

Schoeller Allibert Group B.V.  
**Three months ended 31  
March 2017**



Schoeller Allibert

**Schoeller Allibert B.V.**  
**Three months ended 31 March 2017**  
**Condensed consolidated interim financial statements**

**Table of Contents**

Schoeller Allibert at a glance .....	3
Principal Activities .....	4
Key Financial Results .....	4
Operating and Financial Review .....	5
Consolidated Income Statement – three months ended 31 March .....	8
Consolidated Statement of Comprehensive Income – three months ended 31 March .....	9
Consolidated Balance Sheet .....	10
Consolidated Statement of Cash Flows - three months ended 31 March.....	11
Consolidated Statement of Changes in Equity .....	12
Notes to the Condensed Consolidated Interim Financial Statements .....	13

**Cautionary statement:** The operating and financial review and certain other sections of this document contain forward looking statements which are subject to risk factors associated with, amongst others, the economic and business circumstances occurring from time to time in the countries and markets in which the Group (as defined below) operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables, which could cause actual results to differ materially from those currently anticipated.

## Schoeller Allibert at a glance

Schoeller Allibert is Europe's largest manufacturer of plastic returnable transit packaging. Schoeller Allibert has extensive expertise in a range of industries, including agriculture, automotive, food and food processing, beverage, retail, industrial manufacturing and pooling.



**11 factories in  
Europe,  
1 in US**

**More than  
1,900  
employees**

**Present in  
over 50  
countries**

## Principal Activities

Schoeller Allibert Group B.V. (the “Company”) and its subsidiaries (collectively, the “Group” or “Schoeller Allibert”) is Europe’s largest manufacturer of plastic containers and returnable transit packaging (RTP). Schoeller Allibert offers a wide range of products to meet the storage, handling and distribution needs of large and medium sized companies on a local, regional and global level. Schoeller Allibert employs approximately 1,900 people with the majority employed in Europe, where the Group has production and sales activities in over 20 countries.

Schoeller Allibert’s products include tough stacking containers, rigid pallet containers (RPCs) for secure distribution, heavy-duty rigid and folding large containers (FLCs), pallets and dollies which have been designed to protect small, large or unusually shaped components; to timely deliver goods and, thanks to foldable or stackable units to save valuable space on return journeys. Manufactured to precise dimensions, to fit and function seamlessly with all handling equipment, Schoeller Allibert’s containers are the ideal handling medium for automated warehouses and distribution centers. They promote a reliable and consistent flow, withstanding heavy unit loads and allow fast movement through automated storage and retrieval systems, thereby helping customers to speed handling operations, reduce logistics costs and eliminate packaging waste.

Schoeller Allibert has extensive expertise in a range of industries, including agriculture, automotive, food and food processing, beverage, retail, industrial manufacturing and pooling. With more than 50 years of experience in developing industrial reusable packaging, Schoeller Allibert has built leading market positions by understanding its target industry sectors and applying extensive expertise to design and implement customized industrial reusable packaging solutions that address industry specific handling, logistics, storage and retrieval requirements.

## Key Financial Results

The table below shows the Group’s key consolidated financial results for the three months ended 31 March 2017 and 2016:

EUR'000	THREE MONTHS ENDED 31 MARCH	
	2017	2016
Revenue	114,126	114,494
Revenue growth	-0.3%	-9.4%
EBITDA before adjusting items	10,523	9,008
EBITDA before adjusting items as a % of revenue	9.2%	7.9%
Loss before income taxes	(3,820)	(10,038)
Net capital expenditure	6,178	2,699
Net capital expenditure as a % of revenue	5.4%	2.4%
Cash generated from operations	(2,573)	25,947

The table below shows the Group’s key other financial metrics as at 31 March 2017 and 31 December 2016:

EUR'000	AS AT 31 MARCH	AS AT 31 DECEMBER
	2017	2016
Net working capital	(2,370)	(10,813)
Cash and cash equivalents	42,681	51,402
Total net loans and borrowings	189,035	177,492

Net working capital is defined as current assets (excluding cash and cash equivalents and receivables from related parties) less current liabilities (excluding current portion of loans and borrowings, bank overdrafts and payables due from related parties).

Cash and cash equivalents is defined as cash and cash equivalents on the balance sheet less bank overdrafts.

Net loans and borrowings are defined as total current and non-current loans and borrowings less cash and cash equivalents.

## Operating and Financial Review

### Revenue

The table below shows the Group's operating segment revenue for the three months ended 31 March 2017 and 2016:

EUR'000	THREE MONTHS ENDED 31 MARCH	
	2017	2016
Northern Europe	35,727	45,039
Southern Europe	27,084	26,901
UK and rest of Europe	20,359	19,831
United States of America	14,397	7,084
All Other Segments	16,560	15,639
<b>Total revenue</b>	<b>114,126</b>	<b>114,494</b>

Operating segments are aggregated to the following reportable segments which include:

- *Northern Europe*: the Netherlands, Belgium, Germany, Austria and Switzerland.
- *Southern Europe*: France, Italy, Spain and Portugal.
- *United Kingdom and rest of Europe*: the United Kingdom, Czech Republic, Romania, Slovakia, Hungary, Poland, Serbia, Turkey, Sweden, Finland, Latvia, Ukraine and Russia.
- *United States of America*: the United States of America.
- *All Other Segments*: services business and international businesses, which are comprised of the sale of moulds and RTP products into emerging markets, and head office

Revenue in Northern Europe decreased by EUR 9,312 thousand, or 20.7%, from EUR 45,039 thousand for the three months ended 31 March 2016 to EUR 35,727 thousand for the three months ended 31 March 2017. This reduction in revenue was primarily attributable to a decrease in orders in the pooling market in Europe.

Revenue in Southern Europe increased by EUR 183 thousand, or 0.7%, from EUR 26,901 thousand for the three months ended 31 March 2016 to EUR 27,084 thousand for the three months ended 31 March 2017. The Region showed a stable performance due to orders in the food processing and agriculture sectors as well as the pooling market.

Revenue in the UK and rest of Europe increased by EUR 528 thousand, or 2.7%, from EUR 19,831 thousand for the three months ended 31 March 2016 to EUR 20,359 thousand for the three months ended 31 March 2017. This increase was primarily attributable to higher revenues from customers in the retail in the UK. The growth in revenue would have been higher if the impact of the pound sterling were to be excluded.

Revenue in the USA increased by EUR 7,313 thousand, or 103.2%, from EUR 7,084 thousand for the three months ended 31 March 2016 to EUR 14,397 thousand for the three months ended 31 March 2017. This increase was primarily attributable to higher orders in the pooling market in the USA.

Revenue in all Other Segments increased by EUR 921 thousand, or 5.9%, from EUR 15,639 thousand for the three months ended 31 March 2016 to EUR 16,560 thousand for the three months ended 31 March 2017. This increase was primarily attributable to higher revenues from the business in South America.

### EBITDA before adjusting items

EBITDA before adjusting items refers to earnings before interest, tax, depreciation, amortization and adjusting items, and is a key financial measure used by management to assess operational performance. It excludes the impact of adjusting items, such as costs incurred in the realization of cost reduction programs, which are items that are material, non-recurring and significant in nature and amount.

EUR'000	THREE MONTHS ENDED 31 MARCH	
	2017	2016
Total EBITDA before adjusting items	10,523	9,008

EBITDA before adjusting items increased by EUR 1,515 thousand, or 16.8% to EUR 10,523 thousand for the three months ended 31 March 2017 compared to EUR 9,008 thousand for the three months ended 31 March 2016. The lower revenues level for the three months ended 31 March 2017 compared to the three months ended 31 March 2016 was largely compensated by higher margin orders and cost control resulting in improved EBITDA before adjusting items.

The following table shows a breakdown of EBITDA before adjusting items by geographic segment the for three months ended 31 March 2017 and 2016:

EUR'000	THREE MONTHS ENDED 31 MARCH	
	2017	2016
Northern Europe	1,601	4,821
Southern Europe	2,329	1,414
UK and rest of Europe	(92)	1,219
United States of America	1,683	(242)
All Other Segments	5,001	1,796
Total EBITDA before adjusting items	10,523	9,008

### Net finance income/expense

Net finance expense for the three months ended 31 March 2017 was EUR 5,874 thousand (expense for the three months ended 31 March 2016: EUR 10,158 thousand). This decrease was primarily due the decrease in the interest cost to EUR 4,832 thousand for the three months ended 31 March 2017 (for the three months ended 31 March 2016 interest amounted to: EUR 7,463 thousand). In addition, the Group incurred lower foreign exchange losses of EUR 433 thousand for the three months ended 31 March 2017 (three months ended 31 March 2016 foreign exchange loss : EUR 2,402 thousand).

### Profit/loss before income taxes

The loss before income taxes was EUR 3,820 thousand for the three months ended 31 March 2017 (the three months ended 31 March 2016: the loss of EUR 10,038 thousand), with the year-on-year change driven primarily by higher EBITDA, lower amortisation and lower net finance expense.

### Net capital expenditure

Net capital expenditure was EUR 6,178 thousand outflow for the three months ended 31 March 2017 (the three months ended 31 March 2016: EUR 2,699 thousand outflow), which represented 5.4% of revenue for the three months ended 31 March 2017 (2.4% for the three months ended 31 March 2016).

### Cash generated from operations

Cash generated from operations during the three months ended 31 March 2017 amounted to a EUR 2,573 thousand outflow (the three months ended 31 March 2016 EUR 25,947 thousand inflow). During 2016, the Group renewed two factoring agreements. Under the new, non-recourse factoring agreements, the Group transfers substantially all the risks and rewards on the factored receivables to the factor. Consequently, the liability related to receivables factored under the new agreement are derecognized from the Group's balance sheet. If the Group had had non-recourse factoring in place for 2016, cash generated from operations would have amounted to EUR 5,666 thousand inflow for three months ended 31 March

2016. The decrease in cash generated from operations is mainly driven by negative working capital development year-on-year.

#### **Net working capital**

Net working capital is defined as current assets (excluding cash and cash equivalents and receivables from related parties) less current liabilities (excluding current portion of loans and borrowings, bank overdrafts and payables due from related parties).

As of 31 March 2017, the receivables from related parties were equal to EUR 1,113 thousand (31 December 2016: EUR 961 thousand) and the payables due from related parties were equal to EUR 410 thousand (31 December 2016: EUR 395).

As of three months ended 31 March, the Group had negative net working capital of EUR 2,370 thousand (31 December 2016 negative net working capital of EUR 10,813 thousand). The increase in the net working capital is mainly due to higher inventory levels as of 31 March 2017.

#### **Cash and cash equivalents**

Cash and cash equivalents is defined as cash and cash equivalents on the balance sheet less bank overdrafts. As 31 March 2017 the Group had EUR 42,681 thousand (31 December 2016: EUR 51,402 thousand) of net cash on its balance sheet.

The Group had one revolving credit facility as at 31 March 2017 amounting to EUR 30 million (31 December 2016: EUR 30 million). The unused part of the facilities as at 31 March 2017 amounted to EUR 26.0 million (31 December 2016: EUR 24.1 million).

#### **Total net loans and borrowings**

Net loans and borrowings is defined as total current and non-current loans and borrowings less cash and cash equivalents, which increased by 6.5% to EUR 189,035 thousand as at three months ended 31 March (31 December 2016: EUR 177,492 thousand), mostly driven by the lower cash balances and new loans granted.

#### **Subsequent events**

There have been no material events subsequent to the period end which require additional disclosure.

## Consolidated Income Statement – three months ended 31 March

EUR'000	Note	THREE MONTHS ENDED 31 MARCH			THREE MONTHS ENDED 31 MARCH		
		2017			2016		
		Before adjusting items	Adjusting items	Total	Before adjusting items	Adjusting items	Total
Revenue	8	114,126	-	114,126	114,494	-	114,494
Other income		254	-	254	31	-	31
Raw materials and consumables used		(54,077)	-	(54,077)	(54,306)	-	(54,306)
Costs for subcontracting		(1,205)	-	(1,205)	(744)	-	(744)
Employee benefit expense		(27,915)	(659)	(28,574)	(27,876)	(265)	(28,141)
Other operating costs		(20,660)	(145)	(20,804)	(22,590)	(377)	(22,967)
<b>Operating expenses excluding depreciation, amortisation and impairment</b>		<b>(103,857)</b>	<b>(804)</b>	<b>(104,661)</b>	<b>(105,517)</b>	<b>(642)</b>	<b>(106,159)</b>
<b>EBITDA</b>	8	<b>10,523</b>	<b>(804)</b>	<b>9,718</b>	<b>9,008</b>	<b>(642)</b>	<b>8,367</b>
Depreciation and impairment expense		(6,668)	-	(6,668)	(6,393)	-	(6,393)
Amortisation and impairment expense		(997)	-	(997)	(1,853)	-	(1,853)
<b>Operating result</b>		<b>2,858</b>	<b>(804)</b>	<b>2,053</b>	<b>762</b>	<b>(642)</b>	<b>120</b>
Finance income		19	-	19	12	-	12
Finance expense		(5,893)	-	(5,893)	(10,170)	-	(10,170)
<b>Net finance income/(expense)</b>	10	<b>(5,874)</b>	<b>-</b>	<b>(5,874)</b>	<b>(10,158)</b>	<b>-</b>	<b>(10,158)</b>
<b>Loss before income taxes</b>		<b>(3,016)</b>	<b>(804)</b>	<b>(3,820)</b>	<b>(9,397)</b>	<b>(642)</b>	<b>(10,038)</b>
Income tax (expense)/income	11	(780)	40	(740)	(22)	110	88
<b>Profit/(loss) for the period</b>		<b>(3,796)</b>	<b>(764)</b>	<b>(4,560)</b>	<b>(9,418)</b>	<b>(532)</b>	<b>(9,950)</b>
Attributable to:							
Owners of the Company				(4,563)			(10,087)
Non-controlling interests				2			137



## Consolidated Statement of Comprehensive Income – three months ended 31 March

EUR'000	THREE MONTHS ENDED 31 MARCH	
	2017	2016
<b>Profit/(loss) for the period</b>	<b>(4,560)</b>	<b>(9,950)</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Foreign currency translation differences - foreign operations	686	(111)
<b>Total comprehensive income/(loss) for the period, net of income tax</b>	<b>(3,874)</b>	<b>(10,061)</b>
<b>Attributable to:</b>		
Owners of the Company	(3,840)	(10,198)
Non-controlling interests	(35)	137
<b>Total comprehensive profit/(loss) for the period</b>	<b>(3,874)</b>	<b>(10,061)</b>

## Consolidated Balance Sheet

EUR'000	Note	AS AT 31 MARCH	AS AT 31 DECEMBER
		2017	2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		106,037	106,974
Intangible assets		9,135	9,216
Equity accounted investments		422	422
Other financial assets		2,579	2,036
Deferred income tax assets		10,007	10,400
<b>Total non-current assets</b>		<b>128,180</b>	<b>129,048</b>
<b>Current assets</b>			
Inventories		34,287	23,105
Trade and other receivables		67,233	64,562
Current income tax assets		4,492	4,179
Prepayments and accrued income		12,275	14,954
Cash and cash equivalents		42,681	53,295
<b>Total current assets</b>		<b>160,968</b>	<b>160,096</b>
<b>TOTAL ASSETS</b>		<b>289,148</b>	<b>289,144</b>
<b>EQUITY</b>			
Equity attributable to owners of the Company		(67,583)	(64,065)
Non-controlling interests		508	865
<b>Total equity</b>		<b>(67,075)</b>	<b>(63,200)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	12	215,268	217,666
Employee benefits		4,882	4,872
Provisions	14	2,283	2,103
Deferred income tax liabilities		5,138	5,468
<b>Total non-current liabilities</b>		<b>227,570</b>	<b>230,109</b>
<b>Current liabilities</b>			
Loans and borrowings	12	8,758	3,295
Bank overdraft		-	1,894
Provisions	14	3,359	3,884
Current income tax liabilities		2,884	3,357
Trade and other payables		113,651	109,806
<b>Total current liabilities</b>		<b>128,653</b>	<b>122,236</b>
<b>Total liabilities</b>		<b>356,223</b>	<b>352,345</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>289,148</b>	<b>289,144</b>

## Consolidated Statement of Cash Flows - three months ended 31 March

	THREE MONTHS ENDED 31 MARCH	THREE MONTHS ENDED 31 MARCH
EUR'000	2017	2016
<b>Loss for the year</b>	<b>(4,560)</b>	<b>(9,950)</b>
Adjustments for:		
Depreciation and impairment	6,668	6,437
Amortisation and impairment	997	1,853
Profit on sale of property, plant and equipment	(254)	(31)
Impairment loss on trade receivables	-	23
Net finance costs	5,873	10,018
Tax expense	740	(88)
Change in:		
Inventories	(11,106)	(2,547)
Trade and other receivables	(2,612)	24,868
Prepayments and accrued income	2,646	265
Trade and other payables	(633)	(4,192)
Provisions and employee benefits	(333)	(708)
<b>Cash generated from operations</b>	<b>(2,573)</b>	<b>25,947</b>
Interest received	19	12
Interest paid	(777)	(3,354)
Income tax paid	(1,379)	(810)
<b>Net cash from operating activities</b>	<b>(4,710)</b>	<b>21,795</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	505	71
Proceeds from long term loans receivable	-	229
New long term loans receivable granted	(506)	-
Acquisition of property, plant and equipment	(5,767)	(2,629)
Acquisition of intangible assets	(916)	(141)
<b>Net cash used in investing activities</b>	<b>(6,684)</b>	<b>(2,470)</b>
<b>Cash flows from financing activities</b>		
Payment of transaction costs related to loans and borrowings	(194)	(40)
Proceeds from borrowings	6,410	-
Repayment of borrowings	(2,750)	(20,409)
Payment of finance lease liabilities	(901)	(870)
<b>Net cash from/(used in) financing activities</b>	<b>2,566</b>	<b>(21,319)</b>
Net change in cash and cash equivalents	(8,828)	(1,994)
Cash and cash equivalents at beginning of period	51,402	12,641
Effect of exchange rate fluctuations on cash and cash equivalents	108	(618)
<b>Cash and cash equivalents at end of period</b>	<b>42,681</b>	<b>10,029</b>

## Consolidated Statement of Changes in Equity

EUR'000	Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
<b>Balance as at 1 January 2017</b>	-	106,979	(147,405)	(23,639)	(64,065)	865	(63,200)
Reclassification	-	-	5,115	(4,794)	321	(321)	-
Loss for the period	-	-	-	(4,563)	(4,563)	2	(4,560)
Foreign currency translation differences - foreign operations; net of income tax	-	-	723	-	723	(37)	686
<b>Total comprehensive loss for the year</b>	-	-	723	(4,563)	(3,840)	(35)	(3,874)
<b>Balance as at 31 March 2017</b>	-	106,979	(141,567)	(32,995)	(67,583)	508	(67,075)

EUR'000	Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
<b>Balance as at 1 January 2016</b>	-	36	(142,715)	(9,022)	(151,701)	436	(151,265)
Profit/(loss) for the year	-	-	-	(14,670)	(14,670)	435	(14,236)
Other comprehensive income for the year:	-	-	-	-	-	-	-
Gain on remeasurement of net defined benefit liability, net of income tax	-	-	-	53	53	-	53
Foreign currency translation differences - foreign operations; net of income tax	-	-	(4,691)	-	(4,691)	(7)	(4,697)
<b>Total comprehensive loss for the year</b>	-	-	(4,691)	(14,617)	(19,308)	428	(18,879)
Share premium contribution	-	106,943	-	-	106,943	-	106,943
<b>Total transactions with owners, recognized directly in Equity</b>	-	106,943	-	-	106,943	-	106,943
<b>Balance as at 31 December 2016</b>	-	106,979	(147,405)	(23,639)	(64,065)	865	(63,200)

# Notes to the Condensed Consolidated Interim Financial Statements

## 1. General information

Schoeller Allibert develops, produces and sells plastic returnable transport packaging solutions for large and medium sized companies on a local, regional and global level.

Schoeller Allibert Group B.V. was incorporated on 24 June 2015 in the Netherlands. The Company and its direct and indirect subsidiaries are collectively referred to as the 'Group', and individually as "Group entities". The address of its registered office is Taurusavenue 35, 2132 LS Hoofddorp, the Netherlands.

The Company is a subsidiary of Schoeller Allibert Participations B.V. ("SAP"), a company incorporated in the Netherlands. The ultimate parent is REMA Investments B.V., a company incorporated in the Netherlands that is owned for 60% by REMA Investments Coöperatief U.A., which in turn is owned by various independent private equity funds (One Equity Partners - "OEP"), ultimately 100% held by JP Morgan Chase; and for 40% by Schoeller Industries B.V., a company incorporated in the Netherlands that is active in supply chain systems.

There were no significant changes in the composition of the Group during the period from 1 January 2017 to 31 March 2017.

## 2. Basis of Preparation

The interim financial information for the three months ended 31 March 2016 has been prepared on a going concern basis and in accordance with IAS 34 'Interim financial reporting' as adopted by the European Union. The condensed consolidated interim financial statements should be read in conjunction with the audited Annual Report of Schoeller Allibert Group B.V. for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

## 3. Going concern

The economic situation in Europe, the main area in which the Group operates, is impacted by political uncertainties. The market confidence is increasing, but consumption and investment remain subdued.

In spite of the economic climate, the Group expects 2017 to show a growth in revenues compared to 2016 coming from growth of some of the largest customers. Schoeller Allibert also expects to benefit from the investment in and introduction of new products. Capital expenditure in 2017 is expected to be on a higher level compared to 2016 focusing on innovation (e.g. the launch of a new IBC range), commencement of a new facility in Belgium and modernisation of the manufacturing footprint.

The Group incurred a net loss for the period ended 31 March 2017 of EUR 4,560 thousand and has a negative equity as at 31 March 2017 of EUR 67,075 thousand (23% of the Group's total assets). This condition might trigger questions in relation to the Group's ability to continue as a going concern and ability to realise its assets and discharge its liabilities in the normal course of business.

The board analyses the going concern assumption when preparing the condensed consolidated interim financial statements. These analyses take into account the condensed consolidated interim financial statements under review, financial budgets, capital needs, financial assets and commitments, loan agreements, available facilities and cash-generating assets of the Group, as well as the general economic conditions, prevailing and expected market conditions, the political climate and other significant sustainability matters. The board assessment of conditions include, but are not limited to:

- As at 31 March 2017 the Group was largely financed with €210 million of publicly traded Senior Secured Notes that mature in 2021. Additionally, the Group had Revolving Credit Facility of €30 million with Rabobank and ABN AMRO. Moody's has kept the credit rating of Schoeller Allibert at B2 with stable outlook.
- Based on the budget and forecast, management has prepared an analysis of the projected cash flow for 12 months as from the date of these financial statements. This projected cash flow includes remedial and mitigating actions and shows that sufficient liquidity is available to ensure the Group is able to meet its obligations and fund its activities assuming a stable operating environment. Sufficient headroom has been built into both the cash flows as well as the EBITDA forecasts.

Based on the above mentioned facts, in particular the maturity profile of the debt and the upside in both the cash flows and the EBITDA forecasts, management believes that the application of the going concern assumption for these consolidated condensed consolidated financial statements is appropriate.

#### 4. Auditor involvement

The content of this interim financial report has not been audited by our external auditor PricewaterhouseCoopers Accountants N.V.

#### 5. Accounting policies

The accounting policies applied are consistent with those applied in the audited Annual Report 2016 of Schoeller Allibert Group B.V.

#### 6. Critical accounting estimates and judgments

The preparation of condensed consolidated interim financial statements in accordance with generally accepted accounting principles under IAS 34 requires the Group to make estimates, judgments and assumptions that may affect the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities in the condensed consolidated interim financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates will, by definition, rarely equal the related actual results. Actual results may differ significantly from these estimates, the effect of which is recognized in the period in which the facts that give rise to the revision become known.

In preparing these three months condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty, were the same (being income taxes, employee benefits, provisions and contingent liabilities and estimated useful lives and residual values) as those that applied to the audited Annual Report 2016 of Schoeller Allibert Group B.V.

#### 7. Financial risk management

The Group's operations and financial results are subject to various risks and uncertainties that could adversely affect its business, financial position, results of operations and cash flows. The Group's risk management objectives and policies are consistent with those disclosed in the audited Annual Report 2016 of Schoeller Allibert Group B.V.

The Group operates internationally and generates foreign currency exchange risks arising from future commercial transactions, recognized assets and liabilities, investments and divestments in foreign currencies other than the Euro, the Group's reporting currency. The main exchange rates are shown below:

	2017		2016	
	March closing	Three Month Average	March closing	Three Month Average
British pound	0.8573	0.8545	0.7916	0.7704
US dollar	1.0676	1.0635	1.1385	1.0978
Swiss franc	1.0693	1.0672	1.0931	1.0979

Revenues and expenses are translated to Euro at the average exchange rate for the applicable period for inclusion in the condensed consolidated interim financial statements. The business generates substantial revenues, expenses and liabilities in jurisdictions outside the Euro zone.

For the three months ended 31 March 2017, approximately 57% of revenue was generated by operations inside the Euro zone. Consequently the translation risk of non-Euro results to the Euro is the most significant currency risk. Currency fluctuations of especially the US dollar and pound sterling could materially affect the consolidated Group results. Translation risks of non-Euro equity positions in the Group are not hedged.

The Group's companies are also exposed to foreign currency transactional risks on revenues and expenses that are denominated in a currency other than the respective functional currencies of the Group's entities. The Group tries to mitigate the risks of transactional currency exposures by natural hedges. The Group does not use forward exchange contracts nor currency swaps to hedge forecasted cash flow transactions.

## 8. Segment Information

The Board of Directors, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

Management has determined the operating segments based on the information reviewed by the Board of Directors for the purposes of allocating resources and assessing performance.

The Board of Directors considers the business from both a geographic and product perspective. Geographically, management considers the production and sale of Returnable Transport Packaging (“RTP”) products’ performance per region, also called the Manufacturing business. From a product perspective, management separately considers the Services activities of the Group. The Group’s manufacturing activities represent the primary business of the Group. As the operating segments of the Services business and the individual operating segments are not meeting the aggregation criteria or individual reporting thresholds, these are all reported in “All Other Segments”.

Performance of operating segments is reported to the Board of Directors on a lower regional basis but for financial statement purposes, regions are aggregated to the following reportable segments:

- *Northern Europe*: the Netherlands, Belgium, Germany, Austria and Switzerland.
- *Southern Europe*: France, Italy, Spain and Portugal.
- *UK and rest of Europe*: the United Kingdom, Czech Republic, Romania, Slovakia, Hungary, Poland, Serbia, Turkey, Sweden, Finland, Latvia, Ukraine and Russia.
- *United States of America (USA)*: United States of America.
- *All Other Segments*: services business and international businesses, which are comprised of the sale of moulds and RTP products into emerging markets, and head office

The Board of Directors assesses the performance of the operating segments based on a measure of EBITDA before adjusting items. This measurement basis excludes the effects of non-recurring items (separately disclosed as adjusting items, see note 9).

Sales between segments are carried out at arm’s length. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the statement of profit or loss.

Due to the fact that no balance sheets measures per operating segment are included in the information regularly reviewed by the Board of Directors, no measures on assets per segment are disclosed in the three months condensed consolidated interim financial statements.

The segment results for the three months ended 31 March 2017 and 2016 are as follows:

THREE MONTHS ENDED 31 MARCH 2017							
EUR’000	Northern Europe	Southern Europe	UK and Rest of Europe	USA	All other Segments	Eliminations	Total
Total segment revenue	39,370	32,337	23,291	14,397	19,482	(14,750)	114,126
Inter-segment revenue	(3,643)	(5,253)	(2,932)	-	(2,922)	14,750	-
<b>Total revenue from external customers</b>	<b>35,727</b>	<b>27,084</b>	<b>20,359</b>	<b>14,397</b>	<b>16,560</b>	<b>(0)</b>	<b>114,126</b>
<b>EBITDA before adjusting items</b>	<b>1,601</b>	<b>2,329</b>	<b>(92)</b>	<b>1,683</b>	<b>5,001</b>	-	<b>10,523</b>
Adjusting items	(327)	(147)	(4)	-	(326)	-	(804)
Depreciation	(2,202)	(737)	(797)	(2,982)	50	-	(6,668)
Amortization	(5)	0	(3)	(13)	(976)	-	(997)
<b>Operating result</b>	<b>(934)</b>	<b>1,446</b>	<b>(897)</b>	<b>(1,311)</b>	<b>3,749</b>	-	<b>2,053</b>
Net finance cost							(5,874)
Income tax expense							(740)
<b>Loss for the period</b>							<b>(4,560)</b>

**THREE MONTHS ENDED 31 MARCH 2016**

EUR'000	Northern Europe	Southern Europe	UK and Rest of Europe	USA	All other Segments	Eliminations	Total
Total segment revenue	50,438	33,573	22,404	7,084	17,198	(16,203)	114,494
Inter-segment revenue	(5,399)	(6,672)	(2,573)	-	(1,559)	16,203	(0)
<b>Total revenue from external customers</b>	<b>45,039</b>	<b>26,901</b>	<b>19,831</b>	<b>7,084</b>	<b>15,639</b>	-	<b>114,494</b>
<b>EBITDA before adjusting items</b>	<b>4,821</b>	<b>1,414</b>	<b>1,219</b>	<b>(242)</b>	<b>1,796</b>	-	<b>9,008</b>
Adjusting items	(162)	(450)	(130)	(4)	104	-	(642)
Depreciation	(1,919)	(748)	(649)	(2,672)	(406)	-	(6,393)
Amortization	(9)	-	(4)	(12)	(1,827)	-	(1,853)
<b>Operating result</b>	<b>2,731</b>	<b>217</b>	<b>435</b>	<b>(2,930)</b>	<b>(333)</b>	-	<b>120</b>
Net finance cost							(10,158)
Income tax expense							88
<b>Loss for the period</b>							<b>(9,950)</b>

### 9. Adjusting items

EUR'000	THREE MONTHS ENDED 31 MARCH	
	2017	2016
Employee benefits	659	265
Other operating costs	145	377
<b>Total adjusting expenses/(income)</b>	<b>804</b>	<b>642</b>

Adjusting items for the three months ended 31 March 2017 relate to non-recurring items arising from:

- EUR 659 thousand of employee benefits concerning severance costs resulting from restructuring activities;
- EUR 145 thousand of historical tax and claims settlements

Adjusting items for three months ended 31 March 2016 relate to non-recurring items arising from:

- EUR 265 thousand of employee benefits concerning severance costs resulting from restructuring activities.
- EUR 196 thousand of litigation settlements including legal fees;
- EUR 181 thousand refinancing fees and merger, acquisition and integration costs.

### 10. Net finance cost

EUR'000	THREE MONTHS ENDED 31 MARCH	
	2017	2016
Interest income on loans and receivables	19	12
Net foreign exchange gain	-	
<b>Finance income</b>	<b>19</b>	<b>12</b>
Interest expense on borrowings	(4,832)	(7,463)
Amortization deferred financing fees	(437)	(302)
Net foreign exchange (loss)	(433)	(2,402)
Other financial expenses	(192)	(2)
<b>Finance expense</b>	<b>(5,893)</b>	<b>(10,170)</b>
<b>Net finance cost</b>	<b>(5,874)</b>	<b>(10,158)</b>



The net foreign exchange results in the three months ended 31 March 2017 and 2016 are mainly attributable to the fluctuations of the Euro against the US Dollar and British Pound.

## 11. Income tax expense/income

Income tax expense/income is recognized based on management's estimate of the average annual income tax rate expected for the full financial year. The total income tax expense for the three months ended 31 March 2017 amounts EUR 740 thousand (three months ended 31 March 2016 income tax income: EUR 88 thousand).

Higher tax charge year-on-year relates to the higher profit before taxes for the three months ended 31 March 2017 as well as the fact that more losses were valued in the prior period, therefore triggering the utilisation in the profit and loss charge.

## 12. Loans and borrowings

The carrying amounts of loans and borrowings are as follows:

EUR'000	AS AT 31 MARCH			AS AT 31 DECEMBER		
	Current	Non-current	Total	Current	Non-current	Total
Senior secured note	-	210,000	210,000	-	210,000	210,000
Other credit institutions	7,314	3,247	10,561	1,547	5,346	6,893
Finance lease liabilities	2,725	8,430	11,155	3,390	8,459	11,849
Other liabilities	-	-	-	-	152	152
Deferred financing costs	(1,282)	(6,408)	(7,689)	(1,641)	(6,291)	(7,933)
<b>Total loans and borrowings</b>	<b>8,758</b>	<b>215,268</b>	<b>224,026</b>	<b>3,296</b>	<b>217,666</b>	<b>220,962</b>

### Movements during the period

As of 31 March 2017, the Group is financed via various sources of financing: Senior Secured Notes, other loans, two factoring arrangements, finance leases and revolving credit facility.

Loans and borrowings increased by EUR 3,065 thousand to EUR 224,026 thousand, mainly due to new loans granted to finance the fixed assets.

The Group had one revolving credit facility as at 31 March 2017 amounting to EUR 30 million (31 December 2016: EUR 30 million). The unused part of the facilities as at 31 March 2017 amounted to EUR 26.0 million (31 December 2016: EUR 24.1 million).

### Factoring

During 2016 the Group renewed two factoring agreements. Under the new, non-recourse factoring agreements, the Group transferred substantially all the risks and rewards of the factored receivables to the factor. Consequently, the receivables factored under this new agreement and factoring liabilities were derecognized from the Group's balance sheet.

If the Group had had non-recourse factoring in place for 2016, the change in trade and other receivables would have amounted to EUR 4,587 thousand, cash generated from operations would have amounted to EUR 5,666 thousand and repayment of borrowings would have amounted to EUR 128 thousand for the three months ended 31 March 2016. The difference between 2016 reported and 2016 pro-forma flow figures represents the movement in factoring balances from 31 December 2015 to March 2016.

EUR'000	THREE MONTHS ENDED 31 MARCH		
	2017	2016	2016 - proforma
			Total
Change in trade and other receivables	(2,612)	24,868	4,587
Cash generated from operations	(2,573)	25,947	5,666
Repayment of borrowings	(2,750)	(20,409)	(128)

### 13. Commitments

#### Operating lease commitments

The Group leases various offices, factories and warehouses under non-cancellable operating lease agreements. The lease terms are between 1 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The land and buildings leases were entered into many years ago as combined leases of land and buildings. The Group determined that the land and building elements of the warehouse and factory leases are operating leases. The rent paid to the landlord is increased to market rent at regular intervals, and the Group does not participate in the residual value of the land and buildings. As a result it was determined that substantially all the risks and rewards of the land and buildings are with the landlord.

The Group also leases various vehicles and machinery, such as forklifts and copiers under cancellable operating lease agreements.

During the three months ended 31 March 2017 an amount of EUR 3,219 thousand was recognized as an expense in profit or loss in respect of operating leases (three months ended 31 March 2016: EUR 2,370 thousand).

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	AS AT 31 MARCH	AS AT 31 DECEMBER
EUR'000	2017	2016
<b>By date of commitments:</b>		
Less than 1 year	8,540	8,956
1 - 5 years	20,801	22,657
> 5 years	5,427	6,316
Total	<b>34,769</b>	<b>37,930</b>
<b>By nature of commitments:</b>		
Land and buildings	29,488	30,853
Other	5,281	7,076
Total	<b>34,769</b>	<b>37,930</b>

### 14. Provisions

	AS AT 31 MARCH	AS AT 31 DECEMBER
EUR'000	2017	2016
Restructuring	3,359	3,261
Claims	2,283	2,725
Total Provisions	<b>5,642</b>	<b>5,986</b>

#### *Restructuring*

The restructuring provision reflects the directors' best estimates of the cost to fulfil internally announced plans. These costs are directly related to the plans, and include the cost of employee settlements and plant closures. It does not include any amount for the future performance of the on-going businesses concerned.

### *Claims*

The provision for claims mainly consist of the provision for obligations related to some minor claims related to disputes with personnel as well as a claim from a former supplier for outstanding invoices for delivery of goods, shortfall and tooling fees, inventory and interest.

## **15. Contingencies**

### *Dutch fiscal unity*

The wholly owned subsidiaries established in The Netherlands constitute a tax group for the purpose of corporate income tax together with the shareholder Schoeller Allibert Participations B.V. As a consequence, each company in the tax group is jointly and severally liable for tax liabilities of the tax group as a whole. The Group recognises the corporate income tax as if it is solely responsible for its own corporate income tax.

### *Guarantees to Dutch Group companies*

The Group guarantees the liabilities of its Dutch group companies in accordance with the provisions of article 403, paragraph 1, Book 2, Part 9.

### *Customer dispute*

In 2015, one of the Company's subsidiaries reached a settlement with one of its customers. At the end of 2016, it became apparent that parties have different views on the scope and extent of the settlement. Parties have agreed to put the matter forward to an Arbitration Court for resolution. A decision of this court is expected in the second half of 2017. Should the Arbitration Court conclude in favour of the other party, then the maximum damages for the Company would amount to EUR 18 million. Management's view, supported by external legal advice, is that the Company's interpretation of the settlement's scope and extent is correct and that there is no basis for the other party's claim for damages.

### *Swedish tax dispute*

The details of the Swedish tax dispute have been disclosed in the audited Annual Report 2016 of Schoeller Allibert Group B.V. The Swedish tax authorities are litigating against a number of other tax payers for using the same or a similar tax structure as the Group. Initially the case was intended to be tried by the court in January 2017. However, according to the Group advisors the court will try several similar cases at the same time and due to this all, or some, of the cases have been postponed until May 2017. The group assesses its arguments in the case to be strong and therefore no provision has been recognised in the Annual Report 2016 nor in the condensed consolidated interim financial statements for the three months ended 31 March 2017.

## **16. Related party transactions**

There have been no changes in the nature of the related party transactions in the three months ended 31 March 2017 as compared to the year ended 31 December 2016.

## **17. Seasonality of Operations**

Although the Group's business is not significantly impacted by seasonality, there is a limited impact in line with the Group's end markets. For example, in the latter part of the year, the Group has higher sales to the retail industry in preparation of the holiday season and before the harvest season, the Group has higher sales to the agriculture industry.

## 18. Fair value of financial instruments

The principles used by management to measure fair value of financial assets and liabilities as at 31 December 2016 are disclosed in in Annual report Schoeller Allibert Group B.V. The fair values of financial assets and liabilities as at 31 March 2017 and 31 December 2016 are as follows.

EUR'000	AS AT 31 MARCH			AS AT 31 DECEMBER		
			2017			2016
	Carrying amount	Fair value	Fair value hierarchy	Carrying amount	Fair value	Fair value hierarchy
<b>Financial assets</b>						
Long-term receivables	1,014	1,014	2	976	976	2
Long-term receivables related parties	1,519	1,519	2	1,014	1,014	2
Trade and other receivables	67,233	67,233	2	64,562	64,562	2
Cash and cash equivalents	42,681	42,681	1	53,295	53,295	1

EUR'000	AS AT 31 MARCH			AS AT 31 DECEMBER		
			2017			2016
	Carrying amount	Fair value	Fair value hierarchy	Carrying amount	Fair value	Fair value hierarchy
<b>Financial liabilities</b>						
Senior secured note	202,311	223,703	1	202,068	218,967	1
Other credit institutions	10,561	10,561	2	6,893	6,893	2
Finance lease liabilities	11,155	11,155	2	11,849	11,849	2
Other liabilities	-	-	2	152	152	2
Loans and payables related parties	410	410	2	395	395	2
Bank overdrafts	-	-	2	1,894	1,894	2
Trade payables and other accrued items	113,242	113,242	2	109,412	109,412	2

## 20. Events after the balance sheet date

There have been no material events subsequent to the period end which require additional disclosure.

Hoofddorp, 8 May 2017



Schoeller Allibert

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