc

- Pöchlarn and Kremsmünster Plant Thomas Poxleitner

Business Division Czech Republic/Slovakia

Boris Sluka

Marketing + Sales Dana Švejcarová

- Czech Republic Dana Švejcarová

- Slovakia Zuzana Hudecová

- Export Europe East Vlastimil Ostrezi

Logistics Jaroslav Mikliš

Techniques Miroslav Šebik

Kyjev Plant

- Production Antonín Pres

- Finance Milan Kucharčík

Nemšová Plant

- Production Roman Fait

- Finance Eva Vanková

Business Division Croatia

Tihomir Premužak

Marketing + Sales Darko Šlogar

Logistics Robert Vražić

Finance Marija Špiljak

Personnel Damir Gorup

Production Josip Šolman

Techniques Velimir Mrkus

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Finance Nataliia Bukreieva

Personnel Maria Dukhenko

Production Roman Yatsuk

Techniques Mikola Marchenko

Business Division Italy

Sergio Antoci

Marketing + Sales Giusi Cremonesi

Supply Chain Luca Marini

Finance Alberto Borroni

Personnel Annalisa Girardi

Production Davide Barenghi

Techniques Ruggero Spera

Group Companies

Vetroconsult Ltd Günter Lubitz

Müller + Krempel Ltd Mark Isler

Vetoreal Ltd Fabian Rittener

Vetropack Glassworks



St-Prex Plant, Switzerland



Pöchlarn Plant, Austria



Kremsmünster Plant, Austria



Kyjov Plant, Czech Republic



Nemšová Plant, Slovakia



Hum na Sutli Plant, Croatia



Gostomel Plant, Ukraine



Trezzano sul Naviglio Plant, Italy

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