



**FriCo DebtCo plc Special Purpose Financial Information**  
First-Quarter 2024

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# Q1 2024 Highlights and Transformation Plan Update

Serge Joris CEO



**frigoglass group**

# Q1 2024 highlights



Continuous execution of our **aggressive transformation plan**



**+59%**

**Glass FX-neutral sales up y-o-y** (Reported -44%) following volume growth and pricing



**7.1%**

**Group EBITDA margin** with 6% (+280bps y-o-y) in Commercial Refrigeration



**€17m**

**Y-o-Y inventory reduction**, led by both segments



Lower capex and better collections supporting FCF improvement



**-15%**

**Commercial Refrigeration sales down y-o-y** on tough comps and orders' phasing

# Transformation plan

Starting early in Q2 2023, the Strategy & Transformation Committee commenced an aggressive transformation plan across the Group focusing on six pillars



# Commercial Refrigeration: update on transformation plan



## Organization

## Revenue

## Profitability

## Liquidity

## Systems

## Communication

### Achievements

- Appointment of CEO
- Appointment of COO to drive operational efficiency
- Cost-out initiatives at Head Office
- Implementation of Mgmt incentive scheme to align interest with stakeholders

- Diversification of customers in Europe
- Record volume in India (>140k units in 2023)
- Pursuing growth options in North Africa
- Market share gain in SEA
- Roadmap to enhance Frigoserve's presence

- Improvement of contribution margin from negative to double-digit for a high-volume model
- Assessment of suppliers' base for cost reduction
- Technical modifications to improve cost/unit

- Improvement of inventory planning processes in Romania and India
- Advanced discussions for selling idle Greek plant
- Improvement of collections by 5 days vs Q1 2023

- Improvement of analytics through the utilization of existing tools
- Assessment of options for a new asset performance software

- New brand identity and corporate logo
- Standalone Frigoserve logo and brand identity
- Launch of a revamped Group website
- Active in media

### Going Forward

- Alignment of organization with priorities
- Allocate additional resources to drive business development and innovation initiatives

- New products to increase market penetration
- Strategic partnership in North Africa by 2024-end
- Frigoserve's entrance in Sweden in Q2 2024 and other market/customers

- Material cost savings through best practices
- Evaluate components' outsourcing
- Address low-margin products

- Roll-out of new planning processes in all plants
- Execution of Greek plant disposal agreement in Q2 2024
- Enhance controls on raw materials' ordering

- Select a new asset performance software to improve processes and efficiency
- Assessing solutions to improve commercial effectiveness and HR processes

- Ongoing actions to increase brand awareness
- Presence in top industry's exhibitions

# Glass: update on transformation plan



## Organization

## Revenue

## Profitability

## Communication

### Achievements

- Appointment of Beta Glass Chairman and two Independent NEDs to foster diversity, innovation and best-practice governance standards
- Appointment of COO to drive profitability related initiatives

- Strong execution of export strategy; Q1 2024 exports accounted for 19% of sales (vs 3% Q1 2023)
- New developments for the Spirits segment

- Introduction of dynamic pricing adjustments mechanism to absorb faster cost escalation
- Development of sourcing strategy to minimize stockouts; no disruption in the last 9-months

- New brand identity and corporate logo
- Launch of Beta Glass website
- Active in media
- Participation in Propak trade fair in Ghana

### Going Forward

- Alignment of organization with priorities
- Strengthen commercial, marketing and business development capabilities

- Explore opportunities for collaboration with distributors outside Nigeria
- Continuous assessment of export opportunities

- Roll-out pricing mechanism
- Assess LNG implementation in other plants
- Improve cost efficiency, quality and flexibility through planned furnace cold-repair

- Ongoing actions to increase brand awareness
- Presence in top industry's exhibitions
- Celebrate Beta Glass 50 years of operation

# Key trends in Commercial Refrigeration

## Trends

- Total Cost of Ownership (TCO)
- Sustainability
- Branding & Customizations
- Fleet management outsourcing
- Digitalization

## Implications

- Cost efficiency
- Energy efficiency
- Innovative designs; usability
- Reliable asset performance services network
- Software and data analytics capabilities

## Group's actions

- Continue to drive down costs; improve serviceability; innovate to minimize energy consumption
- Develop the market's leading range of A Class coolers
- Offer variety of options and customizations driving impulse consumption and elevating brand presence
- Expand footprint of our comprehensive suite of asset performance services
- Establish exclusive partnerships with tech companies



# Key trends in Glass (Nigeria)

## Trends

- Sustainability/ Glass as healthier packaging solution
- Returnable Glass Bottles (RGB)
- Glass packaging penetrating new segments (ie food)
- Cost volatility
- Supply chain instability
- FX volatility and hard currency scarcity

## Implications

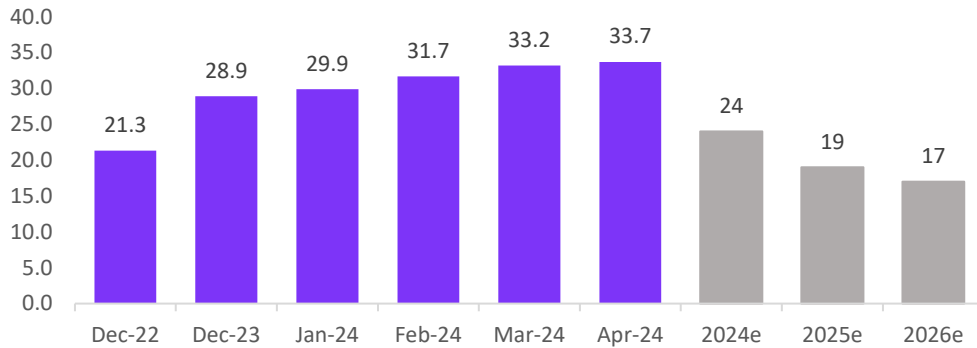
- On-time delivery; energy reduction
- Glass bottles most sustainable and affordable packaging solution
- Production changeovers
- Delays in restoring profitability margins
- Production disruption
- Challenges in importing raw materials and executing capex plan

## Group's actions

- Invest to modernize infrastructure; assess options for alternative energy sources
- Maintain high quality; maximize commercial synergies with crates and crowns
- Capitalize on our multi-color capability; invest in new products
- Continue to implement dynamic pricing; communicate proactively with customers
- Align materials' ordering with market conditions; develop further local sourcing; utilize multiple energy sources
- Expand commercial footprint through exports; develop further local sourcing

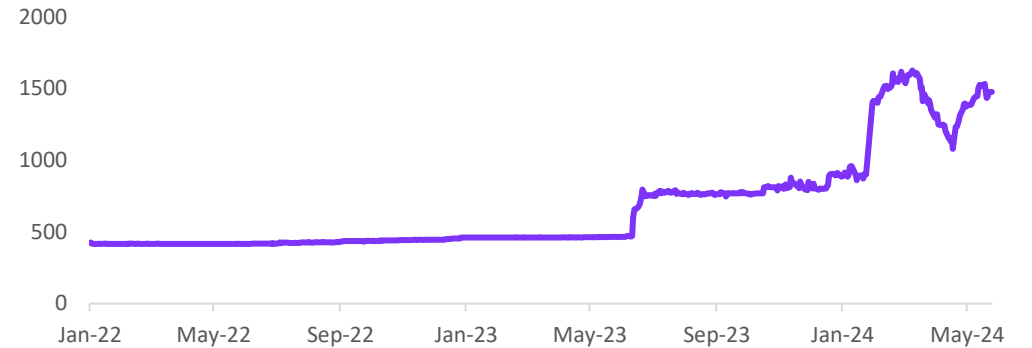
# Nigeria: short-term challenges, but future remains attractive

Headline CPI (% y-o-y, eop)



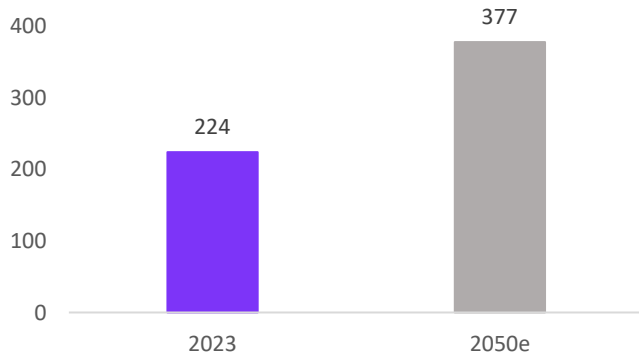
Source: IMF

USD/NGN Exchange Rate



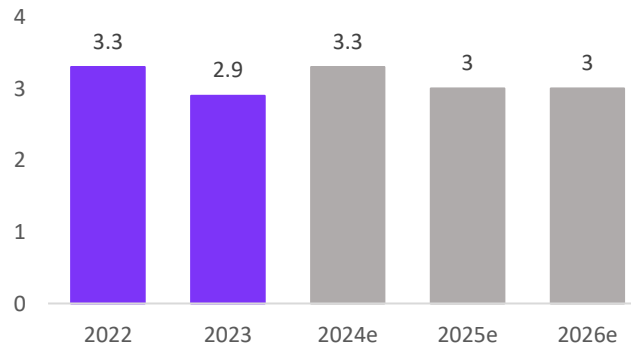
Source: Bloomberg

Population (m)  
2% CAGR by 2050



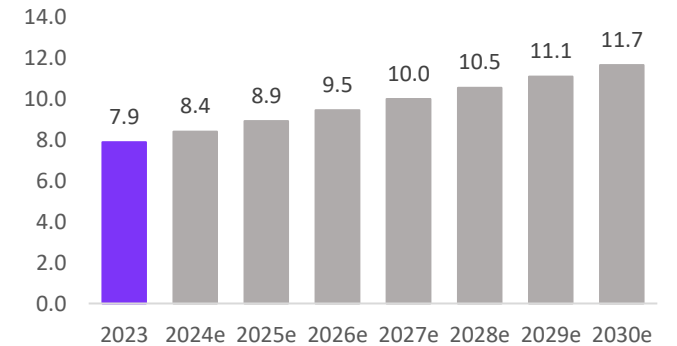
Source: Statista

Real GDP (% y-o-y)



Source: IMF

Nigeria alcoholic beverage market (US\$Bn)  
6% CAGR by 2030



Source: Prodture

# Nigeria's reforms expected to deliver positive results going forward

***"Nigeria's FX reforms are potentially laying the foundations for a brighter outlook."***

***"The series of CBN policy measures adopted over the past year to boost liquidity in the FX markets, unify FX market segments, clear the FX backlog, and implement a range of operational adjustments in the currency markets have resulted in a sharp NGN devaluation but also have led to increased confidence among investors and rating agencies that Nigeria is tackling key impediments in the economy. While last year's reform was partial, the accompanying CBN policy tightening suggests this year's efforts are more likely to succeed."***

*Source: HSBC Global Research, Economics Sub-Saharan Africa, May 2024*

***"We recently revised our exchange rate forecast and now see the naira ending this year NGN1,500 against the dollar and stabilising at these levels through 2025."***

*Source: HSBC Global Research, GEMs Investor, April 2024*

***"Headline inflation probably inches higher in the next few months, but assumes a gentle disinflation path during 2H24."***

*Source: J.P.Morgan, Africa Emerging Markets Research, March 2024*

***"Near-term risks are tilted to the downside, but determined and well-sequenced implementation of the authorities' policy intentions would pave the way for faster, more inclusive and resilient growth."***

***"Upside risks from the successful implementation of well sequenced and coordinated reform measures could facilitate a faster recovery. Looking ahead, inflation is expected to decline in the second quarter of 2024, on account of tight macroeconomic policy measures and improved food supply."***

*Source: IMF, Nigeria Country Report, May 2024*

# Operational Review

## Serge Joris CEO



FRG-26-MAG

# Tough comps and orders' phasing impacted sales

## East Europe

Sales **+4.8% y-o-y** led by volume growth in Russia, Hungary and Bulgaria

## West Europe

Sales **-2.7% y-o-y** driven by lower orders from a soft drink customer due to a strategic shift and delays in deliveries following the Red-Sea crisis; Solid orders in France, Germany, Spain and Portugal

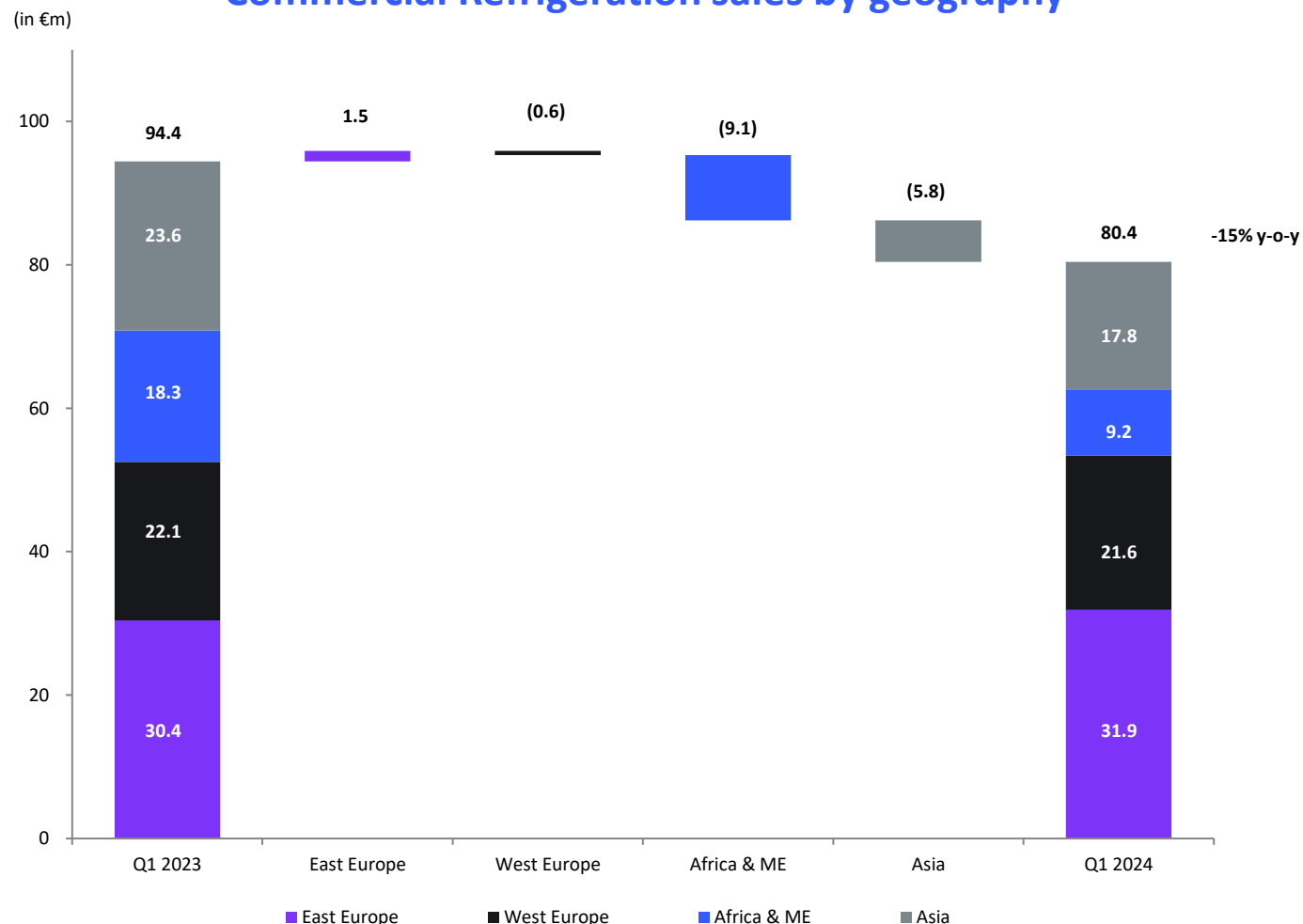
## Africa & ME

Sales **-49.8% y-o-y**, reflecting tough comparatives, FX headwinds and orders' phasing. South Africa sales were impacted by production restrictions due to external factors

## Asia

Sales **-24.4% y-o-y**, mainly due to orders' phasing in central Asia. In India, our sales were stable y-o-y with increased volume sold, impacted by the devaluation of the Indian Rupee

### Commercial Refrigeration sales by geography



# Volume growth and agile pricing across all operations

## Glass containers

Sales **-42.6% y-o-y** due to the devaluation of Nigerian Naira mitigated by **volume growth** in high-single digits driven by exports and improved demand in Nigeria; **implementation of agile pricing resulting in 49% average price growth**

Double-digit increase of exports, accounting for 25% of glass containers sales (vs 3% Q1 2023)

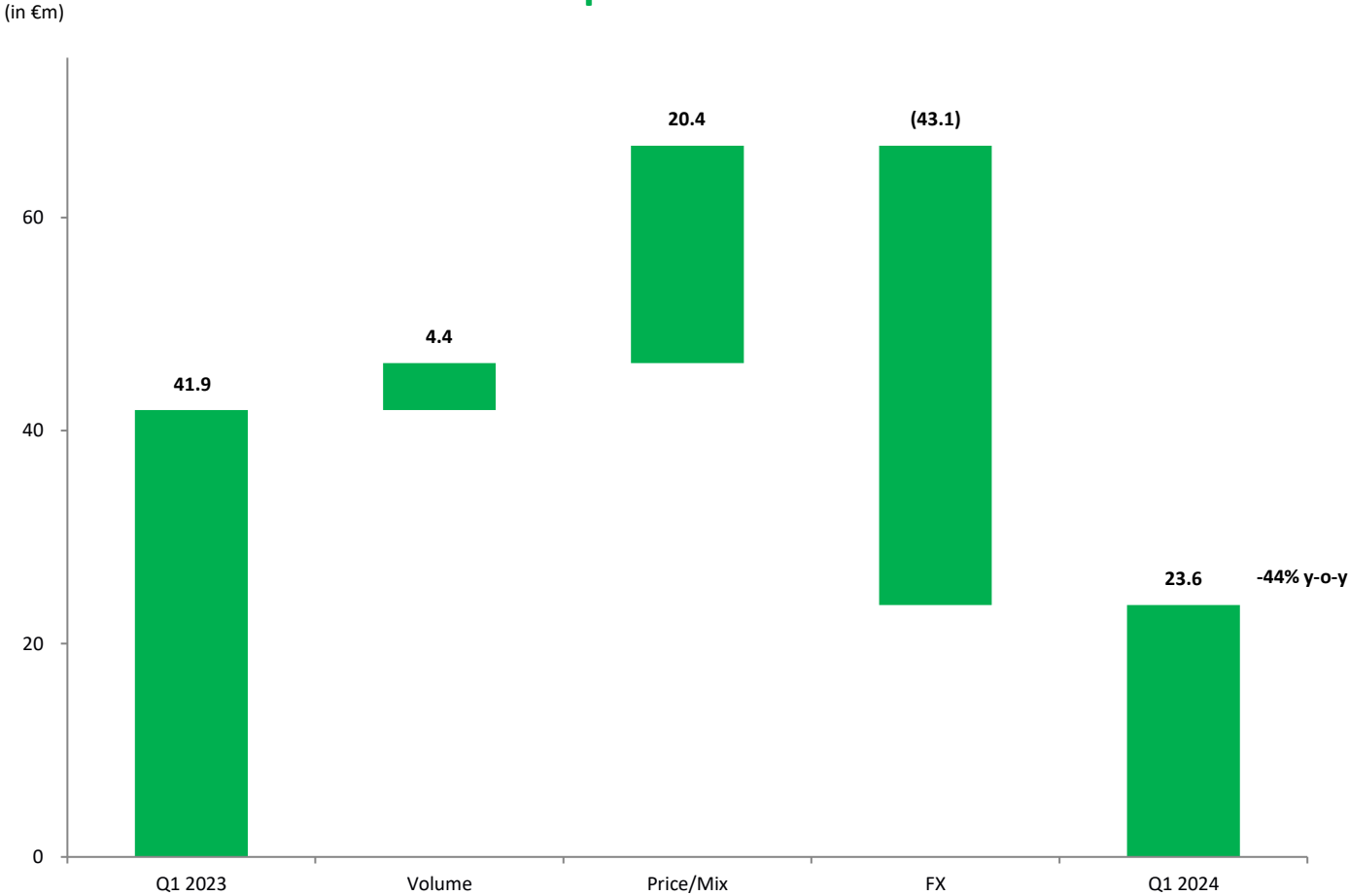
## Plastic crates

Performance impacted by FX headwinds; double-digit volume growth and pricing actions to partly mitigate the foreign currency headwinds; **implementation of price increases resulting in 27% average price growth**

## Metal crowns

FX headwinds more than offset the benefits from double-digit volume growth and pricing adjustments; **implementation of price adjustments resulting in 36% average price growth**

Glass Operations sales



# Financial Review

## Manos Metaxakis CFO



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# Q1 2024 financial performance overview

## Commercial Refrigeration Operations

**Sales down y-o-y** due to tough comparatives in East Africa, orders' phasing in central Asia, lower orders from a soft drink customer in Europe due to a strategic shift and a less favorable product mix

**Adj. EBITDA up y-o-y** following improved production cost in Romania (compared to last year's light assembly operation), reduced raw materials cost and the lower operating expenses

(in €m)	Q1 2024	Q1 2023	Chng, %
Sales	80.4	94.4	-14.8%
Adjusted EBITDA	4.8	3.1	58.6%
Adjusted EBITDA margin, %	6.0%	3.2%	2.8pp

## Glass Operations

**Sales impacted by the devaluation of the Nigerian Naira**, partially mitigated by volume growth across our operations and initiatives to grow exports

**Adj. EBITDA down y-o-y** due to increased production cost and FX headwinds, partly mitigated by price adjustments and volume growth

(in €m)	Q1 2024	Q1 2023	Chng, %
Sales	23.6	41.9	-43.6%
Adjusted EBITDA	2.5	10.7	-76.6%
Adjusted EBITDA margin, %	10.6%	25.5%	-14.9pp

## Group

(in €m)	Q1 2024	Q1 2023	Chng, %
Sales	104.1	136.3	-23.7%
Adjusted EBITDA	7.4	13.8	-46.6%
Adjusted EBITDA margin, %	7.1%	10.1%	-3.0pp

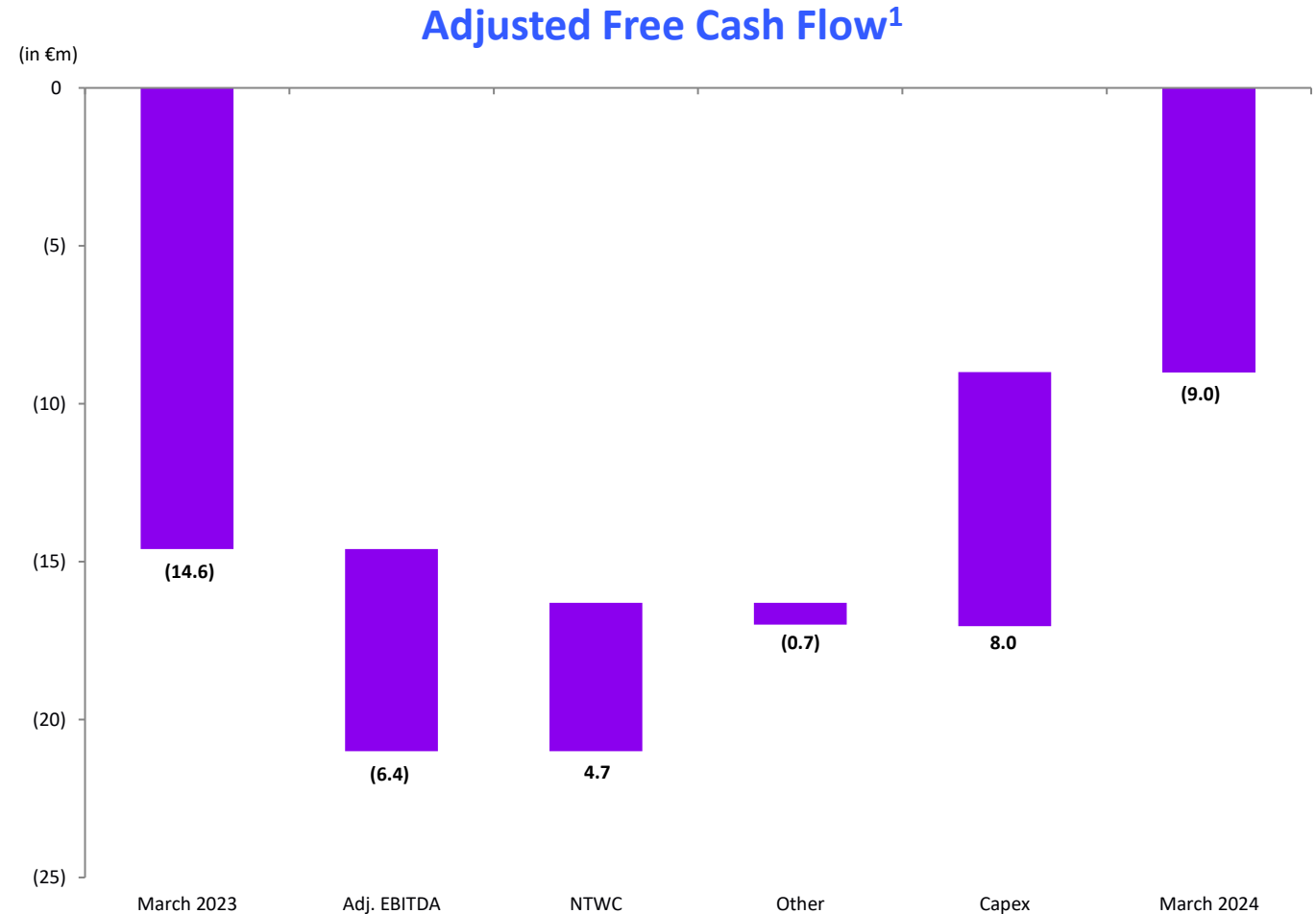


# Lower capex and better collections resulted in improved FCF

## Adjusted Free Cash Flow<sup>1</sup>

-€9m, improved by €5.6m y-o-y

- **Lower capex** as construction of Romanian plant completed in 2023
- **Lower net trade working capital outflow** thanks to improved collections and sales reduction
- **Lower operating profitability**



Notes:

<sup>1</sup> Excluding proceeds from disposal of subsidiaries and PPE as well as the payment of advisory fees (Q1 2023)



# 2024 Outlook

## Serge Joris CEO

# 2024 outlook

- Remain vigilant on sales development for the remainder of the year due to ongoing geopolitical and macro-economic challenges, potentially impacting volume and FX
- Continue to proactively adjust prices in Nigeria to mitigate inflation and FX headwinds
- Continue to drive cost improvement measures to support profitability margins; take measures to address transportation cost
- Continue tight management of inventories to optimize impact of working capital on liquidity
- Expect FY 2024 capex to remain at approximately €26 million, mostly related to Glass



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**Q&A**



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