





## REPORT BY THE BOARD OF DIRECTORS

Dear Shareholders,

*In financial year 2001 the Vetropack Group achieved consolidated sales of CHF 431.6 million. This result exceeds last year's figure of 414.0 million by 4.3%; adjusted for currency effects sales actually increased by 5.3%. The EBIT rose by 34.4% to CHF 34.7 million. With regard to the closure of the Bülach production facilities at the end of February 2002, provisions amounting to CHF 14.5 million have been made in the 2001 financial year. Taking these items into account, consolidated net profit for the year under review is CHF 11.6 million (previous year: CHF 15.6 million) while cash flow is CHF 56.6 million (previous year: CHF 60,7 million).*

*In unit terms the Vetropack Group increased sales by 5.0% to 3.0 billion units of glass packaging as a result of favourable trends in its sales markets. This meant that all of Vetropack's production facilities were working at full capacity for the whole year. Exports were down slightly from 35.2% in the previous year to 33.2% last year.*

*In business area West, the Swiss company was able to maintain its market position despite the announced closure of the Bülach production facilities; however, some of the increase in sales can be attributed to advance purchases resulting from the introduction of recycling duty on 1.1.2002. Despite this increase in sales, earnings for the Swiss business remained negative. Vetropack Austria was able once again to increase sales substantially.*

*In business area East, Vetropack Moravia Glass increased domestic sales and thereby consolidated its position in its home market. Vetropack Straža also experienced strong demand in its home market (Croatia) and from neighbouring countries.*

*At the end of 2001 the consolidated balance sheet was totalizing CHF 491.2 million (previous year: CHF 507.0 million). The ratio of current assets to fixed assets remained unchanged from the previous year. Repayment of bank loans led to a reduction of CHF 22.5 million in overall borrowings to CHF 262.8 million. Thanks to the positive result for the year and the reduced balance sheet total the equity ratio has risen to 46.5% (previous year: 43.0%).*





## MANAGEMENT REPORT AND OUTLOOK

*Switzerland remains an important domestic market for Vetropack, even after the closure of the Bülach production facilities. While glass packaging in the colours green, feuille-morte and cuvée will continue to be produced in St-Prex, deliveries of clear glass and brown glass will be sourced from the production facilities in Austria and the Czech Republic. The necessary logistical structures have now been put in place and the Swiss market is therefore guaranteed to be supplied with glass packaging under the same brand name and with the same quality as before. At the same time the recycling of glass by Vetro-Recycling AG will continue as before and recycled glass which cannot be used in Swiss production facilities will be exported.*

*With the concentration of Swiss production in St-Prex the Vetropack Group has eliminated a significant source of losses. The resources freed up by closing the glasswork Bülach will be available for further expansion into the markets of Eastern Europe. The demand for packaging glass in the food and beverages industry in Eastern Europe is increasing remarkably as a result of the strong catch-up potential in this region.*

*The strategic direction of the Vetropack Group in the market and the financial management of the company will continue to be concentrated at the Group's head office in Bülach. Group functions also include the central IT and engineering services.*

*The Board joins with me in expressing our appreciation to our customers and suppliers for their continued support and in thanking our management and staff for their contribution to the Group and its financial results in the year to 31 December 2001.*

*St-Prex, 20 March 2002*

*Jean-Daniel Cornaz*

*Chairman of the Board of Directors*

# FINANCIAL REPORTING

## VETROPACK GROUP

### CONSOLIDATED BALANCE SHEET

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	31.12.2001 in 1000 CHF	31.12.2000 in 1000 CHF
<b>Assets</b>		
Current assets		
Liquid assets	<b>40 849</b>	59 408
Accounts receivable	<b>68 995</b>	58 472
Other receivables	<b>9 882</b>	11 124
Raw materials and finished goods	<b>83 967</b>	80 468
Prepaid expenses	<b>2 786</b>	3 094
Total current assets	<b>206 479</b>	212 566
Fixed assets		
Investments	<b>268 672</b>	274 093
Financial assets	<b>15 855</b>	20 299
Intangible assets	<b>206</b>	86
Total fixed assets	<b>284 733</b>	294 478
Total assets	<b>491 212</b>	507 044
<b>Liabilities and shareholders' equity</b>		
Liabilities		
Short-term liabilities		
Accounts payable	<b>26 792</b>	31 826
Banks	<b>29 141</b>	58 322
Other liabilities	<b>15 926</b>	10 530
Prepaid income	<b>5 098</b>	4 159
Provisions	<b>17 422</b>	7 308
Medium and long-term liabilities		
Loans and credits	<b>140 990</b>	141 936
Other liabilities	<b>8 129</b>	8 702
Provisions	<b>19 252</b>	22 561
Total liabilities	<b>262 750</b>	285 344
Minority ownership interests	<b>227</b>	3 649
Shareholders' equity		
Share capital	<b>21 372</b>	21 372
Corporate reserves	<b>195 228</b>	181 042
Consolidated net profit for the year	<b>11 635</b>	15 637
Total shareholders' equity	<b>228 235</b>	218 051
Total liabilities and shareholders' equity	<b>491 212</b>	507 044

## CONSOLIDATED INCOME STATEMENT

	<b>2001</b> in 1000 CHF	2000 in 1000 CHF
Gross revenues	<b>431 620</b>	414 018
Discounts, reductions and transport	<b>- 35 139</b>	- 38 620
Net revenues	<b>396 481</b>	375 398
Changes in stocks of finished goods	<b>2 162</b>	- 2 791
Other operating income	<b>9 200</b>	8 391
Total income	<b>407 843</b>	380 998
Cost of raw materials and supplies	<b>- 81 058</b>	- 69 317
Energy costs	<b>- 50 297</b>	- 43 181
Personnel expenses	<b>- 108 570</b>	- 108 408
Other operating expenses	<b>- 86 459</b>	- 87 573
Depreciation	<b>- 46 804</b>	- 46 743
Operating income before interest	<b>34 655</b>	25 776
Interest and financial income	<b>5 311</b>	7 036
Interest and financial expenses	<b>- 12 361</b>	- 15 837
Operating income after interest	<b>27 605</b>	16 975
Extraordinary income	<b>2 545</b>	3 851
Extraordinary expenses	<b>- 12 039</b>	- 2 439
Profit before taxes	<b>18 111</b>	18 387
Taxes	<b>- 5 402</b>	- 1 976
Minority interests from Group companies	<b>- 1 074</b>	- 774
Consolidated net profit for the year	<b>11 635</b>	15 637
Consolidated cash flow	<b>56 637</b>	60 668

## FIVE-YEAR OVERVIEW

		2001	2000	1999	1998	1997
<b>Consolidated Income Statement</b>						
Gross revenues	TCHF	<b>431 620</b>	414 018	392 552	397 695	406 556
Changes in %	in %	<b>4.3</b>	5.5	-1.3	-2.2	7.1
Number of employees		<b>2 357.6</b>	2 459.9	2 586	2 636	2 907
Gross revenues per employee	TCHF	<b>183</b>	168	152	151	140
Cash flow	TCHF	<b>56 637</b>	60 668	47 310	45 957	37 431
Cash flow as % of gross revenues		<b>13.1</b>	14.7	12.1	11.6	9.2
Depreciation	TCHF	<b>46 804</b>	46 743	44 999	50 570	48 887
Taxes	TCHF	<b>- 5 402</b>	- 1 976	271	- 1 559	1 158
Consolidated net profit/loss	TCHF	<b>11 635</b>	15 637	4 684	- 489	- 10 903
<b>Consolidated Balance Sheet as at 31st December</b>						
Investment in fixed assets	TCHF	<b>43 589</b>	29 599	34 982	22 701	48 735
Total assets	TCHF	<b>491 212</b>	507 044	520 514	579 262	587 690
Current assets	TCHF	<b>206 479</b>	212 566	186 511	196 815	195 550
Fixed assets	TCHF	<b>284 733</b>	294 478	334 003	382 447	392 140
Liabilities	TCHF	<b>262 750</b>	285 344	305 295	361 168	368 766
Minority ownership interests	TCHF	<b>227</b>	3 649	2 875	4 097	4 171
Total shareholders' equity	TCHF	<b>228 235</b>	218 051	212 344	213 997	214 753
Equity/asset ratio	in %	<b>46.5</b>	43.0	40.8	36.9	36.5
<b>Share details</b>						
Share prices						
- bearer shares <sup>1</sup>	high CHF	<b>254.5</b>	285	205	307	380
	low CHF	<b>182</b>	161	160	175	236
Dividends						
- bearer shares	CHF	<b>10<sup>1</sup></b>	10	10	10	10
- registered shares	CHF	<b>2<sup>1</sup></b>	2	2	2	2
Consolidated annual result per bearer share						
	CHF	<b>27</b>	37	11	- 1	- 26
Payout ratio	%	<b>37</b>	27	91	- 877	- 39

<sup>1</sup> Proposal to the AGM on 15 May 2002

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