BA

beyond.
always.

2018 annual report

beyond.
always.

BA

Go Beyond

is the path of our Vision

2018 annual
management
report

Go Beyond is the path o

# of our Vision

Go means act
When we act, we interfere
Like a Karma, there is a cause and there is an effect.
In infinite cycles of action.

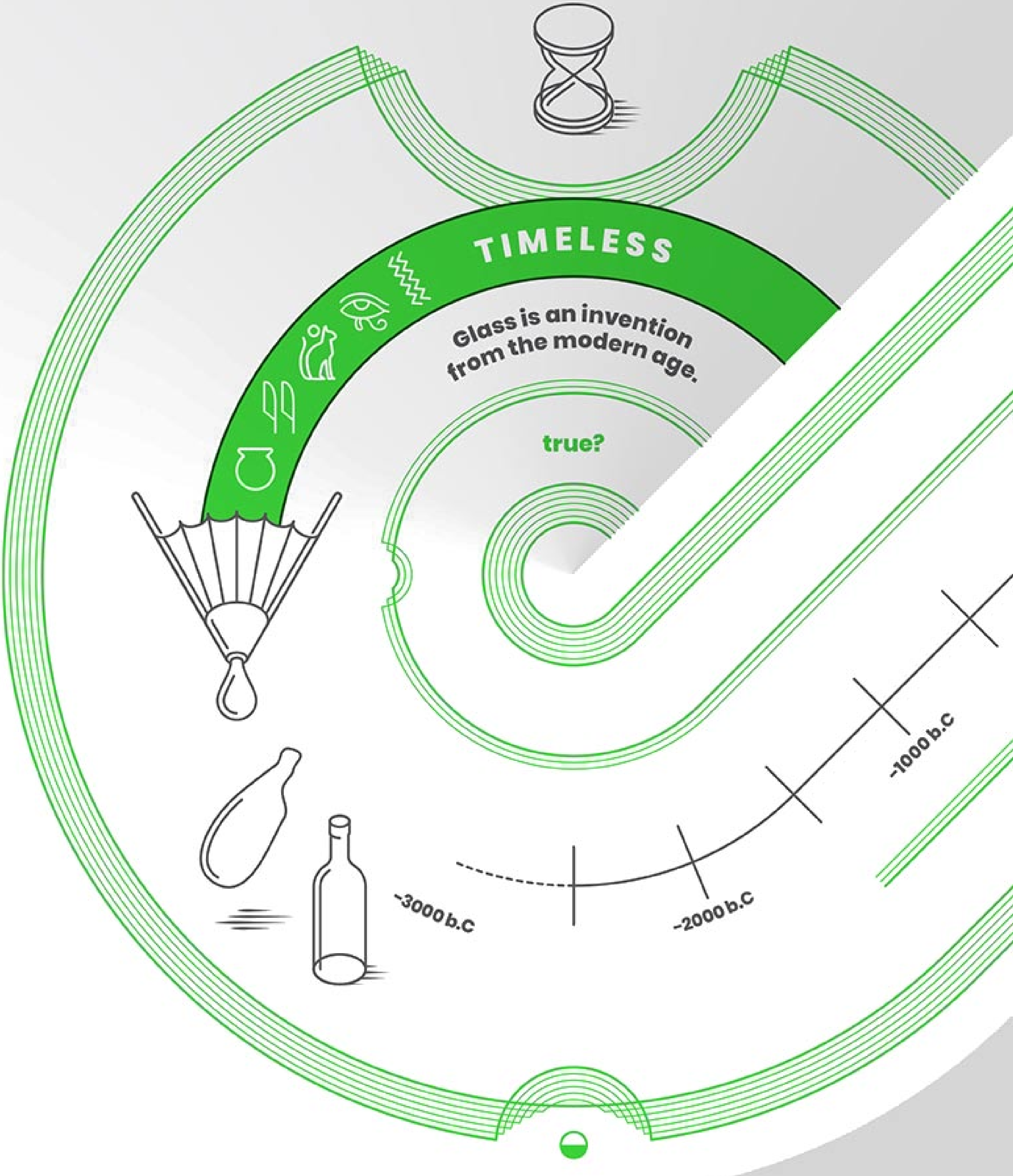
Good intents and deeds contribute to future happiness.
Bad intents and deeds contribute to future suffering.
Every action has an effect that will come back to us,
Somewhen, somehow, in the future.

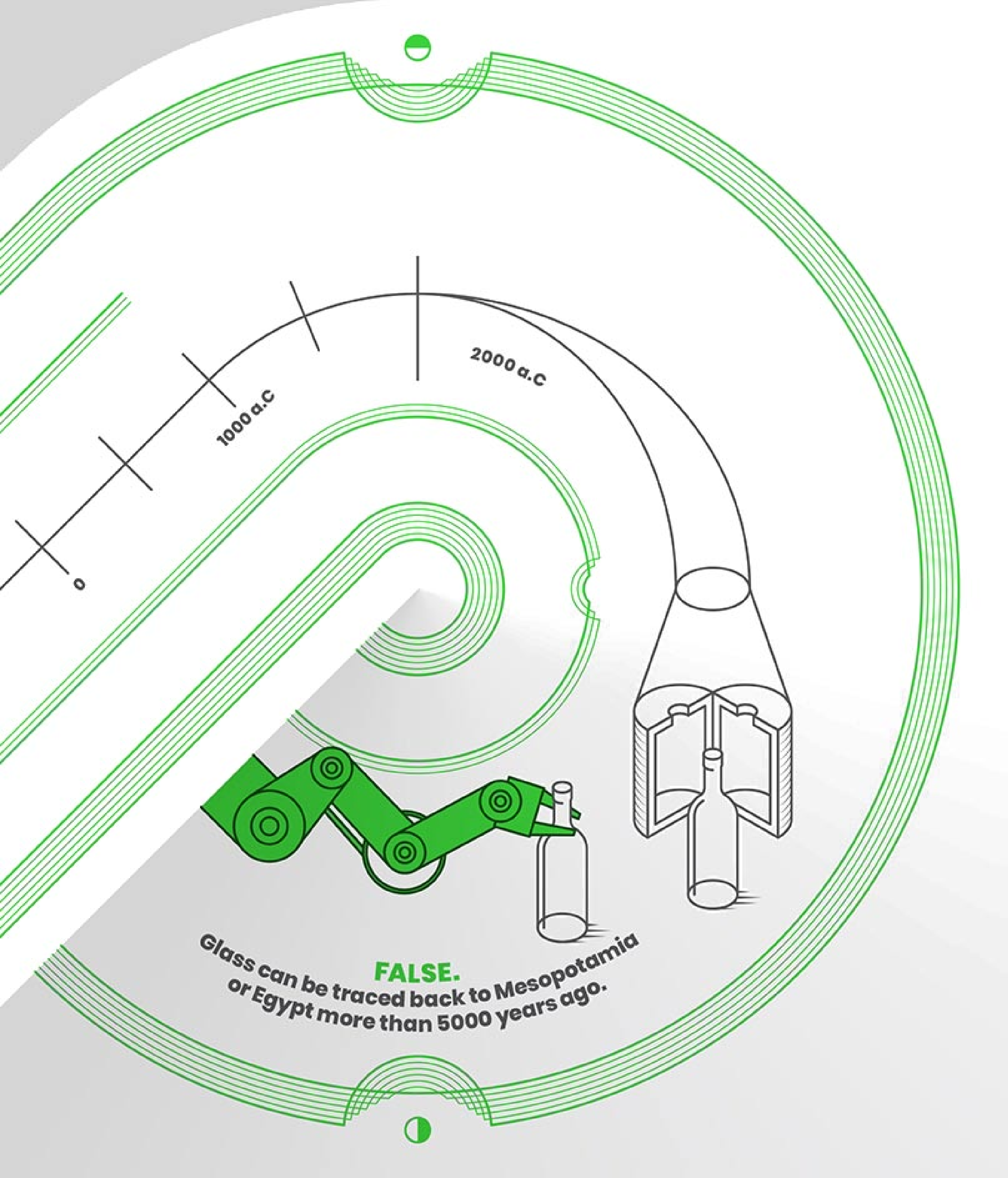
Go Beyond is the path of our Vision
Beyond means that we can make the difference
As citizens of Planet Earth
We must look and act Beyond paradigms and taboos
Always going Beyond,
We will be free to make our choices.

Go Beyond is the path of our Vision
Go Beyond means to do more than the packaging we produce
When we produce glass, we make something natural
When we use glass, we make its content special
When we recycle glass, we make it eternal, infinite.

Collaboration and partnerships will make it easier
Opening infinite possibilities
Limitless in space, size and time.

Beyond . Always.


TIMELESS
Glass is an invention from the modern age.
true?
-3000 b.C
-2000 b.C
-1000 b.C


0
1000 a.C
2000 a.C
FALSE.
Glass can be traced back to Mesopotamia
or Egypt more than 5000 years ago.

message from the chairman

To all stakeholders,

Despite the tail wind of growing demand in all our European markets, 2018 was a painful year for our company, with a loss of profitability due to increased energy costs in the second half of the year in all geographies and rising CO_2 costs that we were not able to reflect in the selling prices; additionally, some of our plants in Iberia and Central Europe performed worse than the year before.

Consolidated sales reached EUR 854 million, a 6.2% increase from last year on a similar perimeter and with most markets showing healthy growth.

On the operational front, in spite of the progress achieved in most key variables in the majority of our plants, the company lost steam and the EBITDA margin was just shy of 30%, the worst performance in more than a decade. Energy prices and CO2 costs were responsible for an additional cost of EUR 25 million. The only Division that increased its operational margin was the South East, rewarding a successful integration supported by other Divisions and the Corporate Centre, and consolidating a positive trend since its acquisition in early 2017.

In Anchor Glass the performance was also poor, due to declining demand with 7% fewer shipments in the home market, and a fire in the Henryetta plant that meant a very significant disruption in production during the year. The turnaround of the two underperforming plants (Henryetta and Lawrenceburg) has started with profound changes in the organization, now with a complete management team, and an investment program that will increase their competitiveness. We are confident that 2019 will show a considerable improvement in their operational performance, which will bring them closer to the benchmark thresholds already achieved by the other plants. The impact of Anchor Glass in the company's consolidated accounts was a financial impairment of EUR 21 million.

In 2018 the company deployed an aggressive investment plan close to EUR 100 million (11% of sales). The most important initiative was the construction of the third furnace in Villafranca de los Barros to support the growth of our Iberian customers, with 94 new jobs created. In this and in the other two furnace repairs that took place in 2018, there was the opportunity to incorporate state-of-the-art moulding and inspection technology, together with additional levels of digitalization.

In spite of these significant investments and the acquisition of the minority stake in the Polish subsidiary, the company reduced its gearing to 2.5 times EBITDA, strengthening the balance sheet to continue the investment program, now with a special emphasis on the South East where we will start building a more competitive industrial infrastructure, and enable our inorganic growth strategy.

In 2019 we will need to deliver a leap in productivity consistent with the high level of recurring investments that have been made in the last few years. That will require clear leadership from the management teams in all geographies.

Last year the company gave a new push to the digitalization of operations to increase productivity and improve working conditions. So far, the results are promising but still incipient, thus we will give top priority to our digitalization roadmap. I am confident that the results will start showing in the robustness of operations, in the productivity of the plants and the back office and in working conditions.

On the sustainability front the company decided to give a fresh boost to this agenda, sponsoring the Climate Change Leadership Summit and adhering to The Porto Protocol with a set of bold commitments to be achieved by 2030, which will reinforce the sustainability of glass as the best packaging material.

To deliver on these commitments the company has already engaged in different projects, namely in a cooperative project with other glass packaging producers to research melting and furnace technologies with the aim of decreasing emissions, and in building one of the largest roof solar power plants in Europe in the Villafranca de los Barros facility in Spain.

To all our 3890 employees I want to pay tribute and thank them on behalf of the shareholders and the Board of Directors for their dedication and contributions. Most of the progress achieved in the operations of our plants was brought about by sharing knowledge and mutual challenges that are in the DNA of the company, something that I am very proud of. We will continue to invest in training, giving a wider scope to the BA Academy and making its programs available to an ever larger number of people. Also, for all the employees of Anchor Glass I reinforce our commitment to continue sharing knowledge and best practices to help reshape the company, improving competitiveness, and product and service quality.

A very special word of gratitude on behalf of the shareholders, the Board of Directors and myself is due to the two non-executive members who left the Board during 2018.

Alvaro Cuervo García, who served on the Board for 18 years with superior intelligence and assertiveness, always focused on the creation of shareholder value and on the sustainability of our business model; for me, as Chairman, he was a friendly and trustworthy counsel who helped me fine tune the governance model of the company and prepare it for the future. I will miss you.

Leslaw Kanski, who made an enlightened contribution to help us navigate the unknown waters of Polish business, guiding us towards a pragmatic approach to the difficulties faced.

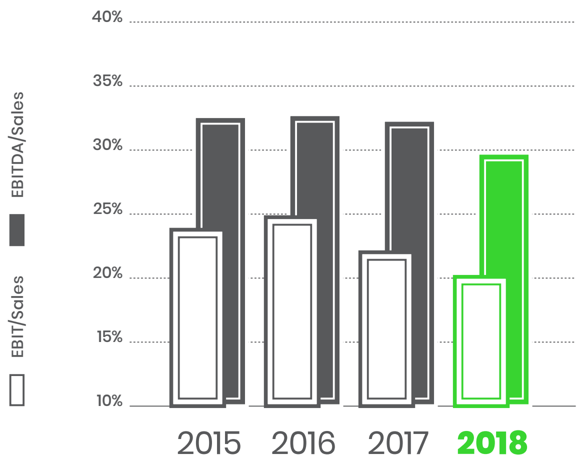
To both, my thanks and best wishes.

Finally I want to thank all our customers for their continued support and reiterate our promise that we will continue to invest in talent, in technology, in process and product innovation, with an additional emphasis on digitalization and a reinforced will to improve the productivity and sustainability of our processes and products, to support the Endless use of glass as the Healthiest, Most Sustainable and consumers' Most Cherished packaging material.

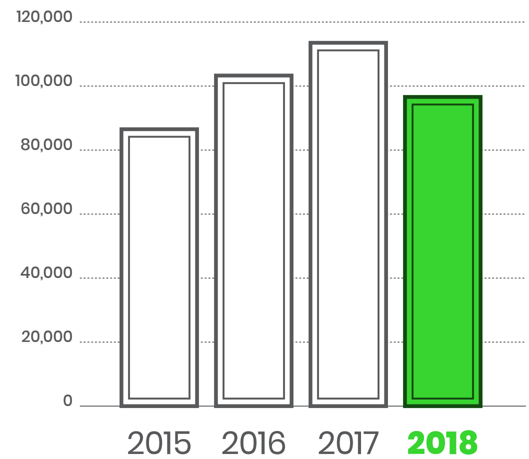
consolidated key figures

K. €	2018	2017
Turnover	853,898	803,868
Operating profit [EBIT]	173,457	177,028
Financial results	(41,391)	(34,036)
Net income	96,601	113,527
Cash flow	**177,555**	**196,616**
Operating cash flow [EBITDA]	**254,411**	**260,117**
Net assets	**1,414,019**	**1,435,929**
Equity	476,130	411,592
Net debt	643,695	688,671
Net tangible fixed asset turnover	1.67	1.62
Net debt / EBITDA	2.53	2.65
Interest cover ratio	12.0	12.0
EBITDA / Sales	**29.8%**	**32.4%**
EBIT / Sales	**20.3%**	**22.0%**
Number of employees	3,889	3,796
Sales / Employee	219.6	211.8

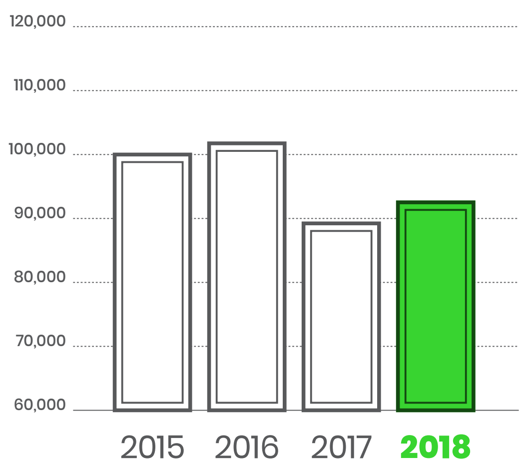
EBIT/Sales + EBITDA/Sales [%]



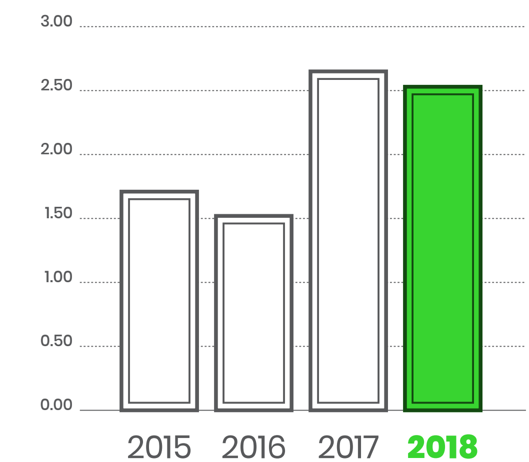
Consolidated Net Income [K.€]



Sales *Per Capita* [basis 100=2015]



Net Debt/EBITDA



BA Glass Group

NL

BA Glass B.V.

100% PT
BA Glass I Serviços de Gestão e Investimentos S.A.

100% PL
BA Glass Poland Sp. Z O.O.

100% DE
BA Glass Germany GmbH

100% GR
BA Glass Greece S.A.

25% USA
Anchor Glass Corporation

90.11% PT
BA Glass Portugal S.A.
[own shares 9.89%]

100% NL
Glasstank B.V.

100% PT
Moldin S.A.

100% PT
Barbosa & Almeida SGPS, S.A.

100% ES
BA Glass Spain S.A.U.

100% ES
BA Vidrio Distribución y Comercialización de Envases de Vidrio, S.A.U.

100% ES
Minas de Valdecastillo S.A.U.

99,90% RO
BA Glass Romania S.A.
[own shares 0.10%]

100% BU
BA Glass Bulgaria S.A.

Shareholder Structure

BA Glass B.V. Shareholders	Shares	% Share Capital and Voting Rights
Fim do Dia, SGPS, S.A. Company indirectly majority-owned by the Moreira da Silva family and by the Silva Domingues family	17,064	47.40%
Teak Capital, S.A. Company owned by the Moreira da Silva family	9,468	26.30%
Tangor Capital, S.A. Company owned by the Silva Domingues family	9,468	26.30%
Total	36,000	100%

BA Group Macro-structure

Board of Directors

Executive Board

- Market & Planning
- Investments
- Innovation & Development
- People Development
- Legal
- Finance & Consolidation
- Performance Management
- Quality and H&S
- Information Technologies
- Strategic Procurement

Iberian Division | **Central Europe Division** | **Southeastern Europe Division**

Plants

Iberian Division

Avintes
León
Marinha Grande
Venda Nova
Villafranca

Central Europe Division

Jedlice
Sieraków
Gardelegen

Southeastern Europe Division

Athens
Bucharest
Plovdiv
Sofia

Members of the Board

Members of the Group Companies' Board of Directors

Carlos Moreira da Silva
[Chairman]
Sandra Maria Santos
[CEO]
Alberto Araújo Soares
Alfredo José Pereira
António Lobo Xavier

Filip Drofiak
Francisco Silva Domingues
Javier Teniente
Jorge Alexandre Ferreira
José Ignacio Comenge
Paulo Azevedo
Pedro Moreira da Silva

Pieter Cornelis Jan Avis
Reinaldo Coelho
Rita Silva Domingues
Tiago Moreira da Silva
Nikolaos Barlagiannis

Executive Board

Sandra Maria Santos
[Chairman]
Abelardo López
Alfredo José Pereira

Filip Drofiak
[MD Central Europe]
Javier Teniente
[MD Iberia]

Reinaldo Coelho
Tiago Moreira da Silva
Iva Rodrigues Dias
Nikolaos Barlagiannis
[MD Southeastern Europe]

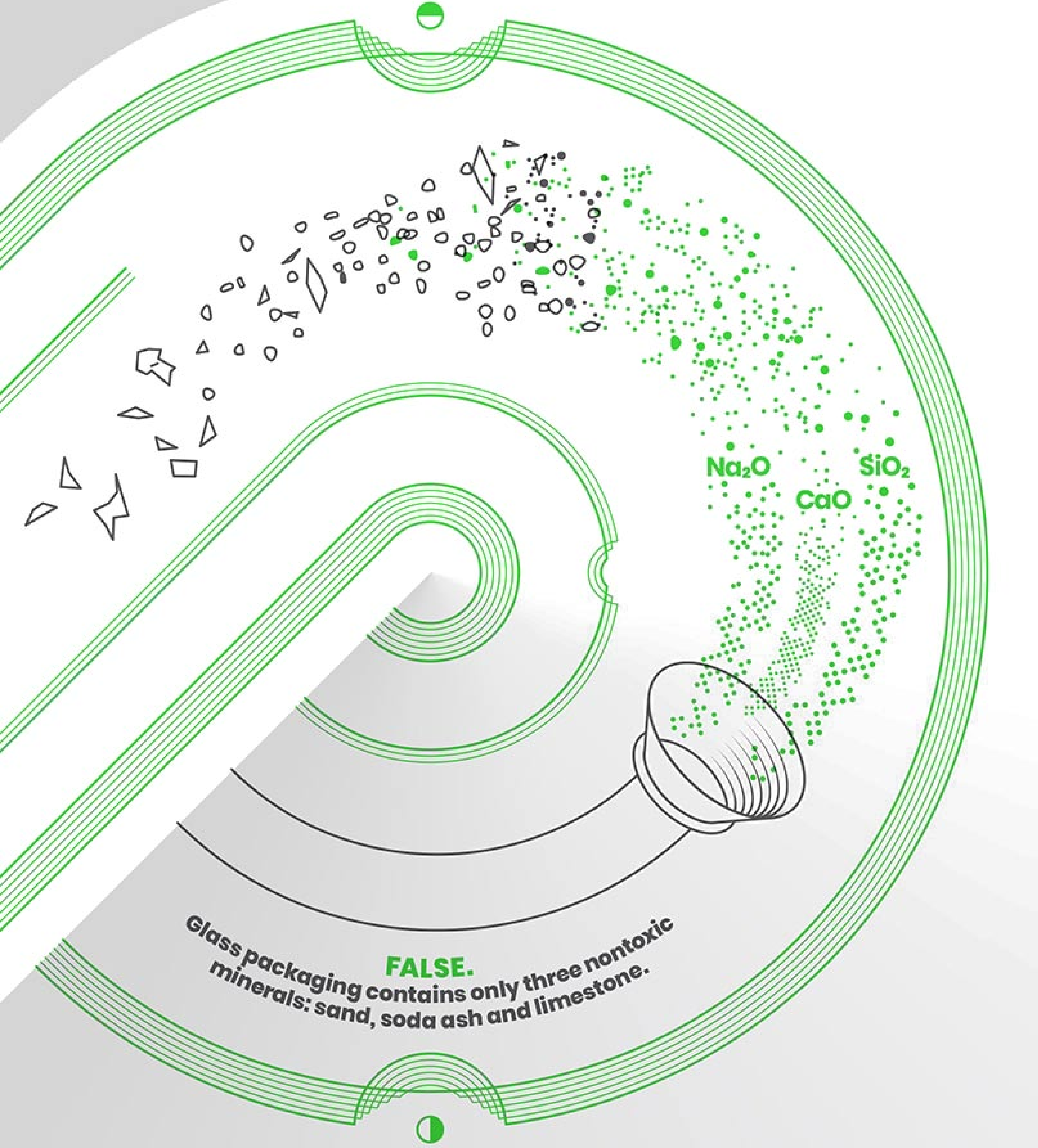
Departmental Directors

Adrian Suciu
Alberto Araújo Soares
Ana Cristina Gonçalves
António Magalhães
António Sá Couto
Arkadios Tsantekidis
Christodoulos Tsilopoulos
Dimitrios Dentsas
Dimitrios Papadopoulos

Fernando Amílivia
Jakub Kaczmarek
Joana Osório
Luís Cardoso
Marcin Kochanski
Nikolaos Christodoulou
Oliver Meuter
Paulo Sá
Pedro Belo

Pedro Correia
Rafael Corzo
Rui Guimarães
Rui Matos
Tomasz Karpiewski
Venancio Roales
Vitor Matoso
Sofia Alves


RAW MATERIALS
Glass packaging contains toxic raw materials.
true?



FALSE.

Glass packaging contains only three nontoxic minerals: sand, soda ash and limestone.

ond
ntent

sustainability report

annual management report

To the Shareholders,

We hereby present the 2018 Annual Report and Consolidated Accounts.

Every year is a unique and different year, for many reasons. For us, 2018 was full of accomplishments, but also some setbacks.

The operational and net results of the company decreased, as happened in 2015, but this time for different reasons. In 2015 the main setbacks resulted from the drop in average selling prices, caused by the lack of demand, as well as from M&A costs. In 2018 the regression arose from the increase in production costs, particularly in the second half of the year, which were not reflected in our product prices, set at the beginning of the year.

2018 was again a year of many economic and political uncertainties in the geographies where we are operating, a fact that becomes more and more present as the years go by. Uncertainty is part of the business, and the role of the management is to continue to adjust processes and facilities to deal with this uncertainty and to profit from the changes.

In all the geographies, the unemployment continue to decline, and in some countries were highly dynamic, which had positive consequences in demand, but also numerous adverse effects on employee turnover, productivity and costs. In countries like Romania, Bulgaria, and Poland, the increase in salaries was above all expectations.

The debt markets supported the return to investment, with a positive impact in all European economies. However, at year end some uncertainty about the growth in central economies, like Germany, slowed down some initiatives.

Meanwhile, there were some negative impacts arising from the economic growth. It drove the increase in energy prices and salaries and, indirectly, the CO_2 allowances price increase. In some countries where we have our plants, energy prices rose more than 20% against 2017, and CO_2 reached an average price of three times that of 2017.

Despite all the constraints, the year was embraced by our teams with the motto "beyond packaging" and several initiatives were developed to drive the business through the three pillars of our growth strategy:

- Improve the performance of the current activity, leveraged by the external and internal benchmarking;
- Develop the acquired companies;
- Transform the existing business, having digitalization as one of the main tools.

M&A activity continues to be on the top management's agenda. Several dossiers were studied to find attractive and valuable targets. During the year none of the projects came to fruition, and some were discharged.

This publication includes a sustainability report for the last 17 years. However, this year we decided to give sustainability a stronger spotlight, reinforcing the increasing consumer awareness that is more and more reflected in our customers top priorities, and because during the year we realized that the merits of glass as a sustainable and permanent packaging material were not fully understood.

In 2019, we also decided to sponsor and join The Porto Protocol initiative, which was launched in July 2018 with the Climate Change Leadership Summit, an event where the 44th President of the United States, Barack Obama, was present to enforce the initiatives that mitigate the negative consequences of climate change. The purpose of The Porto Protocol is "to raise awareness that climate change is here and that there are things we can do now to make a difference".

We have been engaged in transforming our process into an environment friendly operation, and that is testified by our performance improvement in most of the metrics. But there is still a lot to do!

At the Porto Protocol we committed to, by 2030,

- Use a minimum of 70% of electricity from renewable sources;
- Reduce the use of natural gas by 10%, replacing it with electricity;
- Reduce by 75% the usage of water to at most 0.1 m^3/ton;
- Increase the use of cullet at least by the same % as the collection systems achieve;
- Decrease the CO_2 emissions at least to the EU target levels;
- Work together with our customers and suppliers to reduce the amount of packaging in our final product;
- Publish the annual values of these variables on the Porto Protocol website as well as on the BA Glass website.

These are commitments with which we have been engaged for a long time. Now we have decided to make a public statement about our targets.

After the first year of integration of the South East Europe division, the Group reached a turnover of EUR 853.9 million, producing more than two million tons of glass in its twelve plants. One hundred and nineteen new products were delivered to our customers, and some innovation projects with the customer perspective were developed, for the first time, bringing it to the discussion and the decision about new packaging. The collaboration of our customers in embracing this new way of developing packaging solutions was fundamental and confirmed our expectations about its vast potential.

This year, the Glassberries contest was developed with the participation of universities from five countries and had its culmination in Barcelona, in a celebration of the innovation and creativity of packaging solutions, which was shared with some of our customers.

The increase in selling prices implemented at the beginning of the year was far behind the rise in costs. In fact, it accounted for less than half of the inflation in those cost factors, particularly because the cost increases were concentrated mainly in the second half of the year. The whole glass industry suffered, and BA was not immune.

The Iberian Division continues to be the place where the more complex experiences are made, and the Group standards are defined. The year was highlighted by the introduction of a new furnace and the reconstruction of another. More than 100 people were hired and had to be trained and integrated into the business. In an industry that competes with much more attractive sectors, we believe that the process was a success made possible by the newcomers' engagement and the dedication of those welcoming them. Several operational performance indicators have beaten their record values. In 2019 new challenges are to come, and this Division will have an important role to play.

In the Central Europe Division, the evolution was less favourable than expected. Several changes were made in the management of the German plant to adapt to the new challenges. The plant customer portfolio was changed completely, and it is no longer dependent on a few customers, a risk we had targeted to eliminate since its acquisition. The Polish plants beat some records but, in some cases, didn't reach the performance we aimed for. The level of quality in the food segment increased, an important element of our market strategy. The sales of the Division increased by over 10%, with an over proportional sales push to replace some customers with new ones. The Central Europe Division profitability was the one most affected by energy and CO_2 price increases, representing around 5 p.p.

less on the operating margin, preventing the Division from accomplishing a new record in profitability. That will be the primary challenge for 2019, to overcome cost inflation with productivity and price increases, together with the consolidation of a more knowledgeable team, an ambitious target in such a challenging labour market. The margins were also acutely affected by the increase in transport costs. The lack of trucks is raising transport prices and constraining the service level we aim to provide to our customers. This will again be a challenge during 2019, although several actions were already implemented to mitigate it.

The South East Europe Division continued to develop its business plan. Sales grew 8%, more than the production, and the operational results reached a new record for the Division. The productivity increase offset a significant part of the additional costs of energy and CO_2. The investments in the South East Europe plants are to start in 2019, and the first full reconstruction will be in one furnace in a Bulgarian plant, to better fulfil customer needs in flexibility and quality. The challenges and opportunities in this Division remain high. A performance gap in relation to Group benchmarks must be bridged. The costs inflation challenge will demand more qualified and prepared people to manage it, and an intense training program is in place for those who are already with us as well as for newcomers, faced with the challenge of high-level turnover and absenteeism in our Romanian and Bulgarian plants. Many changes in internal processes continued to be introduced, and the Group standards have been rolled out. The level of integration in the Group is much higher today than one year ago.

Group projects under the scope of Excellence were reinforced throughout the year. New standards were defined for all the plants, with many more still to come. Group growth and internal knowledge development demand those standards.

Internal and external benchmarking was very present in all initiatives and showed again how powerful this tool is to develop the new geographies and the newcomers to the Group. Several projects were designed to speed up the improvement of processes in all departments.

Digitalization of our processes was and is one of our top priorities. There is still a lot to learn from others' experiences. A straightforward diagnosis showed that there is a vast potential in all the data that is produced each day/hour/second and which is available inside the company, and that is still not being used to predict and avoid problems. The power of data intelligence is not new, but its usage is still a long away from its potential. From IoT to artificial intelligence, many projects are in place, and 2019 will be a year to realize some of them.

A first digitalization roadmap was drawn up and is now being executed. Partnerships with external entities are being built and the results are starting to appear, but much is still to be done. Opening the company up to this kind of relationships will accelerate progress and innovation inside our company.

The Annual Management Meeting in September was dedicated to Digitalization. It was a moment of learning and sharing concepts, experiences, visions, beliefs. Several guests challenged us to think "beyond" our routines and dreams. In the end, it was clear for all the participants that what we have in hand is not a problem, but a huge opportunity to "make it easier", a motto that is now behind all the digitalization initiatives.

Since consumers have been one of our Vision pillars since 2016, it is also clear to us that data intelligence is a lever to innovate. Personalization of consumption brings a new challenge for an industry that still lacks differentiation. It is our intention to develop methodologies that close the gap between our B2B and our customers' B2C business.

The introduction of new people in our teams, more qualified and with different skills, which complement the ones already present in the Group, has been a long term project. The stamina of the people involved in recruitment and integration processes has been crucial to their success. The spread of BA Way is an exciting and perpetual project. Interaction between people from different geographies and plants/departments is the best way to achieve this. We continue to move people across borders on short term missions to spread the BA Way more quickly.

At year end, a mixed feeling is present among all the managers. Many steps were taken in the transformation of the company and the business. However, the level of profitability at year end is not good and does not reflect the developments introduced. Losses on production and cost inflation, across all regions, were not offset, something that will need to be addressed in 2019.

In 2019, the Group turnover grew 6.2%, reaching EUR 854 million. The growth was present in all the domestic countries where the company sells. The exceptions were Poland and Greece and some export countries, given the lack of production to supply them, something that will be overcome during 2019. Production grew 5.1%, thanks in particular to the Iberia and South East Europe Divisions.

However, net profit decreased EUR 14.4 million, 10.7% less than 2017, to 14.1% of sales, before the negative impact from the impairment of the Anchor Glass participation.

Average selling price increases were below cost inflation in all countries. Increases in energy costs were driven by a more dynamic economy but also by governmental decisions in countries where the energy companies are still not privately owned. The coal base of electricity production in some countries is also pushing prices up and, in some cases, reaching levels that will decrease the competitiveness of those Economies. Uncertainty about energy prices is very high, and pessimism remains, despite the possible tailwind from the slowdown of some European economies.

Ebitda was EUR 254.4 million, with a margin of 29.8% of sales, EUR 5.7 million and 2.6 p.p. on margin less than last year. Ebit was EUR 173.5 million, 20.3% of sales, negatively affected by energy and CO_2 price increases, which accounted for an additional EUR 24.7 million, representing 2.9 p.p. in margin of sales. The selling price increase was not enough to offset it, and the impact was higher than ever because it was across all countries.

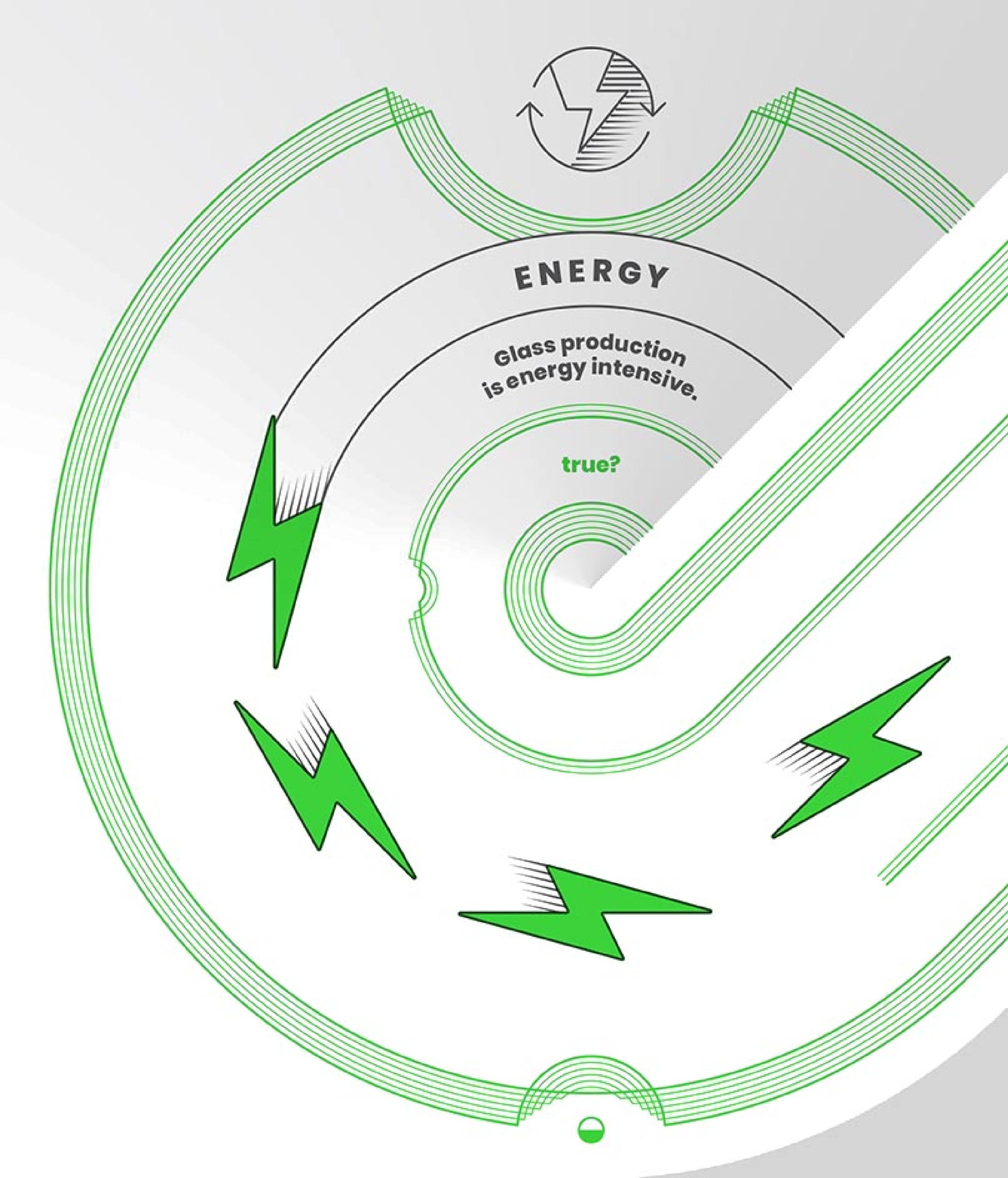
The financial results were very negatively affected by the devaluation of the Polish zloty and the impairment of the Anchor Glass participation. Together they represented more than EUR 29 million, 3.4% of sales. The latter is again related to two customer contracts that were lost in 2017 and at the beginning of 2018, and also with extraordinary events that forced production stoppages in 2018 in the Anchor Glass plants. This is expressed in an impairment of the goodwill of the company.

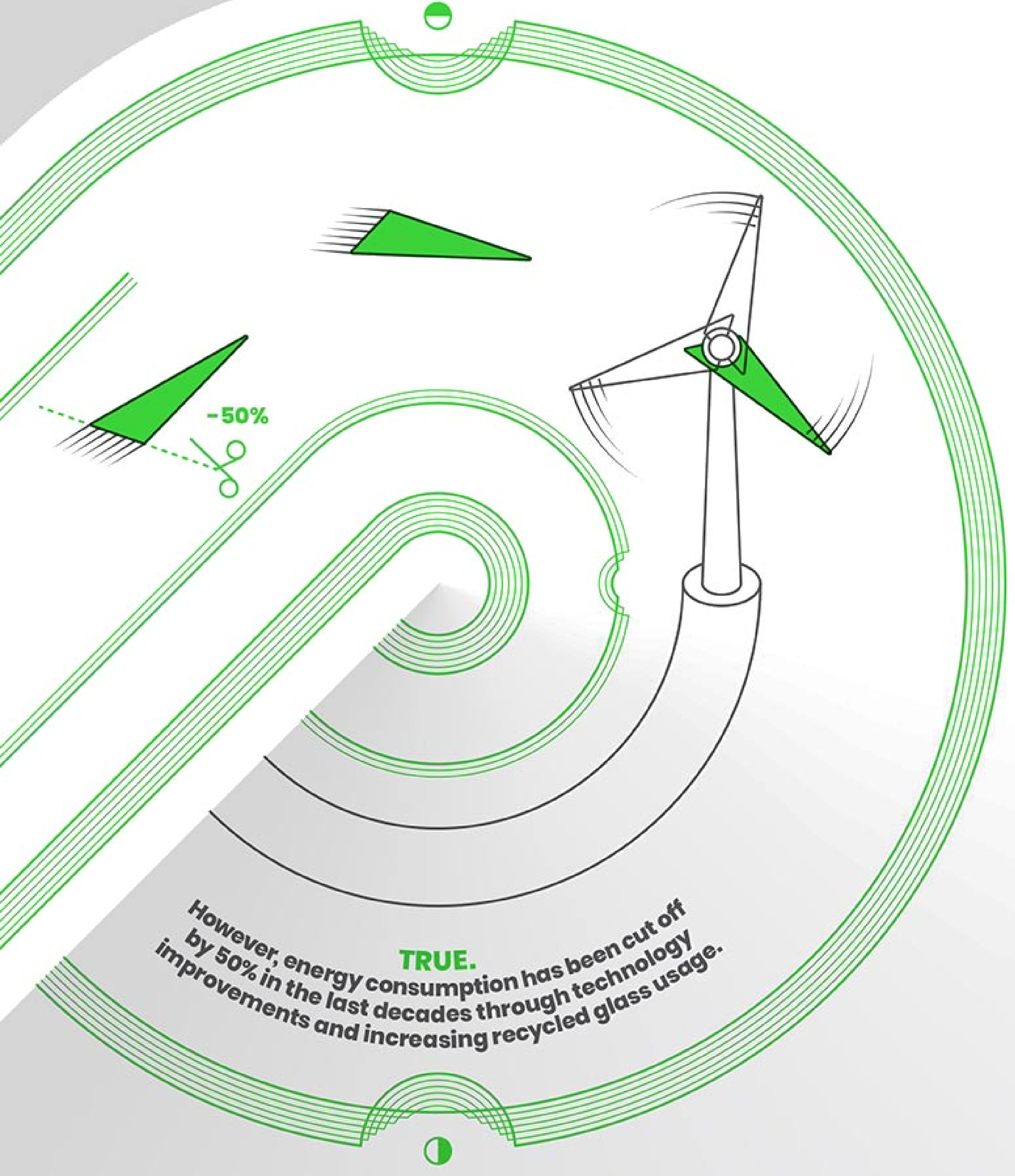
The Group net profit was EUR 96.6 million, EUR 16.9 million lower than in 2017, 11.3% of sales.

The company ended the year with 3,890 people, with a productivity ratio of EUR 220,000 of sales per capita, 3.7% higher than in 2017. Still, the new geographies are not performing to their full potential.

All plants of the Group were running at full capacity, except two, which were under furnace reconstruction investments. A new furnace was built in one of the plants in Spain. In 2018, more than EUR 90 million were spent modernizing and equipping our production lines with the best technology available, responding to our customer requirements and expectations and the need to bring more consistency to our production process. The investments in our facilities again represented more than 10% of our turnover.

The new furnace built in Spain created 100 new jobs and prepared the Group for the current and future growth of the market. Its start-up was a success, despite the natural difficulties of the introduction of new technology for the Group. The decision taken in 2017 was crucial to anticipate the increase in demand and, in a record time of less than one year, a new furnace was built. Other investments were made in measures to mitigate environmental impact, which have become an important part of the company investments.


ENERGY
Glass production is energy intensive.
true?



TRUE.

However, energy consumption has been cut off by 50% in the last decades through technology improvements and increasing recycled glass usage.

Turnover of fixed assets increased, and investment in working capital had a significant decrease, with an yearly average of 21.8% of sales.

The products and service quality index increased, except with regard to delivery consistency. Our customers expressed their concerns in our ability to support their growing demand, something that we responded to faster than ever. However, we know that it was not enough, and we are working to bring new solutions to the market.

Total net debt of the Group ended the year at EUR 643.7 million euros, EUR 45 million less than at the beginning of 2018, a leverage ratio of 2.5 times the consolidated Ebitda. The financial situation of the company is robust and prepared for new acquisitions and investments.

The Group management systems are certified according to international standards for Quality, Food Safety, Environment, Social Accountability, Health & Safety and Energy.

With regard to management systems, all plants are certified ISO 9001 – *Quality Management Systems*, and FSSC 22000 – *Food Safety System*. All plants, except for Athens and Gardelegen, have an ISO 14001 – *Environmental Management Systems* certification. The Gardelegen plant has an ISO 50001 – *Energy Management Systems* certificate.

Regarding social concerns and labour conditions, the Iberian plants are certified by SA 8000 – *Social Accountability*. The Polish, Romanian and Bulgarian plants are certified according to OHSAS 18001 – *Occupational Health and Safety Management Systems.*

We believe that the adoption of international standards has added value for the improvement of the company procedures and practices and that its certification is a guarantee of consistency and best practices for customers and for the whole value chain.

The company or its subsidiaries are members of the AIVE – Associação dos Industriais de Vidro de Embalagem, of the ANFEVI – Asociación Nacional de Empresas de Fabricación Automática de Envases de Vidrio, of the PIO – Polska Izba Opakowań, Glass BV, of the FEVE – Fédération Européenne du Verre d'Embalage, and of the *Food Packaging Forum Foundation* – Switzerland, continuing to be an active participant in these associations, with particular emphasis on promoting glass as a packaging material and on monitoring national and community legislative initiatives.

Markets and Customers

2018 was a year of growth for BA. With the consolidation of businesses developed throughout the previous years, BA has foreseen the need to invest in order to supply the market accordingly. Demand and supply were more balanced, enabling BA to continue to implement and consolidate its strategy across all markets. Today the company has a stronger position in European markets and has been able to operate through a higher demand cycle without losing any important market position, continuing to innovate and supporting the growth of its customers.

The pace of economic growth in Europe during 2018 was slower than in 2017, however the glass market grew. Economic expansion in the euro area fell in the first half of 2018, mainly due to a drop in global trade. In addition, there are still important political challenges constraining markets from continuing to build confidence. Growth in the euro area will continue at a pace slightly below 2018, although we see different conditions in each of the countries we supply.

Economic indicators in most of the countries where BA operates are encouraging but more modest than in 2018. It is BA's expectation that this economic performance, although slower, should continue in the near term.

In this environment, BA turnover reached EUR 853.9 million, representing an increase of 6.2% when compared with the previous year.

Exports accounted for approximately 24% of the total consolidated sales. In the countries where we have production facilities, BA has further consolidated its position: Portugal, Spain, Poland, Germany, Greece, Bulgaria and Romania. The company exported to a total of 70 countries.

The main consumer segments continue to be: Food representing 32%, Beer 23%, Wine 20%, Soft Drinks 14% and Spirits 11%. The main growth in 2018 came from the Food and Beer segments.

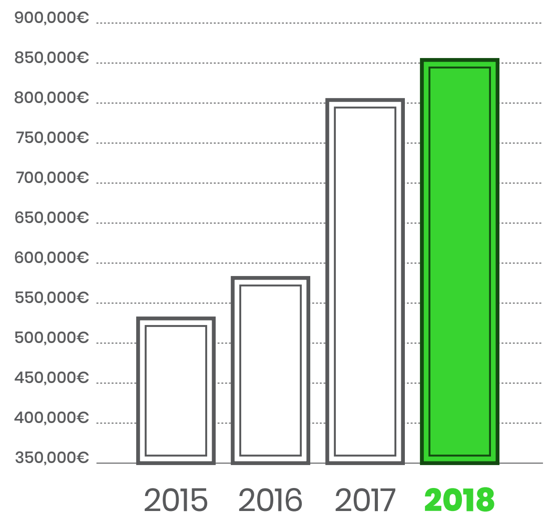
With the new geographies, BA was able to grow its sales in most of the segments, consolidating its offer to multinational and medium size clients, guaranteeing service to more than 1,300 clients and maintaining a diversified and well-balanced product portfolio.

Once again, an independent company carried out a customer satisfaction survey where BA reached +6% in Net Promoting Score. This score level shows that there is room to improve and to better manage new markets and demands. BA has put in place projects to improve its customer satisfaction index and to provide an excellent service to all of them. Geographies where some of these projects took place already showed improvements on the previous year.

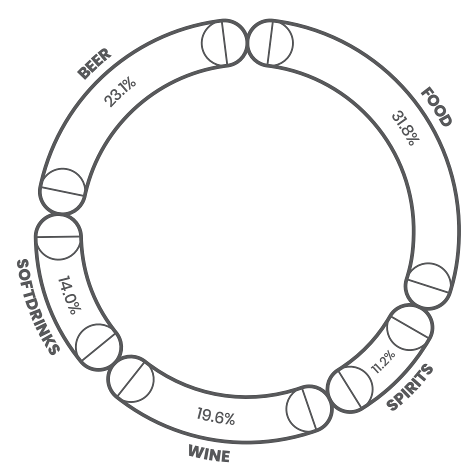
Our striving for value added innovation offers to our customers and consumers has certainly been a strong contributor to BA's 2018 growth. In 2018, BA developed more than 270 projects of new products and placed in the market 119, increasing its market implementation success rate. With a larger market research and design team, BA has continued to embrace its new vision, trying to understand the relationship of final consumer needs with glass packaging and with our customers' products. A number of market research and consumer focus groups were carried out, revealing to us new insights into how glass packaging relates to consumers and to their search for more sustainable options. This will continue to be the course of action in the future, to be able to further surprise our customers and consumers, moving towards a greener planet and ensuring that countless generations will enjoy their products in glass packaging.

BA is also engaged in several initiatives envisaging a more sustainable packaging world. We are certain that glass, with its characteristics of recycling and content protection, is the packaging choice for our customers and consumers.

Turnover [K.€]



Segment Sales 2018



Innovation and Development

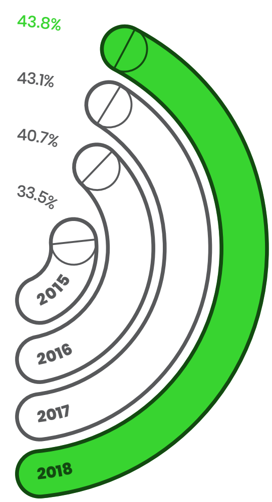
Following the trend of the previous year, several projects were developed bringing better solutions to our customers, always focused on value added and differentiated products, supporting them to be even more competitive.

The new projects' success rate, which measures the ratio between total projects developed and new products in the market, slightly increased compared to the previous year, with a conversion rate of 44%, showing a great acceptance of BA as a reference manufacturer of packaging for the food and beverage industries. BA's own design and lightweight projects continued to increase their importance in the 2018 launches, achieving a new record of 21.7%. Lightweight projects represented last year a reduction of more than 10,000 tons of glass, the equivalent of 4,000 tons less of CO_2.

Challenging once more the designers of the future, BA organized the 7th Edition of the Glassberries Design contest. Universities and design school students from five European countries were challenged to develop a wine bottle together with its secondary packaging, also using recycled material. The awards ceremony took place in Barcelona, where the winning projects were pitched by their creators.

With the focus on innovation, other initiatives were developed with customers, namely the Customer Design Contest and the Creative Exercise. These initiatives allowed the innovation process to become more customized and collaborative.

New Projects Success Rate



Operations and Supply Chain

2018 was an important year of consolidation of the South East Europe division integration and BA's adaptation to its new size with a clear and strong bet on consistency, standardization and simplification of processes across the whole Group, using digitalization as a tool to support us towards that goal. As always, a strong focus was placed on benchmarking, sharing and implementing best practices.

A strict cost control plan was executed to overcome the costs inflation across all geographies, allowing the plants to offset that effect partially.

In the Iberian Division, a new furnace construction and start-up in Villafranca plant should be highlighted. With this, more than 100 jobs have been created. The furnace rebuild in León plant was also a major project in 2018. Despite the consequent additional complexity, compared to 2017, the Iberian Division was able to improve some productivity and its quality indexes in 2018.

After some major organizational changes, the Avintes plant has continued its good performance and improved its main operational indicators. For Marinha Grande, after a furnace rebuild during the previous year with major technological changes, 2018 was the return to stability with a good evolution and some records in production and service quality to our customers. Undoubtedly, 2018 has been a very intensive and challenging year for the Villafranca team with a new furnace start-up, new production technology and, again, an excellent performance. Likewise, in the León furnace rebuild, despite the technological challenges, the team was able to perform a very solid start-up with an impressive evolution. Finally, Venda Nova has shown a very good trend in all the main operational indicators, achieving records in productivity, flexibility, quality and cost.

In the Central European Division, the labour market continues to be extremely competitive with high staff turnover, mainly in blue collar positions, representing a challenge for the productivity of the Division plants. Despite the increase in salaries, we were still not able to fulfill all operational functions. Nevertheless, there was a visible improvement.

This year, important organizational changes took place in the Central Europe plants, with new leadership in Jedlice and Gardelegen. Jedlice's performance was significantly improved. In Gardelegen, the plant and investment teams successfully carried out the furnace rebuild in the last quarter of the year, with an early and successful start-up. However, the plant operational targets were still not met.

In 2018 the South East Europe Division took further steps in its integration, already begun in 2017, focusing on process improvement and consistency towards BA standards. Strong focus was placed on operational benchmarking, the reorganization of the corporate and administration departments and on discontinuing some non-core business activities. In 2019 the first transformational investment will take place in Plovdiv.

The Plovdiv and Sofia plants continued their good performance, improving the main operational KPIs and delivering the target production volumes. After some major organizational changes, the Bucharest plant succeeded in stabilizing the production performance and returning to a positive evolution. With some challenges particularly during the first half of 2018, the Athens plant was able to recover towards year end.

In 2018, benchmarking continued to prove its value creation, taking advantage of BA's new size and increased diversity. The benchmarking initiatives among plants have continued and were reinforced, extending several group-wide projects like "Upside" and "Twins" and starting new ones like "Watt Less". These initiatives enabled the sharing of know-how, striving for the identification and implementation of best practices in all geographies, such as efficiency, job changes, quality, costs, and energy consumption.

This year, the Group supply chain team integration was concluded, joining the transport operation of South East Europe Division to the global transport team. Supply chain teams had significant challenges in 2018, in transport, given its shortage, and in the sourcing of more price competitive and environmental friendly raw materials and energy.

In the European transport market, we observe a demand-supply unbalance, lacking capacity, with the consequent cost increase already inflated by the cost of fuel, tolls and road taxes. In the context of BA's sales growth and ever more complex flows, the sourcing of transport becomes even more critical in BA's sales strategy. Global transport management and sourcing are crucial to guarantee that we supply customers with the expected service level. The network of external warehouses in export countries also continued to be improved in order to ensure on time deliveries, mainly in France and Italy.

With regards to energy, oil and electricity prices were a big concern during the year, and so was the "green challenge". New alternatives of sourcing electricity from renewable energy were explored. In raw materials, we looked for different sources of sand, to optimize logistics and melting costs, and alternative soda suppliers were introduced in each region to reduce regional risks.

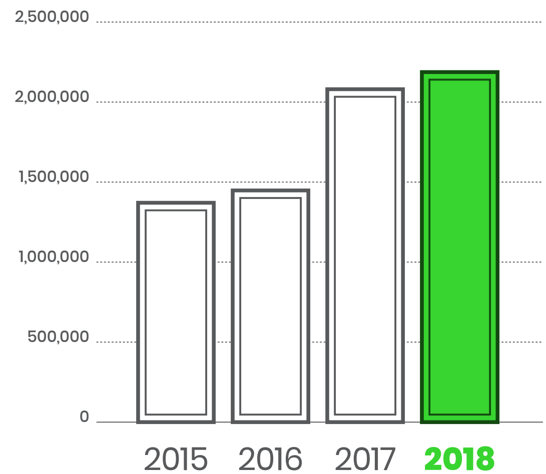
In the operations dedicated to the cleaning and treatment of recycled glass, a significant investment was made in the Spanish facility to improve the efficiency of the sorting process and the glass quality. This investment, which had also previously been made in the Portuguese facility, improves the quality of our containers and dramatically reduces the environmental impact due to waste reduction, which is one of our main commitments.

Concerning the Group's other activities, it is important to underline the capacity increase of Minas de Valdecastillo (in Spain) implemented this year, and its good operational performance exploiting a silica deposit and supplying the plant in León with the highest quality sand.

Finally, the Moldin facility, whose activity is the repair of moulds in Iberia, has continued its growth, again reaching a substantially better performance than in previous years, thus enabling an increasingly improved service level for all Iberian plants and enhancing efficiency and quality in their process.

In general and following the strategy of improving operational efficiency and customer service pursued over several years, the Group continues to make changes to its processes, following in-house and external benchmarking initiatives and continually monitoring its critical business processes. BA Vision strongly impacts all our activities and initiatives and the aim for excellence will continue to be the basis and the key of all our operations.

Production [ton]



Investments

In 2018, the BA investments in its facilities reached EUR 93 million, 11% of sales.

The main projects were the construction of one new furnace in Villafranca de los Barros (Spain) and the repair of two other furnaces, in Léon (Spain) and Gardelegen (Germany). These investments were also an opportunity to incorporate improvements and upgrades in all areas. Productivity and quality were the main objectives, achieved with state-of-the-art forming equipment and last generation automatic inspection machines with direct impact on product quality. Also, energy and environment continued to be among the main priorities, and the new and rebuilt furnaces present significant improvements in energy efficiency and environmental protection.

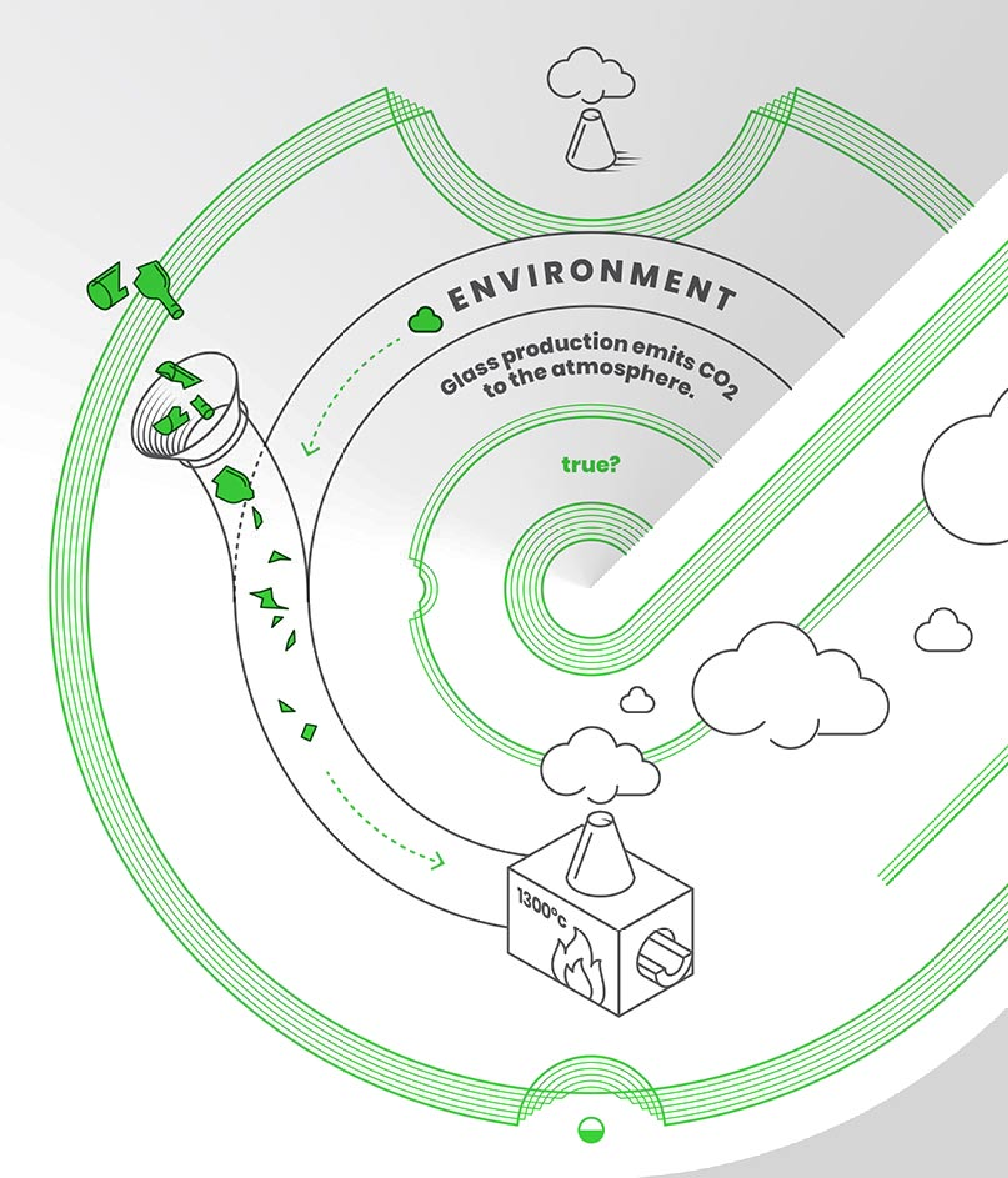
People

Following the acquisitions of recent years and the resulting changes in the organization, 2018 was the year for consolidating processes and people performance. In fact, all resources were dedicated to continuing the integration project started last year and creating new tools to facilitate the learning and development process of an organization that now operates on a multinational scale.

Several measures to drive a faster transformation were executed, namely through the implementation of new IT systems and tools, and through the recruitment of talent, supported by the reinforcement of employer branding, especially in the new geographies.

Concerning people development, beyond the continuous building of structured training, other initiatives were created to accelerate this development. Coaching and mentoring programs, missions abroad and people moving across functions were extensively used, as is usual practice in BA. All the assessment and development systems are now fully in place in the South East Europe Division, and a unique and global way of working is in place across the Group.

The BA Academy continued to develop new programs in the Leadership and


ENVIRONMENT
Glass production emits CO2 to the atmosphere.
true?
1300°C

TRUE.

However, CO_2 emissions have been reduced by 70% in the last 25 years.

The reduction of fuel and natural gas combustion and the increase of the recycled glass in the glass packaging production have been clear targets of the industry.

Management School and in the Operations School, enlarging its scope of action to Central Europe teams. A new school was created – the Systems School, in order to ensure a qualified and structured training in safety, environment, quality, and food safety standards.

New projects were put in place to boost the spread of internal knowledge and attract young people to our company, mainly:

> [i] "*Right arm*", which was a project that enabled participants to live for a day a function of another colleague;
>
> [ii] *Millennials@work*, which gathered a group of BA Millennials with the role of benchmarking the best practices of the work environment in the market and establishing an action plan to improve work conditions in BA;
>
> [iii] "*Futura program*", with its first edition in Iberia, a program created to attract young engineers and provide them with a twelve-month intensive technical and behavioural training, and strongly prepare them for taking a variety of positions inside the Group.

In the scope of the processes digitalization, a strong focus was also placed on the improvement of HR processes. New systems and software are already being developed and implemented to make the way of work simpler and to support the people management, namely:

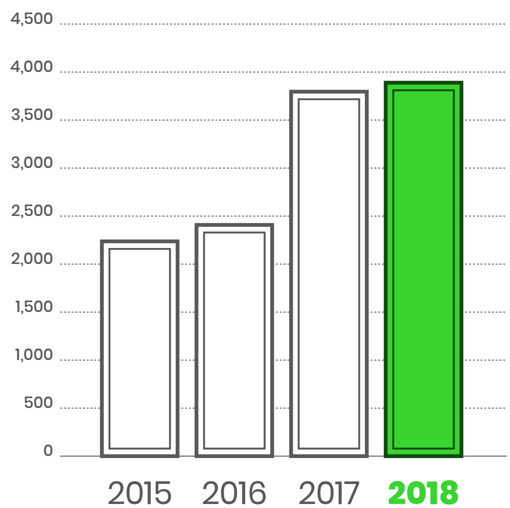
> [i] the implementation of a SAP new functionality, with mobile access;
>
> [ii] the creation of a learning mobile platform, in the scope of BA training Academy;
>
> [iii] the use of RPA (Robot Process Automation) tools to simplify administrative HR tasks.

The Annual Management Meeting, under the theme "Beyond tomorrow", was dedicated to digitalization as the key tool to support our vision and was an important eye-opener of what the future can bring and what the new ways of work and life will be.

To measure the social environment, a social climate survey took place during the year. Since 2004, BA has used this tool with the aim of assessing and understanding people´s opinions about five major clusters (strategy, engagement, HR policies, work conditions and leadership). Afterwards, action plans are built by clusters and regions. In 2018 a total of 2,895 questionnaires were collected (78% of the total BA population), where Germany, Greece, Bulgaria, and Romania participated for the first time. Globally the score was 3.5 (on a 1-5 scale) and showed important progress.

At the end of the year, the Group had 3890 internal employees, 2.5% more than last year, mainly due to the new furnace operation in Villafranca de los Barros plant and to the preparation of the new investment in the Plovdiv plant to be made in 2019.

Number of Employees



Results

In compliance with the European Commission Regulation 1606/2002 of the European Parliament, with the Council dated July 19, 2002 and the European Commission Regulation 1725/2003 dated September 29, 2003, BA Glass has prepared its consolidated financial statements since 2005 in conformity with the International Financial Reporting Standards (IFRSs), as published by the International Accounting Standards Board (IASB) and adopted by the European Union.

In 2018, the most significant variation in prices of the main production factors was on energy and CO_2 emission allowances. Particularly during the second half of the year, electricity and natural gas had a significant price increase as well as CO_2 allowances, remaining at a very high level until year end. The relevant increase in labour costs in Poland, Romania and Bulgaria continued to significantly impact the production costs of the local plants. Conversely, price increases and better efficiency and flexibility of our plants mitigated part of these effects.

With regard to investments, the greatest impact on 2018 depreciation was generated by the reconstruction of one furnace in Venda Nova at the end of 2017, a new furnace in Villafranca de los Barros and the furnace rebuild in Léon in 2018.

Hence,

Operating cash-flow (EBITDA) amounted to EUR 254.4 million, EUR 5.7 million lower when compared to the previous year. The EBITDA margin was 29.8%, showing a decrease of 2.6 p.p. compared to the prior year. The aforementioned effects of energy and CO_2 prices significantly affected the EBITDA (less EUR 24.7 million and 2.9 p.p. of margin).

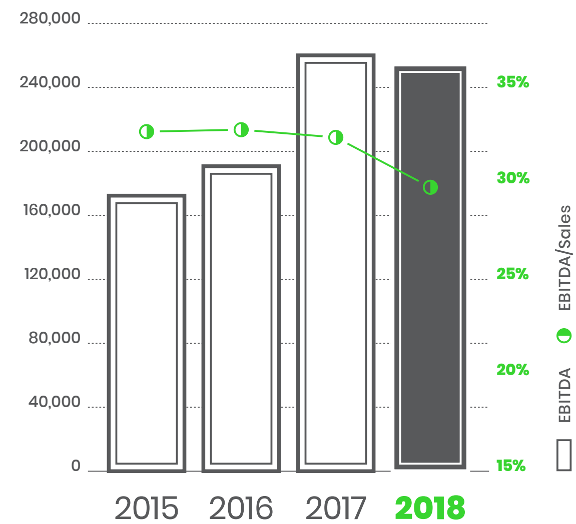
Operating profit (EBIT) amounted to EUR 173.5 million, equivalent to 20.3% of sales, EUR 3.6 million and 1.7 p.p. lower than in 2017.

Net tangible assets turnover was 1.67, 2.9% higher than in 2017 (1.62). Improving the net tangible assets turnover remains a key focus point for the Group to ensure the improvement of its financial position.

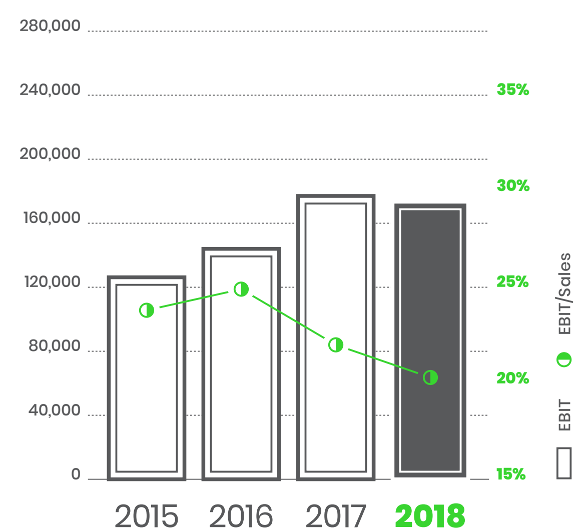
The financial results amounted to a loss of EUR 41.4 million (compared to a loss of EUR 34.0 million from last year). A large part of the financial result in both years is related to an impairment in the Anchor Glass accounts incorporated in the Group accounts (EUR 20,9 million in 2017 and EUR 23,4 million in 2018). Without this effect and the effect of the devaluation of the Polish zloty in 2018, the financial result improved and amounted to EUR 16.1 million (2017: EUR 16.9 million).

Profit before taxes amounted to EUR 132.1 million, 7.6% lower than in the previous year (2017: EUR 143.0 million), and the net profit totalled EUR 96.6 million, 14.9% lower than in the previous year (2017: EUR 113.5 million).

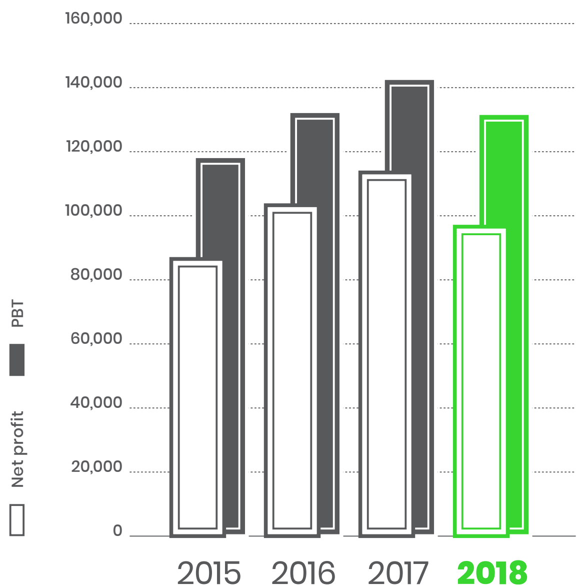
EBITDA [K.€]



EBIT [K.€]



Net Profit [K.€]



Financial Analysis

At the end of 2018, consolidated net assets were EUR 1,414,0 million (2017: EUR 1,435.9 million), in spite of an investment of EUR 93 million.

Working capital reached 19.1% of sales, EUR 5.5 million lower than the previous year, mainly due to a significant increase in the accounts payable.

At the end of the year, total liabilities were EUR 936.6 million, EUR 87.8 million less than in the previous year. The group's net debt amounted to EUR 643.7 million (2017: EUR 688.7 million).

The leverage ratio ended the year with a value of 2.5 (2017: 2.65) and the Group's equity ratio reached 33.7% (2017: 28.7%) of total assets. Despite the significant amount of debt raised to finance the acquisition of Yioula in 2017, these indicators reveal the cash conversion ability and financial robustness of the Group, and its readiness to continue growing.

Outlook

2019 is starting full of uncertainties. The political environment is under societal pressure in many countries. The growth of the economies is not deflating the demonstrations of dissatisfaction across Europe. This context of social and political tension, despite economic growth, is weighing on investor confidence.

The scepticism of European citizens increased in 2018, not helped by the continuing Brexit saga. Some hidden protectionist governmental actions are creating barriers to business development across Europe, and are not helping the development of cross border partnerships.

Independently of individual beliefs, it has been proved that collaboration is the only way to improve. From our side, we commit to further build and deepen constructive partnerships.

For BA it will be a year to consolidate the investments made, and also to start the main investments in the South East Europe Division, supporting customer needs and market growth. It is the first step of an important technological and mindset transformation in the region. We will develop local skills and capabilities, strengthening the Division for future growth.

The increase in costs is one of the main concerns. The increase in productivity and obsessive cost control are the sustainable way forward to recover the loss of profitability. There are no middle ways, and the targets for 2019 are ambitious.

We are optimistic about the opportunities we have in hand, and we see plenty of room to improve and transform not only our industrial operations but also our business with regard to our relationships and ways of interacting with customers and consumers.

Digitalization will play an essential role in our differentiation. It is a big challenge, which has the commitment of the entire top and middle management. It is not only about technology introduction and usage. It is about doing differently and better. Artificial intelligence (AI) and the internet of things (IoT) will make our mission easier and more attractive to the new generations, and the future leaders of this bigger organization.

We aim to go “beyond packaging” by Heart, looking for the infinite options and possibilities ahead. Some are still dreams. And those dreams will make BA different and mindful.

We continue to be very committed to maintaining a transparent and trustworthy relationship with all our employees, investing in their development and rewarding their commitment and accomplishments.

We are also committed to the local communities in all the cities where we are present. An active relationship, mainly with schools and the development of youngsters, is part of our contribution to the development of Society.

Sustainability is, and always has been, part of our business. It is also infinite, as is the life of the glass we produce.

We aim to be an active contributor to this global Planet project. In this report, we try to decode paradigms, with the ambition to make you look Beyond. Always. We hope this will help people and organizations to make more conscious choices!

Acknowledgements

The Board of Directors wishes to thank, firstly, all the employees of the Group who, with their hard work, creativity, enthusiasm, dedication, and commitment have enabled us to grow the business, to create value for our customers and shareholders, and who were part of the 2018 accomplishments.

The new organization is consolidated and is now prepared for new investments.

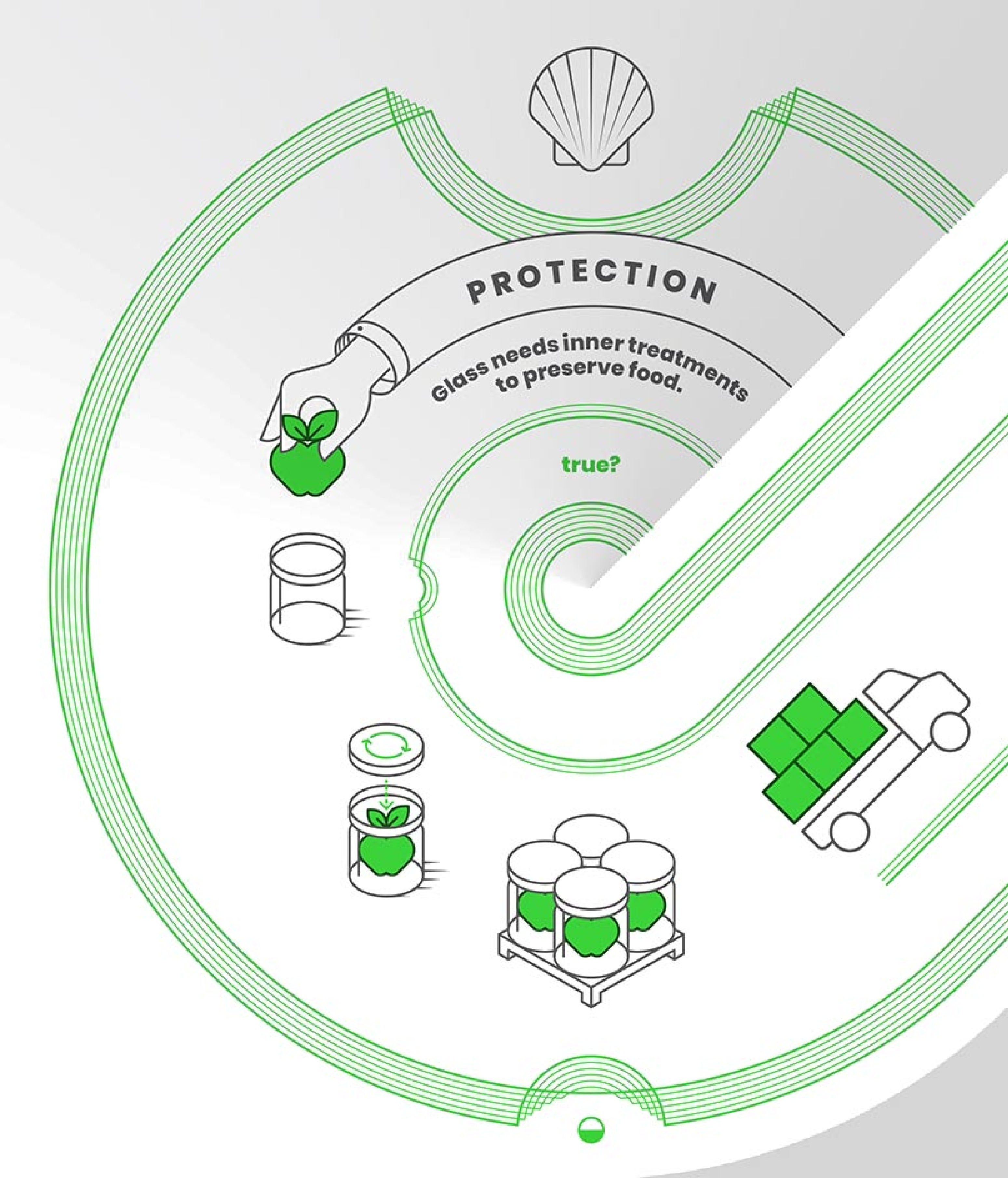
We also extend our gratitude to the central, regional and local Authorities of the Netherlands, Portugal, Spain, Poland, Germany, Bulgaria, Romania, and Greece, who have been supporting our activities and projects.

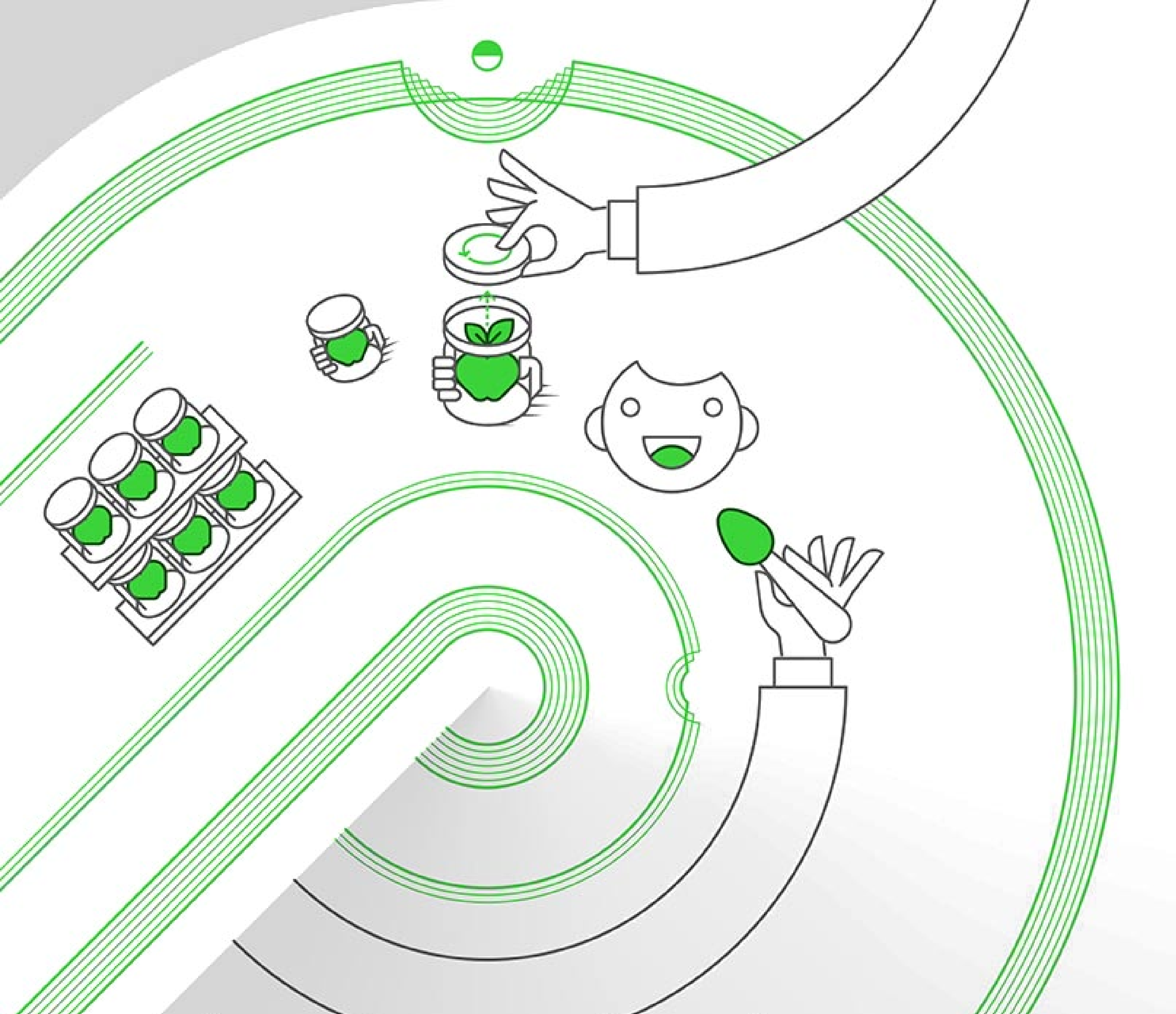
We have also counted on the cooperation of the banks and other financial institutions with whom the Group has worked during the year and that have been supporting our ambition and projects. Without them, we could not continue to grow.

Our appreciation is also due to the Auditors and the Audit Committee of the holding and its subsidiaries for their permanent collaboration and constructive dialogue in monitoring, examining and challenging the companies' financial statements and processes, and the risk management practices.

Our extreme gratitude is due to our customers for their preference, trust, and quality related demands, which has been the critical driver in BA quest for excellence and differentiation. They are also the ones who make us strive for more growth and investments.

A final word, to all the consumers, who, on a recurrent basis, use glass as their preferred packaging for the food and beverage provided to their families and friends, choosing glass as a sustainable option.


PROTECTION
Glass needs inner treatments to preserve food.
true?



FALSE.

Glass is an inert, neutral material which doesn't need any chemical treatment to preserve the taste and the fundamental characteristics of the products.

Consequently, it protects the consumer's health. Also, there is no migration of its content to the food and beverage.

consolidated financial statements

The full version of our financial statements is disclosed in our website www.baglass.com

Consolidated Statement of Financial Position

Amounts expressed in Euros

Assets	Notes	Dec. 31, 2018	Dec. 31, 2017
Non current assets			
Goodwill	10	413,449,924	416,796,941
Intangible assets	11	28,530,269	30,434,489
Property, plant and equipment	12	518,240,372	495,894,493
Investments accounted for using the equity method	8	12,979,170	35,644,628
Other financial investments	14	4,175,737	2,710,729
Investment properties	13	3,910,039	4,078,339
Other non-current assets	15	-	5,651,508
Deferred tax assets	33	18,963,993	22,724,889
		1,000,249,505	**1,013,936,016**
Current assets			
Inventories	16	117,553,402	117,649,759
Trade receivables	17	171,271,404	158,463,059
Other current debtors	18	26,248,047	25,759,219
Other current assets	19	3,846,470	2,825,326
Cash and short term deposits	20	94,850,662	117,295,919
		413,769,986	**421,993,282**
Total assets		**1,414,019,490**	**1,435,929,297**

Equity and liabilities	Notes	Dec. 31, 2018	Dec. 31, 2017
Equity			
Issued capital	21	36,000	36,000
Legal and other reserves		39,142,364	36,784,861
Retained earnings		350,893,854	270,373,235
Other components of equity		(9,227,743)	(6,401,372)
Profit for the year		95,285,318	110,798,901
Equity attributable to owners of the parent		**476,129,794**	**411,591,625**
Non-controlling interests		-	-
Total equity		**476,129,794**	**411,591,625**
Non-current liabilities			
Interest-bearing loans and borrowings	22	608,239,380	631,908,494
Provisions	23	4,795,039	4,977,049
Government grants	27	11,356,481	14,726,934
Deferred tax liabilities	33	15,460,990	16,158,328
		639,851,891	**667,770,805**
Current liabilities			
Interest-bearing loans and borrowings	22	130,305,907	174,058,129
Trade payables	24	126,108,775	107,858,308
Income tax payable	33	3,035,061	8,915,768
Other payables	25	19,167,718	19,876,979
Government grants	27	3,225,301	3,882,384
Other current liabilities	26	16,195,044	41,975,300
		298,037,805	**356,566,867**
Total equity and liabilities		**1,414,019,490**	**1,435,929,297**

Consolidated Statement of Profit or Loss

Amounts expressed in Euros

Continuing operations	Notes	Dec. 31, 2018	Dec. 31, 2017
Revenue			
Sales and services rendered	28	853,897,507	803,867,805
Changes in stocks of finished goods		813,511	2,514,278
Other operating income	29	5,601,632	7,981,192
		860,312,649	**814,363,275**
Operating expenses			
Raw materials and consumables used		343,709,357	317,439,815
Supplies and external services		140,371,437	127,103,934
Employee benefits expense		107,453,239	102,054,771
Depreciation and amortisation		80,039,042	81,087,416
Impairment	31	914,942	2,001,870
Other operating expenses	30	14,367,444	7,647,621
		686,855,461	**637,335,427**
Operational cash flow [EBITDA]		**254,411,173**	**260,117,135**
Operating income [EBIT]		**173,457,189**	**177,027,848**
Financial result	32	(18,017,668)	(13,119,873)
Share of profit of an associate	8	(23,373,400)	(20,916,155)
Profit before tax from continuing operations		**132,066,120**	**142,991,820**
Income tax expense	33	35,464,989	29,465,019
Profit for the year from continuing operations		**96,601,131**	**113,526,801**
Discontinued operations		-	-
Profit for the year		**96,601,131**	**113,526,801**
Attributable to:			
Equity holders of the parent		95,285,318	110,798,900
Non-controlling interests		1,315,813	2,727,901
Earnings per share			
Basic	34	**2,646,81**	**3,077,75**
Diluted	34	**2,646,81**	**3,077,75**

Consolidated Statement of Comprehensive Income

Amounts expressed in Euros

	Dec. 31, 2018	Dec. 31, 2017
Profit for the year	**96,601,131**	**113,526,801**
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)		
Exchange differences on translation of foreign operations	(2,655,897)	(5,553,788)
Share of other comprehensive income of an associate	71,195	(463,508)
Others	(178,112)	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(2,762,814)**	**(6,017,296)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)		
Share of other comprehensive income of an associate	-	-
Re-measurement gains (losses) on defined benefits plans	(63,558)	(349,400)
Revaluation of land	2,824,839	-
Other	(467,335)	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**2,293,946**	**(349,400)**
Other comprehensive income for the year, net of tax	**(468,867)**	**(6,366,696)**
Total comprehensive income for the year, net of tax	**96,132,264**	**107,160,106**
Attributable to:		
Equity holders of the parent	94,816,451	103,185,555
Non-controlling interests	1,315,813	3,974,551

Consolidated Statement of Changes in Equity

Amounts expressed in Euros

Attributable to the equity owners of the parent

	Issued capital	Legal and other reserves	Retained earnings	Foreign currency translation reserve	Other compo-nents of equity	Profit for the year	Total	Non-controlling interest	Total equity
As at January 1, 2017	**36,000**	**36,784,860**	**220,744,784**	**1,211,974**	**-**	**101,305,408**	**360,083,027**	**-**	**360,083,027**
Profit for the period	-	-	-	-	-	110,798,901	110,798,901	2,727,901	113,526,801
Other comprehensive income	-	-	-	(6,800,438)	(812,908)	-	(7,613,346)	1,246,650	(6,366,696)
Total comprehensive income	**-**	**-**	**-**	**(6,800,438)**	**(812,908)**	**110,798,901**	**103,185,555**	**3,974,551**	**107,160,106**
Put option granted to non-controlling interests	-	-	(1,676,957)	-	-	-	(1,676,957)	(3,974,551)	(5,651,508)
Dividends	-	-	(50,000,000)	-	-	-	(50,000,000)	-	(50,000,000)
Appropriation of prior year net profit	-	-	101,305,408	-	-	(101,305,408)	-	-	-
Other changes in equity	-	-	-	-	-	-	-	-	-
At December 31, 2017	**36,000**	**36,784,860**	**270,373,235**	**(5,588,464)**	**(812,908)**	**110,798,901**	**411,591,625**	**-**	**411,591,625**
As at January 1, 2018	**36,000**	**36,784,860**	**270,373,235**	**(5,588,464)**	**(812,908)**	**110,798,901**	**411,591,625**	**-**	**411,591,625**
Profit for the period	-	-	-	-	-	95,285,318	95,285,318	1,315,813	96,601,131
Other comprehensive income	-	2,357,504	-	(2,655,897)	(170,474)	-	(468,867)	-	(468,867)
Total comprehensive income	**-**	**2,357,504**	**-**	**(2,655,897)**	**(170,474)**	**95,285,318**	**94,816,451**	**1,315,813**	**96,132,264**
Put option granted to non-controlling interests	-	-	(4,912,147)	-	-	-	(4,912,147)	(1,315,813)	(6,227,960)
Dividends	-	-	(25,000,000)	-	-	-	(25,000,000)	-	(25,000,000)
Appropriation of prior year net profit	-	-	110,798,901	-	-	(110,798,901)	-	-	-
Other changes in equity	-	-	(366,135)	-	-	-	(366,135)	-	(366,135)
At December 31, 2018	**36,000**	**39,142,364**	**350,893,854**	**(8,244,361)**	**(983,382)**	**95,285,318**	**476,129,794**	**-**	**476,129,794**

Consolidated Statement of Cash Flows

Amounts expressed in Euros

	Dec. 31, 2018	Dec. 31, 2017
Cash flow statement – operational activities		
Receipts from customers	960,415,317	838,934,627
Payments to suppliers	(584,391,247)	(474,312,860)
Payments to employees	(107,357,326)	(103,160,523)
Cash generated from operations	**268,666,745**	**261,461,244**
(Payment) / reimbursement of corporate income tax	(34,880,796)	(40,856,504)
Other proceeds / (payments) relating to the operating activity	(23,884,133)	(19,578,641)
Cash flow from investing activities [1]	**209,901,815**	**201,026,099**
Cash flow statement – investing activities		
Receipts from:		
Financial Investments	-	-
Fixed assets	323,924	170,529
Government grants	8,614,032	-
Other assets	-	-
	8,937,957	**170,529**
Payments related to:		
Financial Investments	(2,504,851)	-
Acquisition of a subsidiary, net of cash acquired	-	(169,646,412)
Fixed assets	(97,028,398)	(46,448,985)
Other assets	(295,620)	-
	(99,828,869)	**(216,095,397)**
Cash flow from investing activities [2]	**(90,890,912)**	**(215,924,868)**
Cash flow statement – financing activities		
Receipts from:		
Borrowings	208,086,354	582,851,207
Interests received	1,109	8,303
Other financing activities	47,463	-
	208,134,927	**582,859,510**
Payments related to:		
Borrowings	(276,355,777)	(411,651,166)
Interest and similar expense	(16,075,426)	(15,437,033)
Dividends	(25,000,000)	(50,000,000)
Acquisition of non – controlling interests	(31,951,791)	(5,640,453)
Other financing activities	-	(71,071)
	(349,382,994)	**(482,799,723)**
Cash flow from financing activities [3]	**(141,248,067)**	**100,059,787**
Net cash flow variation for the year [4]=[1]+[2]+[3]	**(22,237,164)**	**85,161,017**
Net foreign exchange differences	**(208,092)**	**180,313**
Cash and its equivalents at the beginning of the period	**117,295,919**	**31,954,589**
Cash and its equivalents at the end of the period	**94,850,662**	**117,295,919**
NOTES TO THE CONSOLIDATED CASH-FLOW STATEMENT:		
Cash	37,824	33,189
Short term bank deposits	94,812,837	117,262,729
Cash and its equivalents (Note 20)	**94,850,662**	**117,295,919**

Notes to the Consolidated Financial Statements

1. Corporate Information

The consolidated financial statements of BA Glass B.V. (hereinafter the "Company") and its subsidiaries (collectively, the Group) for the year ended December 31st, 2018 were authorized for issue in accordance with a resolution of the directors on March 26th, 2019. However, the consolidated financial statements shall be subject to approval by the Shareholders in the Annual General Meeting.

The Company is a private limited liability company incorporated and domiciled in the Netherlands. The registered office is located at Prins Bernhardplein 200, 1097 JB Amsterdam. The objectives of the Company are to act as holding and finance company. The Company is registered at the Dutch Chamber of Commerce with file number 34310991.

The Group is a leading manufacturer of glass packaging products for the food, beer, wine, spirits and soft drinks end markets.

The Company together with its subsidiaries (the "Group") is one of the most profitable players on the glass packaging business and has operating activities in Portugal, Spain, Poland, Germany, Greece, Bulgaria and Romania.

The Group operates in the glass industry, more specifically in the manufacturing of glass containers, owning three manufacturing plants in Portugal, two in Spain, two in Poland, one in Germany, one in Greece, two in Bulgaria and one in Romania, through entities BA Glass Portugal, S.A. (operating in Portugal), BA Glass Spain, S.A.U. (operating in Spain), BA Glass Poland Sp. z o.o. (operating in Poland), BA Glass Germany GmbH (operating in Germany), BA Glass Greece, S.A. (operating in Greece), BA Glass Bulgaria, S.A. (operating in Bulgaria) and BA Glass Romania, S.A. (operating in Romania).

No distinguishable components apply either with reference to its products or to its manufacturing processes, nor do distinguishable components apply, either with reference to the type of customer or to distribution channels, which may warrant analysis in terms of business segmentation.

Moreover, we also consider that the risks, returns, opportunities, or prospects applicable to the units operating in the aforementioned countries do not differ to the extent that their treatment as separate reportable geographical segments are warranted.

2. Accounting Policies

2.1. Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for land that have been measured at fair value.

The consolidated financial statements provide comparative information in respect of the previous period.

The consolidated financial statements are presented in euros.

2.2. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31st, 2018.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

> Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
>
> Exposure, or rights, to variable returns from its involvement with the investee;
>
> The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

> The contractual arrangement with the other vote holders of the investee;
>
> Rights arising from other contractual arrangements;
>
> The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non--controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3. Summary of Significant Accounting Policies

a) Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non--controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition--related costs incurred are expensed and included in suppliers and external services.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. A CGU is defined as the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or Group of assets.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Put Option Granted to Non-controlling Interest

When the facts and circumstances indicate that the Group has no present ownership on the shares subject to the put option, the Group elects to follow the approach of partial recognition of non-controlling interests, under which the non-controlling interest continues to receive:

[i] an allocation of profit and loss;

[ii] a share of changes in appropriate reserves, and

[iii] dividends declared before the end of the reporting period.

At the end of each reporting period, the Group recognizes a financial liability (fair value of the put option) as if the acquisition took place at that date. The put option is valued at fair value at the year-end. Changes in the financial liability are treated as reclassifications in equity and therefore have no impact on profit or loss. There is no separate accounting for the unwinding of the discount due to the passage of time.

In the event that the option expires unexercised, the financial liability is unwound such that non-controlling interest is recognised at the amount it would have been as if the put option was not granted.

b) Investment in Associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared in the different reporting period of the Group, as mentioned in Note 8. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

c) Current Versus Non-current Classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

> Expected to be realised or intended to be sold or consumed in the normal operating cycle;
>
> Held primarily for the purpose of trading;
>
> Expected to be realized within twelve months after the reporting period; or
>
> Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

> It is expected to be settled in the normal operating cycle;
>
> It is held primarily for the purpose of trading;
>
> It is due to be settled within twelve months after the reporting period; or
>
> There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

d) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

> In the principal market for the asset or liability; or
>
> In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

> Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
>
> Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
>
> Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. No transfers have occurred during the period.

An analysis of the classification of financial instruments and further details as to how they are measured are provided in Note 9.

e) Revenue from Contracts with Customers

The group is in the business of manufacturing and selling glass containers and glass products. Sales are recognised when control of the products has transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has concluded that it is acting as a principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group does not have any contracts where the period between the transfer of the promissed goods or services to the customer and payment by the customer exceeds one year. As consequence, the group does not adjust any of the transaction prices for the time value of the money.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contract with customers are provided in Note 4.

Sale of Glass Products

Revenue from sale of glass products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of glass products, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Variable Consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Some contracts with customers provide a volume rebates based on aggregated sales over a 12 months period.

The volume rebates give rise to variable consideration.

Volume Rebates

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

Contract Balances

Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Assets and Liabilities Arising from Rights of Return

Right of Return Assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund Liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

f) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

g) Taxes

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Board of directors periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

> When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
>
> In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

> When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
>
> In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Sales Tax

Expenses and assets are recognised net of the amount of sales tax, except:

> When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
>
> When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

h) Foreign Currencies

The Group's consolidated financial statements are presented in euros, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non--monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Group Companies

On consolidation the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Applied Exchange Rates

The EUR exchange rates applied for the most significant currencies when preparing the consolidated financial statements are presented above.

	Closing rate		Average rate	
	2018	**2017**	**2018**	**2017**
Polish Zloty (PLN)	4,300	4,171	4,262	4,258
New Romanian leu	4,664	4,659	4,654	4,569
Lev (Bulgaria)	1,956	1,956	1,956	1,956
American Dollar (USD)	1,158	1,181	1,190	1,054

i) Cash Dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of the Company, a distribution is authorised when it is approved by the board of directors and the shareholders of the Company. A corresponding amount is recognised directly in equity.

j) Property, Plant and Equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land is measured at fair value less accumulated impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. A revaluation surplus is credited to the assets revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

	Useful life
Buildings and other constructions	20 – 50
Property, plant and equipment – production equipment	7 – 9
Property, plant and equipment – others	3 – 20
Transport equipment	4 – 12
Tools	3 – 15
Administrative equipment	3 – 15
Packaging	3 – 7
Other tangible assets	3 – 15

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate. It is assumed that the residual value is nil; hence the amount to be depreciated, over which the depreciation is calculated, coincides with the cost.

k) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

l) Capitalisation of Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

m) Investment Properties

Investment properties comprises land and buildings held for purposes of income generation or capital appreciation, or both, that are not used in the conduct of the Group's regular business.

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are stated at cost.

Investment properties are derecognised either when they have been disposed (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

n) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

CO_2 Emission Rights

The Group receives free emission rights as a result of the European Emission Trading Schemes. The rights are received on an annual basis and, in return, the Group is required to remit rights equal to its actual emissions. The Group has adopted the net liability approach to the emission rights granted. Therefore, a provision is recognised only when actual emissions exceed the emission rights granted and still held. The emission costs are recognised as other operating costs. Where emission rights are purchased from other parties, they are recorded at cost, and treated as a reimbursement right, whereby they are matched to the emission liabilities and remeasured to fair value. Where emission rights are purchased from other parties are higher than emissions for the year, the differential are recorded as intangible assets, at cost.

Customer Relationship

The customer relationship assets were acquired as part of a business combination. They are recognized at their fair value at the date of acquisition and are subsequently amortised on a straight over their estimated useful lives.

o) Financial Instruments

Initial Recognition and Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (e) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial Assets at Amortised Cost [Debt Instruments]

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

> The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
>
> The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 17.

Factoring

The credits ceded to factoring institutions without recourse, i.e., the risk of default is assumed by the factoring institution, are derecognized from the balance sheet when the cash advances are received.

The credits ceded to factoring institutions with recourse, i.e., the risk of default is assumed by the Company, are not derecognized from the balance sheet and the risk of default is taken into consideration when determining impairment losses. In this case, the cash advances received are recognized as bank loans.

Financial Assets at Fair Value Through OCI [Debt Instruments]

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

> The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
>
> The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group has not designated any financial assets under this category.

Financial Assets Designed at Fair Value Through OCI [Equity Instruments]

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group has not designated any financial assets under this category.

Financial Assets at Fair Value Through Profit and Loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Group has not designated any financial assets under this category.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

> The rights to receive cash flows from the asset have expired; or
>
> The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and what extent it has retained the risks and rewards of the ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

> Disclosures for significant assumptions: Note 4;
>
> Financial assets: Note 9;

Trade receivables, including contract assets: Note 17.

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent Measurement

The measurement of financial liabilities depends on their classification as described below:

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and Borrowings

This is the category most relevant to the Group. After initial recognition, interest--bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the statement or profit or loss.

This category generally applies to interest--bearing loans and borrowings. For more information, refer to Note 22.

Trade Payables

Trade payables are initially recognised at the respective fair value and are subsequently measured at amortized cost.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

p) Derivative Financial Instruments and Hedge Accounting

Initial Recognition and Measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment;
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

Before 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Beginning 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship;
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

[i] Fair Value Hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

[ii] Cash Flow Hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non--financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

[iii] Hedges of a Net Investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

q) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

> Raw and subsidiary materials: purchase cost on an average cost basis;
>
> Goods for resale: purchase cost on an average cost basis;
>
> Finished goods and work in progress: production cost.

The cost of the inventories includes:

> Purchasing costs (purchase price, import duties, non-recoverable taxes, freight, handling and other costs directly attributable to the purchase, less any commercial discounts, rebates and other similar items);
>
> Production costs (cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs).

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

r) Impairment of Non-financial Assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

> Disclosures for significant assumptions: Note 4;
>
> Goodwill and intangible assets with indefinite lives: Note 10;
>
> Intangible assets: Note 11;
>
> Property, plant and equipment: Note 12.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash--generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long--term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually (as at December 31st) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at December 31st either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

s) Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

t) Equity Items

Issued Capital

All of BA Glass B.V.'s subscribed share capital has been totally paid.

Legal Reserves

The balance comprises the amounts that, in accordance to the law are not available for distribution and may only be used to increase share capital or to cover losses.

Retained Earnings

This item relates exclusively to retained earnings available for distribution to shareholders.

u) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Restructuring Provisions

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when:

> [i] a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and
>
> [ii] an appropriate timeline, and the employees affected have been notified of the plan's main features.

Onerous Contract

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Contingent Liabilities Recognised in a Business Combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

v) Employee Benefits

Provisions for Pensions – Defined Benefit Plan

The Group has committed to grant some of the former employees to regular payments in lieu of retirement pension and supplementary pension benefits, which benefits conform to a defined benefit plan.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods.

Unvested past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. Past service costs are recognised immediately if the benefits have already vested immediately following the introduction of, or changes to, a pension plan.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less unrecognised past service costs.

Other Employee Benefits

According to the Portuguese labour legislation in force, employees are entitled to holiday pay and subsidy in the year following the one when the service is provided. Consequently, an accrual for this amount was recognised in the profit and loss account with a counterpart in "Other current liabilities" (Note 26).

w) Earnings Per Share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

x) Subsequent Events

The Group recognises in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements.

The Group does not recognise subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but that arose after the balance sheet date.

3. Changes in Accounting Policies and Disclosures

a) New and Amended Standards and Interpretations Adopted by the Group

The Group applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at 1 January 2018.

The cumulative effect of initially applying IFRS 15, if any, is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related Interpretations.

As 1 January 2018, the Group had not been impacted on its balance sheet as consequence of adopting IFRS 15, since:

> The Group is in the business of manufacturing and selling glass containers and glass products, as consequence, for contracts with customers in which the

sale of product is generally expected to be the only performance obligation, adoption of IFRS 15 did not have any impact on the group's revenue and profit or loss.

In terms of variable consideration (volume rebates), IFRS 15 required if revenue cannot be reliably estimated measured, the Group defers revenue recognition until the uncertainly is resolved. Such provision give rise to variable consideration under IFRS 15 and will be required to be estimated at contract inception and updated thereafter. IFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The application of the constraint did not result in adjustments in revenue in the date of initial application, since the amount of estimated rebate was already estimated at contract inception (the amount of estimated rebates is recorded in the period when sales occur).

For disclosures, please see Note 28.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings.

The effect of adopting IFRS 9 as at 1 January 2018 was, as follows:

		Jan. 1, 2018
Assets		
Trade receivables	(a)	(374,100)
Liabilities		
Deferred tax liabilities	(b)	29,630
Equity		
Retained Earnings	(a),(b)	(344,470)

[i] Classification and Measurement

The Group had not been impacted on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9, because the Group did not have any financial assets held as available for sale (AFS) in the initial application date. Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

[ii] Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon adoption of IFRS 9 the Group recognised additional impairment on the Group's Trade receivables of € 374.100 which resulted in a decrease in Retained earnings in the same amount.

Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

	Allowance for impairment under IAS 39 as at 31 December 2017	Remeasurement	ECL under IFRS 9 as at 1 January 2018
Trade receivables	(7,023,374)	(374,100)	(7,397,474)

Other Adjustments

In addition to the adjustments describe above, deferred taxes were adjusted to retained earnings as necessary upon adoption of IFRS 9 as at 1 January 2018.

[iii] Hedge Accounting

The Group did not have any existing hedge relationships that were currently designated in effective hedging relationships in the initial application date, as consequence, the application of IFRS 9 had not been any impact.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's consolidated financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share--based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Group has no cash-settled share based transactions scheme, therefore, these amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments are not relevant to the Group.

Amendments to IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment--by-investment choice

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-

-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which:

> [i] the investment entity associate or joint venture is initially recognised;
>
> [ii] the associate or joint venture becomes an investment entity; and
>
> [iii] the investment entity associate or joint venture first becomes a parent.

These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Deletion of short-term exemptions for first-time adopters

Short-term exemptions in paragraphs E3 – E7 of IFRS 1 were deleted because they have now served their intended purpose. These amendments do not have any impact on the Group's consolidated financial statements.

4. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Revenue from Contracts with Customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

> Determining method to estimate variable consideration and assessing the constraint.

Certain contracts for the sale of glass products include volume rebates and right of return related with returnable packaging that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of glass products that included right of return of returnable packaging, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of glass products with volume rebates, the Group determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Estimations and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) Goodwill's Impairment Analysis

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit (CGU) being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 10. The Group tests goodwill for impairment on an annual basis.

b) Recognition of Provisions and Adjustments

The Group is party to legal proceedings which are running their course on account of which it judges whether to raise a provision for contingent legal expenses based on the opinion of its legal advisors (refer to Note 23).

Adjustments to receivables are calculated based on an age analysis of such receivables, the risk profile of the clients involved, and their financial standing. Estimates related to adjustments to receivables differ from business to business. A detailed analysis of the changes in annual provisions clearly demonstrates that there is almost no risk of collection. Moreover, the Group has access to major databases of relevant market information which, together with the experience of its technical analysts, enable it to clearly assess and minimize its credit risk.

With respect to years open to tax inspections, management believes that any adjustment to the tax returns that could result from reviews carried out by the tax authorities will not have any significant impact in the financial statements.

c) Fair Value of Financial Instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 9 for further disclosures.

d) Post-retirement Benefits

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about pension obligations are provided in Note 35.

e) Estimating Variable Consideration Volume Rebates

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

In estimating the variable consideration for the sale of glass products with volume rebates, the Group determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

The Group updates its assessment of expected returns and volume rebates semi--annual are adjusted accordingly. Estimates of volume rebates are sensitive to changes in circumstances and the Group's past experience regarding rebate entitlements may not be representative of customers' actual rebate entitlements in the future.

As at 31 December 2018, the amount recognised as refund liabilities for the expected volume rebates was 2.7 million (see Note 26).

f) Revaluation of land

The Group carries its land at revalued amounts, with changes in fair value being recognised in OCI. The land were valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged independent valuation specialists to assess fair values, each 5-year period.

g) Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments. (i.e., by geography). In addition to the use of the provision matrix, Board of Directors will assess individual customers that may present impairment indicators based in a default event, external public information or internal information passed by the Sales department. In those instances, a specific impairment analysis will be performed on a case-by-case basis and the allowance determined individually. In such cases the outcome that resulted from provision matrix for such customers will not be considered.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

5. Subsidiaries

The consolidated financial statements of the Group include:

Subsidiary	Head office	Dec. 31, 2018	Dec. 31, 2017
BA Glass B.V	Amsterdam (Netherlands)	Parent	Parent
BA Glass I – Serviços de Gestão e Investimentos, S.A.	Avintes (Portugal)	100%	100%
BA Glass Portugal, S.A.	Avintes (Portugal)	100%	100%
BA Glass Spain, SAU	León (Spain)	100%	100%
BA Glass Poland Sp.Z.o.o.	Poznan (Poland)	100%	80%
BA Glass Germany Gmbh	Gardelegen (Germany)	100%	100%
Moldin, S.A.	Avintes (Portugal)	100%	100%
BA Vidrio Distribución Comerc. Envases, S.A.	Mérida (Spain)	100%	100%
Minas de Valdecastillo, SAU	León (Spain)	100%	100%
Barbosa & Almeida, SGPS, S.A.	Avintes (Portugal)	100%	100%
BA Vidro II Marinha Grande, SGPS, S.A.	Avintes (Portugal)	100%	100%
Artividro – Arte em Vidro, Lda.*	Leiria (Portugal)	-	-
BA Glass Greece , S.A.	Athens (Greece)	100%	100%
Huta Szklana Holding Sp.Z.oo*	Sieraków (Poland)	82%	82%
Glasstank, B.V.	Amsterdam (Netherlands)	100%	100%
Glassinvest Ltd.	Limassol (Cyprus)	100%	100%
MGL Mediterranean Glass Ltd.	Limassol (Cyprus)	100%	100%
BA Glass Romania, S.A.	Bucurest (Romania)	100%	100%
Chelianda Estates Ltd.	Limassol (Cyprus)	100%	100%
Land Internation Property, S.R.L.	Limassol (Cyprus)	100%	100%
Bareck Overseas, Ltd.	Limassol (Cyprus)	100%	100%
BA Glass Bulgaria, S.A.	Sofia (Bulgaria)	100%	100%
Ambalaj Sofia City EOOD	Sofia (Bulgaria)	100%	100%
Iva Glass Manufacturers, Ltd.	Limassol (Cyprus)	100%	100%
Beluxen Enterprises, Ltd.	Limassol (Cyprus)	100%	100%
Hellenic Glass Recycling, S.A.	Athens (Greece)	100%	100%
Serbian Recycling Industries, AD	Serbia	100%	100%

These subsidiaries were consolidated through the full consolidation method.

Associate:

The Group has a 25% interest in Anchor Glass (2017: 25%).

6. Business Combinations and Acquisition of Non-controlling Interest

Acquisitions in 2018

During 2018, the Group acquire 20% of BA Glass Poland.

Acquisitions in 2017

The company has entered in a Share Purchase Agreement on the 8th of October 2016 where the terms and conditions for the acquisition of 100% of the assets related to the production of glass containers of the Yioula Group in Greece, Bulgaria and Romania were defined.

The transaction was made effective in January of 2017.

The fair value of the identifiable assets acquired and liabilities assumed as at the date of acquisition were:

	Fair value recognised on acquisition (K.€)
Assets	
Property, plant and equipment	214,632
Intangible assets	32,888
Inventories	35,751
Trade receivables	111,127
Cash and cash equivalents	200,495
Deferred tax assets	2,935
Other assets	5,681
Liabilities	
Interest – bearing loans and borrowings	326,800
Provisions	2,701
Trade Payables	55,514
Deferred tax liabilities	8,925
Other Payables	48,382
Total identifiable net assets at fair value	**161,187**
Fair value Non Controlling interests	**(5,640)**
Goodwill arising on acquisition	**214,595**
Purchase consideration transferred	**370,142**

The goodwill of EUR 214,595 thousand comprises the value of expected synergies resulting from cost savings, operational efficiencies and the unique market position.

The Property, plant and equipment recognised at the acquisition date were based on an independent valuation covering the land, buildings and furnaces.

The intangible assets recognized concern the customer relationship and licenses.

No contingent consideration has been agreed as part of the purchase price.

Transaction costs were expensed and are included in Supplies and external services (EUR 600 thousand).

During 2017, the Group acquired the portion of equity ownership attributable to non-controlling interests that existed at the acquisition date.

In 2017, South East division contributed EUR 206,480 thousand of revenue and EUR 24,437 thousand of profit before tax from continuing operations of the Group.

7. Material Party-owned Subsidiaries

There is no subsidiary that have material non-controlling interests. During 2018, the Group acquired the portion of equity ownership attributable to non-controlling interests related with BA Glass Poland.

8. Investment in an Associate

The Group has acquired a minority stake of 25% interest in the company Anchor Glass, a company established in the USA, being the remaining 75% acquired by CVC Capital Partners. Anchor Glass is headquartered in Tampa, Florida and is one of the three major producers of glass packaging in the United States. The company operates six manufacturing facilities in Florida, Georgia, Indiana, Minnesota, New York and Oklahoma.

Anchor company is considered as an associate. An associate is an entity over which the Group has significant influence – the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. BA Group have presence on the Company's board of directors.

The table below provide summarised financial information of Anchor Glass as of 30 September 2018 and 2017, considering that summarized financial information as of 31 December 2018 is not available yet. The information disclosed reflects the amounts presented in the financial statements of the Anchor Glass amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and modifications for the purpose of homogenization in accounting policies. In addition, and accordingly to IAS 28, adjustments were made for the effects of significant transactions or events, if any, that occurred between 30 September 2018 and 31 December 2018.

EUR in thousands	**Sep. 30, 2018**	**Sep. 30, 2017**
Total Assets	1,025,620	1,060,983
Total Liabilities	977,990	886,970
Equity	**47,630**	**174,013**

EUR in thousands	**9 months ended Sep. 30, 2018**	**3 months ended Dec. 31, 2017**	**Total**	**Sep. 30, 2017**
Revenue	369,187	111,287	480,474	329,445
EBITDA	71,242	22,215	93,457	77,455
Impairment of goodwill and intangible assets	(69,901)	–	(69,901)	(125,503)
Interest expense, net	(31,169)	(9,398)	(40,567)	(29,206)
Other expense (income), net	(51,163)	(25,320)	(76,482)	(6,410)
Profit for the year (continuing operations)	**(80,991)**	**(12,503)**	**(93,494)**	**(83,665)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	2,805	(258)	2,547	(1,854)
Other comprehensive income not to be reclassified to profit or loss in the subsequent periods, net of tax	–	–	–	–
Total comprehensive income for the year (continuing operations)	**(78,186)**	**(12,761)**	**(90,947)**	**(85,519)**
Group's share of profit for the year (25%)	**(20,248)**	**(3,126)**	**(23,373)**	**(20,916)**
Group's share of changes in equity (25%)	**701**	**(64)**	**637**	**(464)**

During the year ended 31 December 2018 and 31 December 2017, changes in investments accounted for using the equity method were made up as follows:

	2018	**2017**
Opening net assets as at January 1	**35,644,628**	**65,051,806**
Profit for the year	(23,373,400)	(20,916,155)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax	636,747	(463,508)
Other comprehensive income not to be reclassified to profit or loss in the subsequent periods, net of tax	–	–
Exchange differences on translation of foreign operations	71,195	(8,027,515)
Dividends paid	–	–
Closing net assets as at December 31	**12,979,170**	**35,644,628**

9. Classification of Financial Assets and Financial Liabilities

Financial assets and liabilities are recognized on the financial position statement when the Group becomes a contractual party to the respective financial statements.

The Group classifies its financial assets and financial liabilities in the following categories.

Financial Assets	Financial assets at amortised cost	Financial assets at FVOCI	Financial assets at FVPL	Total
Trade receivables	171,271,404	–		171,271,404
Other current debtors	26,248,047	–		26,248,047
Other financial assets*	7,584,907	–		7,584,907
Cash and short term deposits	94,850,662	–		94,850,662
Total December 31, 2018	**299,955,021**	**–**		**299,955,021**
Trade receivables	158,463,059	–		158,463,059
Other current debtors	25,759,219	–		25,759,219
Other financial assets*	10,812,563	–		10,812,563
Cash and short term deposits	117,295,919	–		117,295,919
Total December 31, 2017	**312,330,760**	**–**		**312,330,760**

* Excluding prepayments

Financial Liabilities	Financial assets at amortised cost	Derivatives not used for hedging	Derivatives used for hedging	Financial assets at fair value	Total
Interest – bearing loans and borrowings	738,545,287	–	–	–	738,545,287
Trade payables	126,108,775	–	–	–	126,108,775
Other payables	19,167,718	–	–	–	19,167,718
Other financial liabilities	16,195,044	–	–	–	16,195,044
Total December 31, 2018	**900,016,824**	**–**	**–**	**–**	**900,016,824**
Interest – bearing loans and borrowings	805,966,623	–	–	–	805,966,623
Trade payables	107,858,308	–	–	–	107,858,308
Other payables	19,876,979	–	–	–	19,876,979
Other financial liabilities	16,251,470	–	–	25,723,830	41,975,300
Total December 31, 2017	**949,953,380**	**–**	**–**	**25,723,830**	**975,677,210**

Taking into consideration each class of financial assets and financial liabilities presented in tables above, the carrying amount is considered a reasonable approximation of fair value.

10. Goodwill

As at December 31st, 2018 and December 31st, 2017, Goodwill was made up as follows:

	Dec. 31, 2018	Dec. 31, 2017
Cost		
Iberia	89,569,229	89,569,229
Poland	105,681,498	108,952,610
Germany	13,889,718	13,889,718
South East Europe	212,654,842	212,730,747
	421,795,287	**425,142,304**
Impairment		
Iberia	(8,345,363)	(8,345,363)
	(8,345,363)	**(8,345,363)**
Net book value	**413,449,924**	**416,796,941**

Changes in goodwill are shown as follows:

	Dec. 31, 2018	Dec. 31, 2017
Opening balance	416,796,941	197,832,943
Additions	-	214,594,640
Foreign exchange differences	(3,347,017)	4,369,359
Closing balance	**413,449,924**	**416,796,941**

Impairment Testing of Goodwill

Goodwill has been allocated to the distinguishable CGU's (Iberia plants, Polish plants, Germany plant and South East Europe plants), for impairment testing purposes.

The Group performed its annual impairment test as at December 31st, 2018 and December 31st 2017.

The recoverable amount of the CGU's has been determined based on a value in use calculation using cash flows projections from budgets approved by senior management covering a five-year period.

Assumptions with respect to gross margins, discount rates, raw materials price inflation, market share during the forecast period used to extrapolate cash flows beyond the forecast period are deemed to be conservative and in line with past performance of the Group. The growth rates are the same as the long-term average growth rate for the markets in which the Group operates.

Discounted rates growth rates at perpetuity are the following:

Business Unit	Discount rate	Growth rate (perpetuity)
Iberia	4.7%	2.0%
Poland	5.7%	2.5%
Germany	3.8%	2.5%
South East Europe	6.5%	2.0%

The tests performed at year-end 2018 and 2017 show that recoverable amount is higher than the carrying amount by an amount that does not preclude any risk of impairment even in case some adverse events occur.

Key Assumptions

The calculation of the recoverable amount for the Group of CGUs referred previously was made with reference to:

> The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing loans the Group has;
>
> Regarding the main components (raw materials and energy) that have significant impact on the glass business, the management considered an increase in prices based on data available from our main suppliers, otherwise past actual raw material and energy price movements are used as an indicator of future price movements;
>
> The capital expenditures plans used in impairment test of goodwill are in accordance with the projections approved by the Board.

Sensitivity to Changes in Assumptions

The impairment tests performed were subjected to a sensitivity analysis, namely to the following Key assumptions:

> [i] discount rates;
> [ii] perpetuity growth rate.

A 1 percentage point increase in the discount rate and a 1 percentage point decrease in terminal growth rate would not reveal any indication of impairment.

Business unit	Discount rate	Growth rate (perpetuity)
Δ	+1%	-1%
Iberia	No impairment	No impairment
Poland	No impairment	No impairment
Germany	No impairment	No impairment
South East Europe	No impairment	No impairment

11. Intangible Assets

Changes in intangible assets and corresponding accumulated amortization and impairment losses were as follows:

	CO_2 emission rights	Customer relationship	Licences	Other	Total Amount
Cost					
Balance as at Jan. 1, 2017	**19,915**	**-**	**-**	**1,087,237**	**1,107,152**
Acquisition of Yioula Group (Note 5)	0	32,610,000	277,690	-	32,887,690
Foreign exchange differences	1,208	(368,055)	(34,964)	65,832	(335,978)
Additions	-	-	187,636	7,459	195,095
Disposals	-	-	-	-	-
Transfers	-	-	666,740	46,381	713,121
Balance as at Dec. 31, 2017	**21,123**	**32,241,945**	**1,097,101**	**1,206,910**	**34,567,079**
Amortization and impairment					
Balance as at Jan. 1, 2017	**-**	**-**	**-**	**1,087,237**	**1,087,237**
Foreign exchange differences	-	(19,354)	(32,737)	65,976	13,886
Depreciation charge of the year	-	2,292,824	300,292	3,730	2,596,846
Disposals	-	-	-	-	-
Transfers	-	-	463,771	(29,150)	434,621
Balance as at Dec. 31, 2017	**-**	**2,273,470**	**731,327**	**1,127,793**	**4,132,590**
Net book value as at Dec. 31, 2017	**21,123**	**29,968,474**	**365,774**	**79,117**	**30,434,489**
Cost					
Balance as at Jan. 1, 2018	**21,123**	**32,241,945**	**1,097,101**	**1,206,910**	**34,567,079**
Foreign exchange differences	(450)	-	(1,442)	(15)	(1,907)
Additions	783,461	-	-	-	783,461
Disposals	(20,673)	-	-	-	(20,673)
Transfers	-	-	-	-	-
Balance as at Dec. 31, 2018	**783,461**	**32,241,945**	**1,095,659**	**1,206,895**	**35,327,960**
Amortization and impairment					
Balance as at Jan. 1, 2018	**-**	**2,273,470**	**731,327**	**1,127,793**	**4,132,590**
Foreign exchange differences	-		(1,355)	(7)	(1,362)
Depreciation charge of the year	-	2,475,856	186,945	3,661	2,666,462
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
Balance as at Dec. 31, 2018	**0**	**4,749,326**	**916,917**	**1,131,447**	**6,797,691**
Net book value as at Dec. 31, 2018	**783,461**	**27,492,619**	**178,742**	**75,448**	**28,530,269**

The customer relationships were acquired as part of a business combination (see Note 6 for details). They are recognized at their fair value at the date of acquisition and are subsequently amortised on a straight-line over their estimated useful lives (13 years). Licences are essentially related with computer software.

12. Property, Plant and Equipment

	Land	Buildings and other construc-tions	Equipment	Transport equipment	Admin-istrative equipment	Other fixed assets	Fixed assets under con-struction	Total amount fixed assets
Gross assets								
Balance as at January 1, 2017	**48,468,334**	**197,707,984**	**682,924,726**	**3,430,918**	**9,675,272**	**13,135,695**	**1,012,492**	**956,355,422**
Acquisition of Yioula Group	34,662,781	36,306,446	139,338,718	578,974	995,898	794,115	1,954,616	214,631,548
Foreign exchange differences	(365,443)	2,091,164	5,330,173	(24,140)	(24,616)	27,346	47,153	7,081,637
Additions	1,416,889	4,545,584	42,697,247	494,695	25,100	89,697	953,765	50,222,976
Disposals/Write off	-	(1,370)	(10,196,362)	(911,655)	(659)	(52,310)	-	(11,162,355)
Transfers/Other adjustments	(1,175,937)	(534,999)	1,717,443	(54,169)	(125,201)	(1,081,588)	(2,799,374)	(4,053,825)
Balance as at December 31, 2017	**83,006,623**	**240,114,810**	**861,811,946**	**3,514,624**	**10,545,793**	**12,912,954**	**1,168,652**	**1,213,075,402**
Depreciation and impairment								
Balance as at January 1, 2017	**262,295**	**100,609,912**	**531,664,130**	**2,201,389**	**8,996,037**	**5,243,290**	**-**	**648,977,053**
Acquisition of Yioula Group	-	(0)	0	0	0	(0)	-	0
Foreign exchange differences	15,917	621,759	2,982,218	(15,799)	(22,558)	20,016	-	3,601,553
Depreciation charge of the year	70,473	7,932,071	68,936,378	574,785	593,020	214,055	-	78,320,782
Disposals/Write off	-	(33)	(9,757,975)	(907,053)	(14)	(52,399)	-	(10,717,474)
Impairment Losses	-	-	-	-	-	-	-	-
Transfers	(35,643)	(3,235,215)	(5,809,625)	(70,057)	(540,525)	6,690,061	-	(3,001,004)
Balance as at December 31, 2017	**313,042**	**105,928,493**	**588,015,126**	**1,783,264**	**9,025,961**	**12,115,022**	**-**	**717,180,909**
Net book value as at December 31, 2017	**82,693,582**	**134,186,316**	**273,796,820**	**1,731,360**	**1,519,832**	**797,932**	**1,168,652**	**495,894,493**

	Land	Buildings and other constructions	Equipment	Transport equipment	Administrative equipment	Other fixed assets	Fixed assets under construction	Total amount fixed assets
Gross assets								
Balance as at January 1, 2018	**83,006,623**	**240,114,810**	**861,811,946**	**3,514,624**	**10,545,793**	**12,912,954**	**1,168,652**	**1,213,075,402**
Foreign exchange differences	(55,552)	(951,856)	(4,319,638)	(10,176)	(800)	(37,031)	(28,890)	(5,403,942)
Additions	300,968	6,034,117	82,392,392	1,907	468,100	55,657	10,619,889	99,873,029
Disposals/ Write off	(643,726)	-	(312,407)	(215,430)	(108,600)	-	-	(1,280,163)
Revaluation	3,299,549	(0)	-	-	-	-	-	3,299,549
Transfers/Other adjustments	(1,412,097)	1,411,919	(464,107)	110	(9,807)	218	542,741	68,977
Balance as at December 31, 2018	**84,495,766**	**246,608,990**	**939,108,186**	**3,291,035**	**10,894,685**	**12,931,799**	**12,302,392**	**1,309,632,852**
Depreciation and impairment								
Balance as at January 1, 2018	**313,042**	**105,928,493**	**588,015,126**	**1,783,264**	**9,025,961**	**12,115,022**	**0**	**717,180,909**
Foreign exchange differences	(8,353)	(378,973)	(2,407,557)	(9,127)	(788)	(26,968)	-	(2,831,766)
Depreciation charge of the year	34,427	6,913,918	68,912,486	570,347	613,833	164,146	-	77,209,156
Disposals/Write off	-	-	(99,401)	(215,430)	(107,667)	-	-	(422,498)
Impairment Losses	-	67,570	26,529	-	-	-	-	94,100
Transfers/Other adjustments	(339,116)	342,639	154,507	846	3,638	65	-	162,579
Balance as at December 31, 2018	**0**	**112,873,648**	**654,601,689**	**2,129,900**	**9,534,978**	**12,252,265**	**-**	**791,392,480**
Net book value as at December 31, 2018	**84,495,766**	**133,735,342**	**284,506,496**	**1,161,135**	**1,359,707**	**679,534**	**12,302,392**	**518,240,372**

During 2018 and 2017, there is no amount of borrowing costs capitalised.

Assets under construction included at 31 December 2018 an amount of 6.539 thousand euros relating to expenditure for rebuilt furnace in Bulgaria.

Revaluation of Land

The subsidiary BA Glass Romania used an independent appraiser to conduct a market analysis concerning the owned land on 31 December 2018. The result of this market analysis is that the fair value of revalued land was of EUR 3.299.549 higher than the previous value.

13. Investment Properties

	2018	2017
Gross Assets		
Balance Jan. 1	**5,331,890**	**5,322,597**
Increases	-	-
Foreign exchange differences	(4,877)	9,293
Balance Dec. 31	**5,327,013**	**5,331,890**
Depreciation		
Balance Jan. 1	**1,253,551**	**1,196,179**
Increases (Current Depreciation)	163,423	163,424
Reclassification	-	(106,052)
Balance Dec. 31	**1,416,974**	**1,253,551**
Net value as at Dec. 31	**3,910,039**	**4,078,339**

Investment properties consist of properties measured at cost which are held for renting in Portugal, Spain and Poland. The Group has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements. At 31 December 2018, BA do not have reliable information to disclose the fair value of investment properties.

14. Other Financial Investments

	Dec. 31, 2018	Dec. 31, 2017
Other financial assets	4,175,737	2,710,729

Changes in other financial assets and corresponding accumulated amortization and impairment losses were as follows:

	2018	2017
Cost		
At January, 1	**2,710,728**	**2,304,731**
Additions	2,029,424	2,555
Disposals	-	(6,010)
Impairment loss/ reversal	(647,363)	428,686
Reclassification/ Others	88,040	(19,645)
Foreign exchange differences	(5,093)	412
At December, 31	**4,175,736**	**2,710,728**
Amortisation and impairment		
At January, 1	**(0)**	**19,645**
Additions	-	-
Disposals	-	-
Reclassification	-	(19,645)
At December, 31	**(0)**	**(0)**
Net book value at Dec. 31	**4,175,737**	**2,710,728**

15. Other Non-current Assets

In 2017, the balance of this item comprises subsidies awarded by the Spanish Investment Agency amounting to EUR 5.7 million. The amount is expectable to be received during 2019, as consequence, this amount is presented in the caption “Other current debtors”.

16. Inventories

	Dec. 31, 2018	Dec. 31, 2017
Raw materials and consumables	24,492,445	24,456,218
Finished good and work in progress	92,937,744	92,473,310
Goods for resale	801,764	1,515,778
	118,231,953	**118,445,306**
Impairment	(678,551)	(795,547)
	117,553,402	**117,649,759**

Quality of stock is reviewed periodically, and non-conforming stock is destroyed immediately. The increases/ decreases of the period are recognised as an expense in the caption "Change in stocks of finished goods".

17. Trade Receivables

	Dec. 31, 2018	Dec. 31, 2017
Trade receivables	177,315,456	156,268,568
Notes receivables	2,187,597	9,217,864
	179,503,054	**165,486,433**
Impairment	(8,231,650)	(7,023,374)
	171,271,404	**158,463,059**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Trade receivables increase mainly by the effect of increased sales.

See below for the movements in the provision for impairment of receivables:

	2018	2017
At January, 1	**7,023,374**	**5,054,501**
Provision for expected credit losses – date of transition	374,100	0
Charges of the year	840,294	1,986,087
Unused amounts reversed	(2,853)	(23,889)
Foreign exchange differences	(3,267)	6,675
At December, 31	**8,231,650**	**7,023,374**

As at 31 December, the ageing analysis of trade receivables is, as follows:

	2018	2017
Total	171,271,404	158,463,059
Neither past due nor impaired	149,150,335	136,783,733
Past due but not impaired		
< 30 days	16,057,533	12,376,415
30 – 60 days	2,682,210	4,128,695
61 – 90 days	634,783	1 353,413
91 – 120 days	155,806	1,170 135
> 120 days	2,525,827	2,650 667

18. Other Current Debtors

	Dec. 31, 2018	Dec. 31, 2017
State and other state entities	13,922,703	10,975,814
Subsidies – Spanish Govermental Agency	5,651,508	9,180,160
Other	6,673,837	5,603,245
	26,248,047	**25,759,219**

The carrying amount of "State and other state entities" includes EUR 6.5 million related with two payments made in 2013 and 2016 in connection to an extraordinary settlement of tax litigation in Portugal. Despite the payments, the Group considerer probably to recover the amounts paid. This caption includes also EUR 4.8 million (2017: EUR 3.6 million) related with VAT.

19. Other Current Assets

	Dec. 31, 2018	Dec. 31, 2017
Accrued income	2,008,561	746,626
Deferred costs – insurances	437,299	374,999
Finance expenses	1,204,862	1,502,063
Other	195,748	201,637
	3,846,470	**2,825,326**

"Finance expenses" are related to commissions of bank loans taken for the Yioula acquisition. Commissions are recognised as expense in a straight-line basis over the period defined on the contract.

Accrued income is mainly related with a reimbursement of an insurance company (EUR 2 million).

20. Cash and Short-term Deposits

	Dec. 31, 2018	Dec. 31, 2017
Cash on Hand	37,824	33,189
Bank Balance	94,812,838	117,262,729
Total Cash on Hand and Bank Balance	**94,850,662**	**117,295,919**
Not available for use	-	-
Total Cash and Cash Equivalents	**94,850,662**	**117,295,919**

The caption "Cash and short-term deposits" includes cash on hand, demand deposits, treasury applications and term deposits which mature is less than three months for which there is insignificant risk of change in value.

21. Equity

As at December 31st, 2018 and 2017, the Group's share capital, totaling EUR 36,000 was fully subscribed and paid.

The following table details the Group's shareholding structure, as at December 31st, 2018 and December 31st, 2017:

	Dec. 31, 2018		Dec. 31, 2017	
	No. of shares	%	No. of shares	%
Fim do Dia, SGPS, S.A.	17,064	47%	17,064	47%
Teak Capital, S.A.	9,468	26%	9,468	26%
Tangor Capital, S.A.	9,468	26%	9,468	26%
	36,000	**100%**	**36,000**	**100%**

In 2018 a dividend of 694 (2017: 1,389) per share was paid.

22. Interest-bearing Loans and Borrowings

	Dec. 31, 2018	Dec. 31, 2017
Interest Bearing loans and Borrowings		
Non-current	608,239,380	631,908,494
Current	130,305,907	174,058,129
	738,545,287	**805,966,623**
Cash and Bank Loans		
Cash	37,824	33,189
Bank deposits	94,812,838	117,262,729
	94,850,662	**117,295,919**
Net Debt	**643,694,625**	**688,670,705**

The Group's bank loans bear interest at market rates. Most of the Group exposure to interest rate risk arises as it borrows funds mainly at floating interest rates.

The foreign currency bank loans were translated to Euro using the exchange rates in force at the statement of financial position date.

The net position of bank balances (hereinafter as "net debt") is as follows:

There are some covenants attached to some loans negotiated with the banks. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

All Group debt is secured with Negative pledge (with certain carve-outs and thresholds available), cross default and Pari Passú clauses.

No mortgages or pledges are in place as guarantee for the accomplishment of the obligations in any financing contract.

Group uses Commercial Paper programs to have flexibility in the management of the available financing lines. A mix of short term and long term is used to adapt repayment schedule of the debt to the expected cash flow generated for debt repayment.

	Short term	Long term	Total debt Dec. 31, 2018	Total debt Dec. 31, 2017
Bank Loans	49,925,077	150,310,612	200,235,689	249,198,523
Bonds and commercial paper	72,200,000	450,800,000	523,000,000	542,006,211
Bank overdrafts	3,409,729	-	3,409,729	5,482,102
Finance leasing	998,543	7,128,768	8,127,311	9,279,788
Other loans	3,772,559	-	3,772,559	-
Cash and Bank deposits	(94,850,662)	-	(94,850,662)	(117,295,919)
	35,455,245	**608,239,380**	**643,694,625**	**688,670,705**
Fair value of interest rate derivatives	-	-	-	-
	35,455,245	**608,239,380**	**643,694,625**	**688,670,705**

The Group has liquidity available to face possible negative movements in the finance markets. Debt is followed with strict control and some indicators are measured and controlled to guarantee a solid and safe financial structure. Main indicator considered as a key control to guarantee financial stability is net debt / EBITDA which the Board follows strictly to ensure it is not above 4.0x.

22.1. Maturity of Debt

Year	Dec. 31, 2018
2019	130,305,907
2020	156,522,845
2021	123,765,737
2022& following	327,950,799

23. Provisions

	Retirement pensions (Note 35)	Environ-mental liabilities	Others	Total
Balance at Jan. 1, 2017	**1,695,355**	**193,238**	**222,903**	**2,111,496**
Acquisition of Yioula Group (Note 5)	2,432,552	-	267,965	2,700,516
Foreign exchange difference	(514)	-	(7,016)	(7,530)
Utilization	(534,471)	-	(23,703)	(558,174)
Increase in the year	103,941	-	277,400	381,341
Other adjustments (OCI)	349,400	-	-	349,400
Balance at Dec. 31, 2017	**4,046,262**	**193,238**	**737,549**	**4,977,049**
Balance at Jan. 1, 2018	**4,046,262**	**193,238**	**737,549**	**4,977,049**
Foreign exchange difference	(3,085)	-	(4,159)	(7,243)
Utilization	(534,337)	-	(417,910)	(952,247)
Increase in the year	516,019	-	71,279	587,299
Other adjustments (OCI)	42,426	-	-	42,426
Other	195,405	-	(47,649)	147,756
Balance at Dec. 31, 2018	**4,262,691**	**193,238**	**339,110**	**4,795,039**

Minas de Valdecastillo, SAU is liable for restoration of land allocated to its mining operations which are estimated to an amount of EUR 193 thousand (refer to Note 38.2).

24. Trade Payables

The caption "Trade payables" as at 31st December 2018 and 2017 is made up as follows:

	Dec. 31, 2018	Dec. 31, 2017
Trade payables – Suppliers	126,108,775	107,858,308

This caption as at 31 December 2018 and 2017 corresponds to balances resulting from purchases in the normal course of the Group's business.

The carrying amount of these liabilities (which are reported at their nominal value) constitutes a fair approximation of its amortized cost and fair value.

Trade payables are non-interest bearing and are normally settled on 60 to 90-day terms.

25. Other Payables

	Dec. 31, 2018	Dec. 31, 2017
State and other state entities	7,629,536	8,211,340
Fixed asset supliers	8,590,618	7,996,489
Advances from customers	468,910	1,003,495
Other	2,478,654	2,665,654
	19,167,718	**19,876,979**

The caption "State and other state entities" as at December 31st, 2018 comprises an amount of EUR 2.4 million (2017: 2.5 million) related with value added tax, social security contributions related with December payroll totaling EUR 2.6 million (2017: EUR 2.6 million) and personnel income taxes withheld amounting to EUR 999 thousand (2017: EUR 766 thousand).

The amount for fixed assets suppliers in 2018 e 2017 comprises several invoices related with the investment in Iberia and South East plants.

26. Other Current Liabilities

	Dec. 31, 2018	Dec. 31, 2017
Accrued costs		
Payroll expenses	7,891,078	7,234,601
Finance expenses	1,690,592	2,273,123
Bonus granted (rappel)	2,673,703	3,833,344
Put option granted	0	25,723,830
Other	3,136,415	2,910,402
	15,391,787	**41,975,300**
Other deferred revenue	803,257	-
	803,257	**-**
Other current liabilities	**16,195,044**	**41,975,300**

The Group accounts for the liability for commercial bonus (rappel) in accordance with the sales agreements in place. As at December 31st, 2018 this balance amounts to EUR 2.7 million (2017: EUR: 3.8 million).

During 2018, the Group acquire 20% of BA Glass Poland, that explained the variation in the caption "Put option granted".

27. Government Grants

Government grants have been received in connection with the purchase of certain items of property, plant and equipment.

	Dec. 31, 2018	Dec. 31, 2017
At January 1	**18,609,317**	**14,447,966**
Acquisition Yiuola Group	0	9,360,352
Foreign exchange difference	(90,492)	(48,982)
Received during the year	334,781	-
Released to the statement of profit or loss	(3,297,037)	(3,891,671)
Other adjustments	(974,788)	(1,258,347)
At December 31	**14,581,781**	**18,609,317**
Current	3,225,301	3,882,384
Non-current	11,356,481	14,726,934

There are no unfulfilled conditions or contingencies attached to grants, except in what concern one grant received from Spanish authorities for which the final assessment of the attached conditions is still be completed.

28. Revenue from Contracts with Customers

28.1. Disaggregated Revenue Information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Iberia division	CE division	SEE division	Inter--segment elimination	Total
Glass packaging	458,986,016	172,835,143	222,598,362	(522,015)	853,897,507
Total December 31, 2018	**458,986,016**	**172,835,143**	**222,598,362**	**(522,015)**	**853,897,507**
Total December 31, 2017	**445,775,997**	**152,805,034**	**206,480,483**	**(1,193,708)**	**803,867,805**

The total revenue from contract with customers presented in table above are recognised at a point in time.

There is no revenue recognised in 2018 that was related with performance obligations satisfied (or partially satisfied) in previous periods.

28.2. Contract Balances

	Dec. 31, 2018	Dec. 31, 2017
Contract Balances		
Trade receivables (see Note 17)	171,271,404	158,463,059
Advances from customers (see Note 25)	468,910	1,003,495

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. The increasing of trade receivables due to increased of sales.

For further details see Note 17.

28.3. Right of Return Assets and Refund Liabilities

	Dec. 31, 2018	Dec. 31, 2017
Right of return assets	-	-
Refund liabilities – arising from volume rebates (Note 26)	2,673,703	3,833,344

There is no return asset related with revenue from customers.

Refund liabilities arising from retrospective volume rebates, in accordance with the sales agreement in place. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold.

28.4. Performance Obligations

Sale of Glass Packaging

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 90 days from delivery. Some contracts provide customers with a volume rebates which give rise to variable consideration subject to constraint.

29. Other Operating Income

	Dec. 31, 2018	Dec. 31, 2017
Government Grants	3,297,037	3,891,671
Gain on disposal of assets	102,616	258,363
Indemnities	581,508	1,252,224
Rentals	66,608	34,107
Own work	166,874	612,566
Exchange differences	196,387	960,634
Other	1,190,603	971,626
	5,601,632	**7,981,192**

30. Other Operating Expenses

	Dec. 31, 2018	Dec. 31, 2017
Taxes	2,987,799	3,229,256
CO_2 emission rights usage	9,400,555	3,036,322
Loss on disposal of assets	82,365	-
Exchange differences	230,258	-
Other	1,666,467	1,382,044
	14,367,444	**7,647,621**

31. Impairment

	Dec. 31, 2018	Dec. 31, 2017
Trade receivables (see Note 17)	840,294	1,986,088
Other	74,648	15,782
	914,942	**2,001,870**

32. Financial Results

	Dec. 31, 2018	Dec. 31, 2017
Interest on debts and borrowings	(14,490,626)	(14,750,293)
Discounts granted	(1,238,337)	(1,633,093)
Other finance costs	(729,874)	(1,523,402)
Foreign exchange losses on interest-bearing loans and borrowings	(1,881,707)	-
Finance costs	**(18,340,544)**	**(17,906,788)**
Interest income	92,112	191,759
Other financial income	230,763	826,222
Foreign exchange gains on interest-bearing loans and borrowings	-	3,768,936
Finance income	**322,876**	**4,786,917**
Finance results	**(18,017,668)**	**(13,119,873)**

Financial costs increased when compared with the previous year mainly due to change in exchange rate differences results mainly from the fluctuations of the Polish zloty against Euro (negative impact in 2018).

33. Income Tax

The major components of income tax expense for the years ended 31 December 2018 and 2017 are:

	Dec. 31, 2018	Dec. 31, 2017
Current tax	(33,443,101)	(37,953,960)
Adjustments in respect of current income tax of previous year	419,936	-
Deferred tax	(2,441,824)	8,488,942
	(35,464,989)	**(29,465,019)**

Income tax for the years ended 31st December 2018 and 2017 is made up as follows:

	Dec. 31, 2018	Dec. 31, 2017
Current income tax		
Current income tax charge	(33,443,101)	(37,953,960)
Adjustments in respect of current income tax of previous year	419,936	-
Deferred tax		
Relating to origination and reversal temporary differences	(2,441,824)	8,488,942
Income tax expense reported in the statement of profit or loss	**(35,464,989)**	**(29,465,019)**
Deferred tax related to items recognised in OCI during in the year:		
Revaluation PP&E	(642,868)	-
Remeasurement (gain)/loss on actuarial gains and losses	21,132	-
Deferred tax charged to OCI	**(621,736)**	**-**

Corporate income tax rates in the country where the Group are as follows:

Tax jurisdiction	Nominal tax rate	Other additional rate
Portugal	21.5%	1.5% – 9%
Spain	25.0%	-
Poland	19.0%	-
Germany	15.0%	14% – 17%
Greece	29.0%	-
Bulgaria	10.0%	-
Romania	16.0%	-
Netherlands	20.0% – 25.0%	-

Reconciliation of tax expense and the accounting profit multiplied by BA Glass BV domestic tax rate for 2018:

Reconciliation of tax expense and the accounting profit:	**Dec.31, 2018**
Profit before tax	132,066,120
Nominal tax rate for the period	25%
At statutory income tax rate (nominal)	*33,016,530*
Adjustments in respect of current income tax of previous years	(419,936)
Tax benefits	(2,934,402)
Share of results of an associate and a joint ventures	5,773,826
Others	7,839
Income tax expense	**(35,443,867)**
Effective tax rate for the period	**26.84%**

The main difference between the nominal tax rate and the effective tax rate are mainly related to tax benefits and the effect of lower tax rates in other geographies (mainly Poland, Bulgaria and Romania).

All the deferred tax assets related with carry forward of unused tax losses are recognized.

As at December 31st, 2018 and December 31st, 2017 the amount related with corporate income tax payable presented in balance sheet is EUR 3 million (2017: 8.9 EUR million).

Deferred Tax

	Dec. 31, 2018	**Dec. 31, 2017**
Deferred tax assets		
Provisions for pensions	654,227	783,515
Allowance for bad debts	94,625	1,333,780
Tax depreciations	426,324	1,009,979
Goodwill	749,583	954,726
Tax revaluation of tangible fixed assets	12,734,263	16,685,761
Tax losses	1,608,310	175,950
Others	2,696,663	1,781,179
	18,963,993	**22,724,889**
Deferred tax liabilities		
Uniform depreciation criteria (adjustment of useful lives)	**3,383,871**	3,327,138
Fair value adjustments – land	4,284,834	3,757,981
Fair value adjustments – intangible assets	4,248,159	4,696,244
Libertad de amortización (depreciation deduction fiscal benefit)	168,609	748,145
Tax revaluation reserves of tangible assets	2,941,215	3,628,819
Others	434,302	-
	15,460,990	**16,158,328**
Net deferred tax assets/(liabilities)	**3,503,003**	**6,566,562**

In 2016, the subsidiary BA Glass Portugal recognized for the first time a deferred tax asset in accordance with tax revaluation tangible fixed assets under a Portuguese specific legislation that entered in force during the year. The tax revaluation, is subject to a special taxation of 14%, paid in three equal installments, in 2016, 2017 and 2018. The increase in depreciation resulting from the revaluation can be considered for tax purposes as from the taxation period beginning in 2018 for the following 8 years. The deferred taxes will be used starting in 2018. During the 2017, after a valuation carried out by an independent party, as required by law, the amount of the tax revaluation increased, and as consequence, which implied an increase in the balance of 5,048 thousand Euro.

The balances of deferred tax liabilities arising on “Libertad de Amortización” were generated by BA Glass Spain, in Spain. The tax balances in question originated as a result of a tax allowance applicable under Spanish legislation which allows deductibility of depreciation in advance for tax purposes on all investments made during the applicable years. In order to benefit from those allowances, the company was required to comply with specific objectives through the years mentioned previously, which objectives were fully met. The balance shown under tax depreciation relate to a tax adjustment in Spain where during the periods of 2013 and 2014 an amount equal to 30% of accounting depreciations should be added for tax purposes being recovered in the periods starting 2015. This reduced the tax depreciations for those periods allowing for the use of the accrued depreciations in future years as tax cost through a positive adjustment in the Corporate Income Tax for the period.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same Tax Authority.

During the year ended 31 December 2018 and 2017, changes in deferred tax (net) were made up as follows:

Reconciliation of deferred tax, net	Dec. 31, 2018	Dec. 31, 2017
As of January 1	6,566,562	4,067,284
Deferred taxes acquired in business combinations (Note 6)	-	(5,989,664)
Tax income/(expense) during the period recognised in profit or loss	(2,441,824)	8,488,942
Tax income/(expense) during the period recognised in OCI	(621,736)	-
As at December 31	**3,503,003**	**6,566,562**

The amount recognised in OCI is related with the revaluation of land (see Note 12). There are no income tax consequences attached to the payment of dividends in either 2018 or 2017 by the Group to its shareholders.

34. Earnings Per Share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

	Dec. 31, 2018	Dec. 31, 2017
Profit attributable to ordinary equity holders of the parent:		
Continuing operations	95 285 317	110 798 900
Discontinued operations		
Profit attributable to ordinary equity holders of the parent for basic earnings	**95 285 317**	**110 798 900**
Weighted average number of ordinary shares	**36 000**	**36 000**
Earnings per share		
Basic	2 646,81	3 077,75
Diluted	2 646,81	3 077,75

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

35. Post-retirement Benefits

	Dec. 31, 2018	Dec. 31, 2017
Portugal	1,511,776	1,451,402
Greece	986,620	1,136,294
Bulgaria	1,625,811	1,397,382
Other companies	138,484	61,184
	4,262,691	**4,046,262**

The subsidiary BA Glass Portugal offers to actual pensioners' retirement pension plans which liabilities are annually calculated based on actuarial studies. The plans have been closed for some years, therefore, no new entries will joint it.

The subsidiary BA Greece has a defined benefit retirement plan, incurring from is obligation accordingly with the law 2112/20, as amended by law 4093/12.

The subsidiary BA Bulgaria has a defined benefit retirement plan, incurring from its obligation according to the Bulgarian labor law and the Collective Labor Agreement to pay to its employees upon retirement from two to seven gross monthly salaries, depending on the years of service.

The components of the retirement employee benefits expense recognised in the income statement and the liabilities recognised in the balance sheet as at 31 December 2018 are summarised below:

	Dec.31, 2018
Current Service Cost	444,110
Interest cost on service obligation	39,853
Net benefit expense	**483,963**

Changes in present value of the defined benefit obligations:	
Defined benefit obligation at Jan. 1	4,046,262
Interest cost	39,853
Current service cost	444,110
Benefits paid	(534,337)
Settlement/Curtailment/Termination loss/(gain)	237,731
Others	13,289
Actuarial changes arising from changes in demographic assumptions	80,844
Actuarial changes arising from changes in financial assumptions	0
Experience adjustments	(38,419)
Exchange differences	(65)
Defined benefit obligation at Dec. 31	**4,262,691**

Pension Cost Charge to profit and loss	**483,963**
Remeasurement gains/(losses) in OCI	**42,426**

A valuation methodology based on a "projected unit credit model" was determined by external parties and the following actuarial assumptions were used:

		Discount rate	Inflation rate	Pay increase
2018	Portugal	1.50%	1.50%	0%
	Greece	1.80%	1.75%	1.75%
	Bulgaria	1.40%	5%	5%
2017	Portugal	1.50%	1.50%	0%
	Greece	1.50%	1.75%	1.75%
	Bulgaria	1.40%	5%	5%

The Group does not have plan assets to pay or fund employee benefits.

36. Number of Personnel

The number of employees at December 31st, 2018 is 3.889 (3.796 at December 31st, 2017).

37. Related Party Transactions

Intercompany balances and transactions reported to the companies included in the consolidation perimeter, as referred to in Note 5, were eliminated for purposes of preparing the consolidated financial statements.

The key management personnel team comprises of 20 people who are based in the Netherlands and all other countries the Group operates in. Their compensation is limited to short-term benefits and include deferred compensation linked to the Group´s performance in a three year-period. No other long-term employee benefits are earned by directors. The Group does not have any share-based payments scheme and during the period no termination benefits have been paid. Overall, compensation of key management is aligned with market and industry practices. Fixed compensation represents 50-60% of total compensation.

38. Environmental Matters

In the conduct of its business, the Group incurs in a variety of expenses of an environmental management nature which, depending on their characteristics, are capitalized or recognised as an operating expense in its operating results for the reporting period.

38.1. CO_2 Emission Rights

In 2013 started a new program of allocation of CO_2 emission rights that will last until 2020. According the new allocations rules, the CO_2 emissions rights were reduced and will suffer a reduction every year till 2020.

During 2018 and 2017 the Group accounted under other operating expenses all the deficit of used versus free licenses (Note 30). During the year the Group's total emissions were of 899,607 tons (2017: 864,848 tons).

At the end of the year the Group has already in the registries enough licenses to surrender the used during the year.

38.2. Environmental Restoration Expenses

Minas de Valdecastillo, SAU carries a legal and constructive liability to restore land allocated to its mining operations which is estimated to amount to EUR 193 thousand (refer to Note 23).

38.3. Liability for Environmental Damages

The Group's subsidiaries which operate in Portugal have contractual reserves under equity to comply with the provisions of Decree-Law no. 147/2008.

39. Commitments and Contingencies

39.1. Bank Guarantees

As at December 31st, 2018, the Group provided bank guarantees to third parties totaling EUR 53.0 million, which balance includes a bank guarantee provided to the European Investment Bank ("EIB") as security for finance in the amount of 52.5 million.

39.2. Contingencies

The Group has several open tax matters/tax inspections with Portuguese and Spanish Tax Authorities, as a result of additional tax settlements. No provision was booked in the financial statements due to the fact that the

Management Board believes that the likelihood of the Group incurring costs to settle those liabilities is remote. The Group has filed an objection to those tax adjustments in the courts.

The Group has EUR 6.5 million booked in "Other current debtors" (as "State entities") related with an exceptional regularization of tax debts. This regularization regime applies to debts which are being challenged by the Group in Court and the Group believes that the likelihood of having an unfavorable assessment is remote. In spite of the Group has paid this amount, it does not mean that the Group will not have a favorable assessment in what concerns the debts aforementioned.

These payments in advance were performed by the companies BA Glass Portugal and BA Glass I.

41. Structure of the Members of the Board

The board is composed of 4 members:

> Carlos António Rocha Moreira da Silva
> Rita Mestre Mira da Silva Domingues
> Thecla Magdalena Anna Kamphuijs
> Intertrust (Netherlands) B.V.
>
> On 19th February 2019, Thecla Magdalena Anna Kamphuijs was appointed as managing director (B) of the Company, replacing Pieter Cornelis Jan Avis.

42. Fees Paid to the Statutory Auditors

Audit fees are as follows:

Audit Services	2018 amount	%	2017 amount	%
Statutory audit services				
Iberia	104,525	31%	95,025	28%
Netherlands	40,000	12%	35,000	10%
Central Europe	53,150	16%	52,850	15%
South East	138,500	41%	160,000	47%
	336,175		**342,875**	

43. Standards Issued but Not Yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

Transition to IFRS 16

The Group elect to apply the modified retrospective approach as a transitional method. Under this approach, the Group does not restate comparative information.

Consequently, the date of initial application is the first day of the annual reporting period in which the Group first applies the requirements of the new standard. At the date of initial application of new leases standard, the Group recognise the cumulative effect of initial application as an adjustment to the opening balance of equity as of 1 January 2019.

The Group will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

Leases Previously Classified as Operating Leases:

The Group will recognise a lease liability, measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Group will recognise a right-of-use asset on transition (on a lease-by-lease basis): by measuring the asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments recognised immediately before the date of application.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., printing and photocopying machines) that are considered of low value.

Additionally, the Group will apply a single discount rate to a portfolio of leases with reasonably similar characteristics and will exclude initial direct costs in the measurement of the right of use asset.

Leases Previously Classified as Finance Leases:

The carrying amount of the right-of-use asset and the lease liability at the date of initial application shall be the carrying amount of the lease asset and lease liability immediately before that date measured applying IAS 17.

Transition to IFRS 16

During 2018, the Group has performed a detailed impact assessment of IFRS 16.

Due to the adoption of IFRS 16, the Group's Net Debt and Property, Plant & Equipment (right of use assets) as at 1 January 2019 will increase in amount of EUR 6.532.721.

The weighted average Group's incremental borrowing rate applied to lease liabilities was 2%.

There is no difference between operating lease commitments disclosed applying IAS 17, discounted using an incremental borrowing rate at 1 January 2019 and the lease liabilities recognised in this date.

Due to the adoption of IFRS 16, the Group's operating profit in 2019 will improve, while its interest expense will increase. This is due to the change in the accounting for expenses of leases that were classified as operating leases under IAS 17.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

> A specific adaptation for contracts with direct participation features (the variable fee approach);
>
> A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

> Whether an entity considers uncertain tax treatments separately;
>
> The assumptions an entity makes about the examination of tax treatments by taxation authorities;
>
> How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
>
> How an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the Interpretation may affect its consolidated financial statements. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the consolidated financial statements of the Group.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

> Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event;
>
> Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 *Investments in Associates and Joint Ventures.*

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Group does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its consolidated financial statements.

Annual Improvements 2015-2017 Cycle [issued in December 2017]

These improvements include:

IFRS 3 Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments will apply on future business combinations of the Group.

IFRS 11 Joint Arrangements

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured. An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

IAS 12 Income Taxes

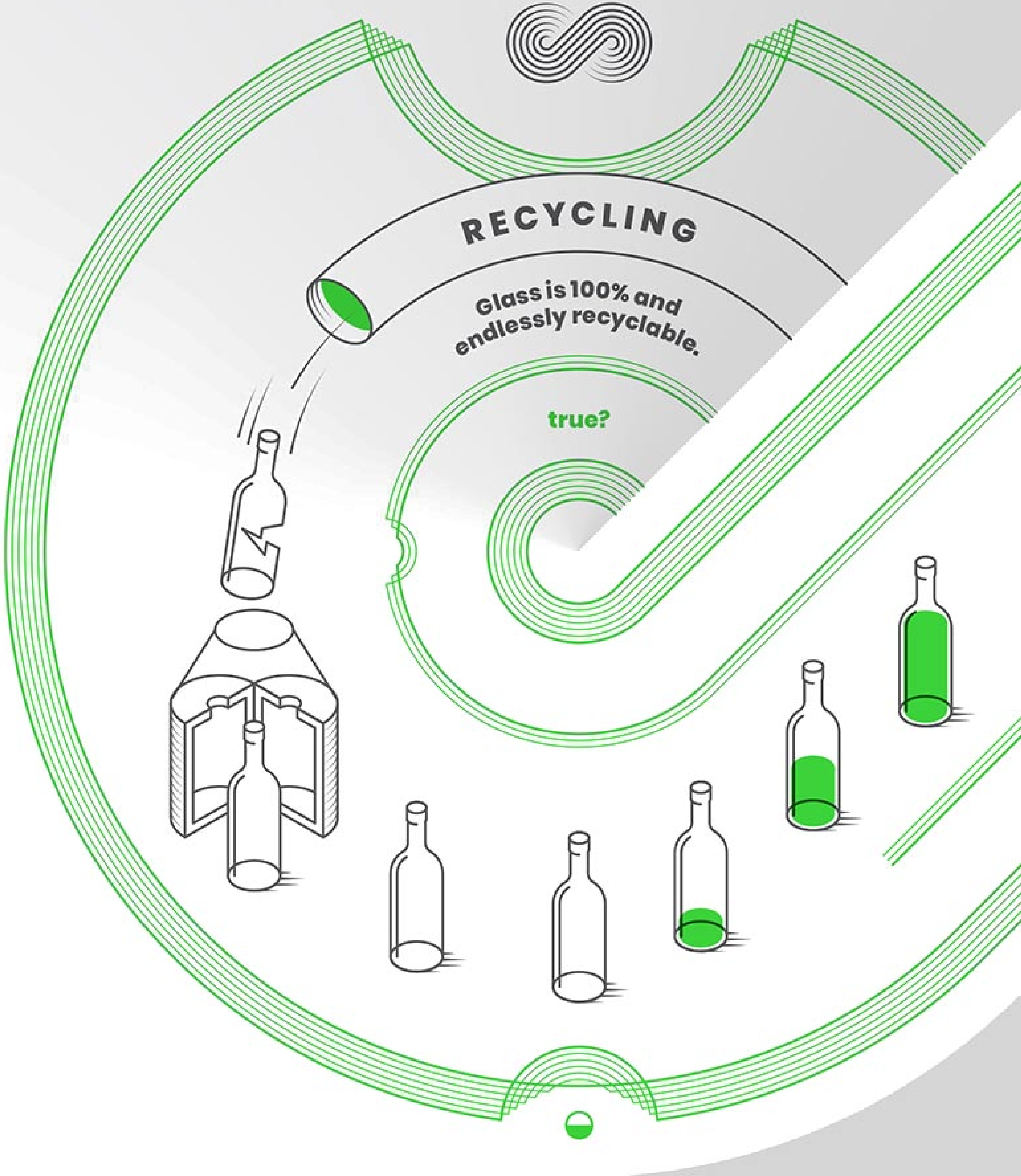
The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

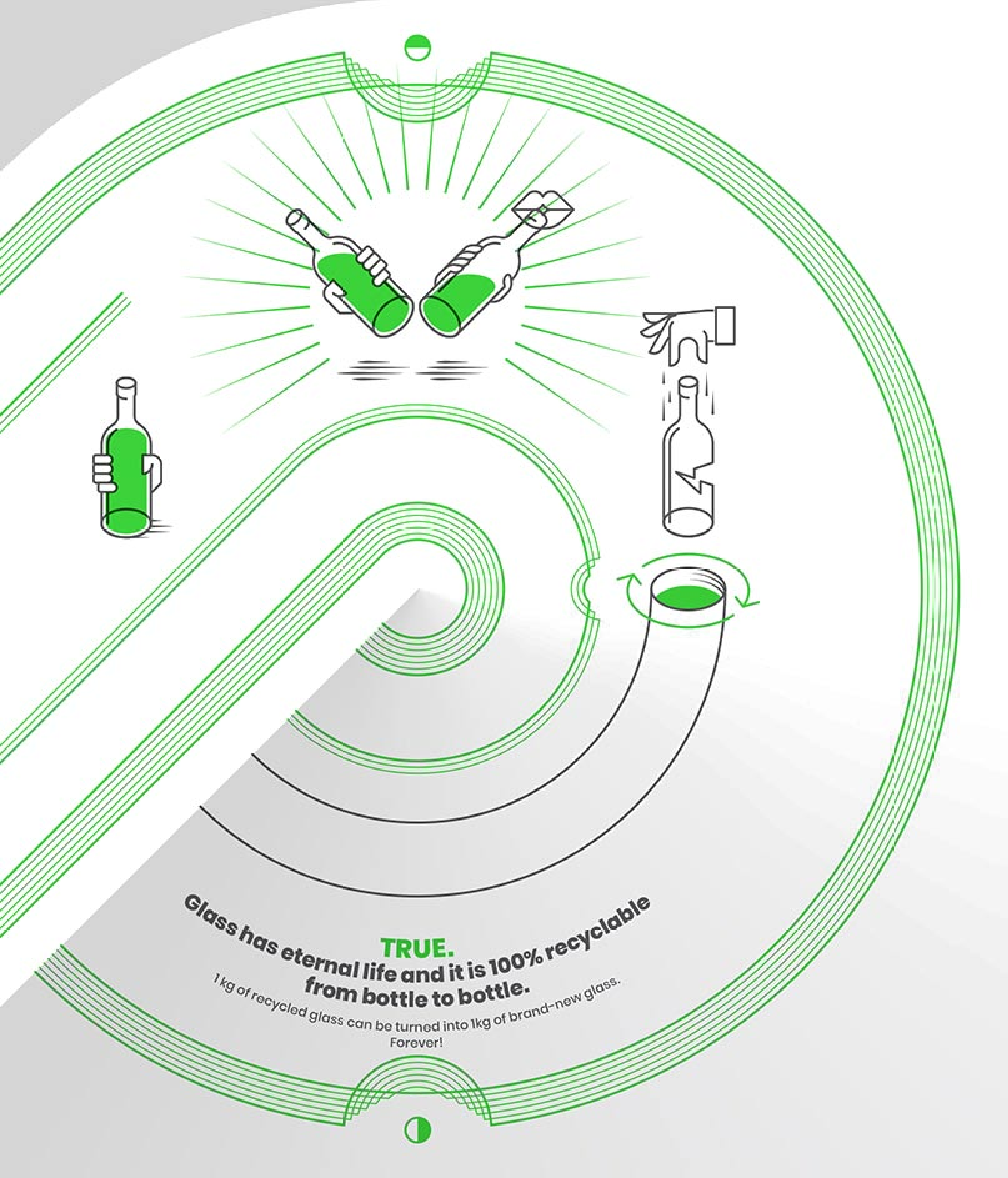
IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

44. Events After the Balance Sheet Date

There are no know events after 31st December 2018 which may influence the presentation and the interpretation of the present financial statements reported at that time.


RECYCLING
Glass is 100% and endlessly recyclable.
true?



Glass has eternal life and it is 100% recyclable
TRUE.
from bottle to bottle.
1 kg of recycled glass can be turned into 1kg of brand-new glass.
Forever!

independent auditor's report

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Independent auditor's report

To: the shareholders and Board of Directors of BA Glass BV

Report on the audit of the financial statements 2018 included in the annual report

Our opinion

We have audited the financial statements 2018 of BA Glass BV, based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of BA Glass as at 31 December 2018, and of its result and its cash flows for 2018 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The consolidated and company statement of financial position as at 31 December 2018.
- The following statements for 2018: the consolidated and company income statement, the consolidated and company statements of comprehensive income, changes in equity and cash flows.
- The notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of BA Glass BV in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The Annual Management report.
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Annual Management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.,:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit 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 company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may

EY
Building a better working world

cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

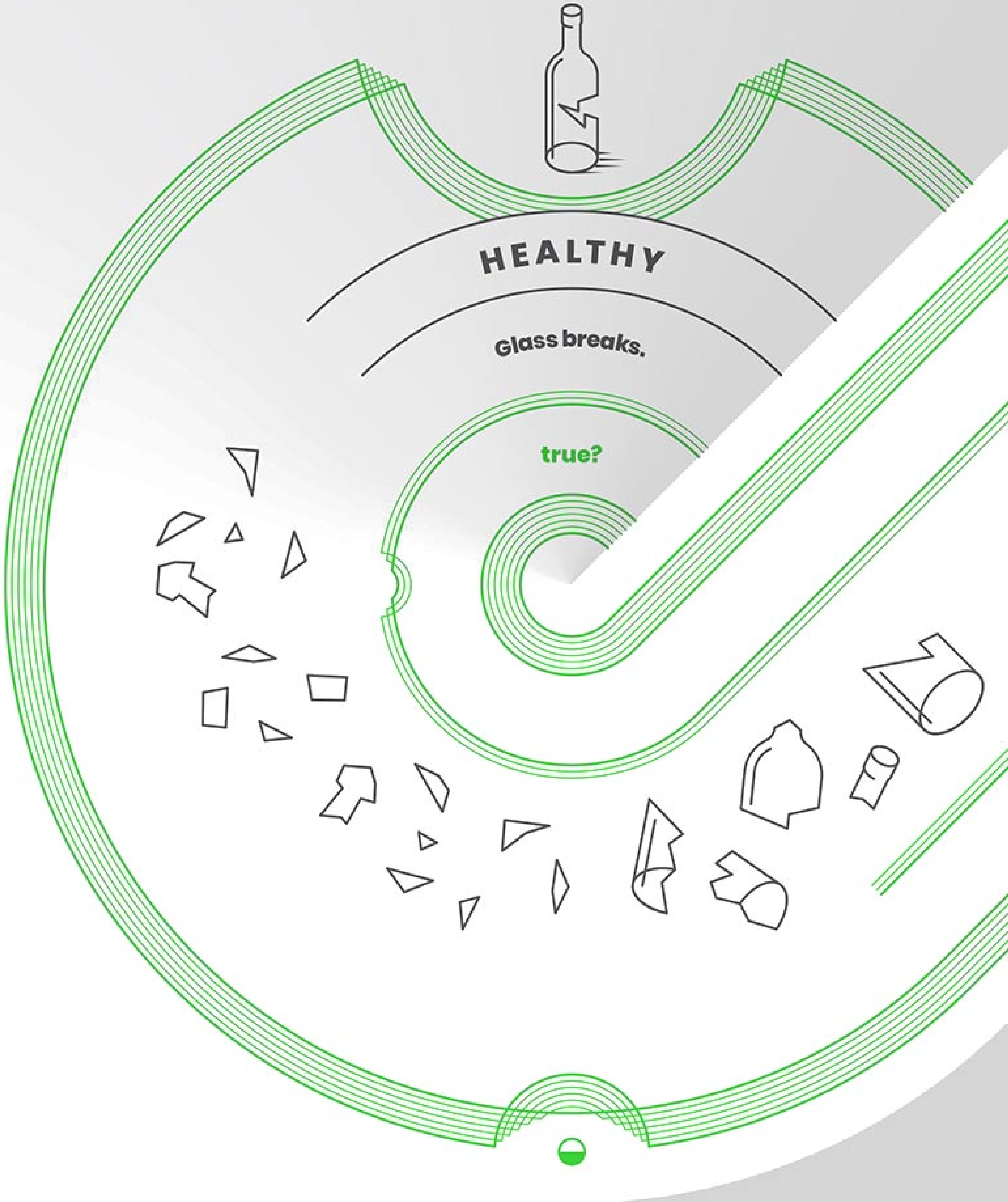
Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

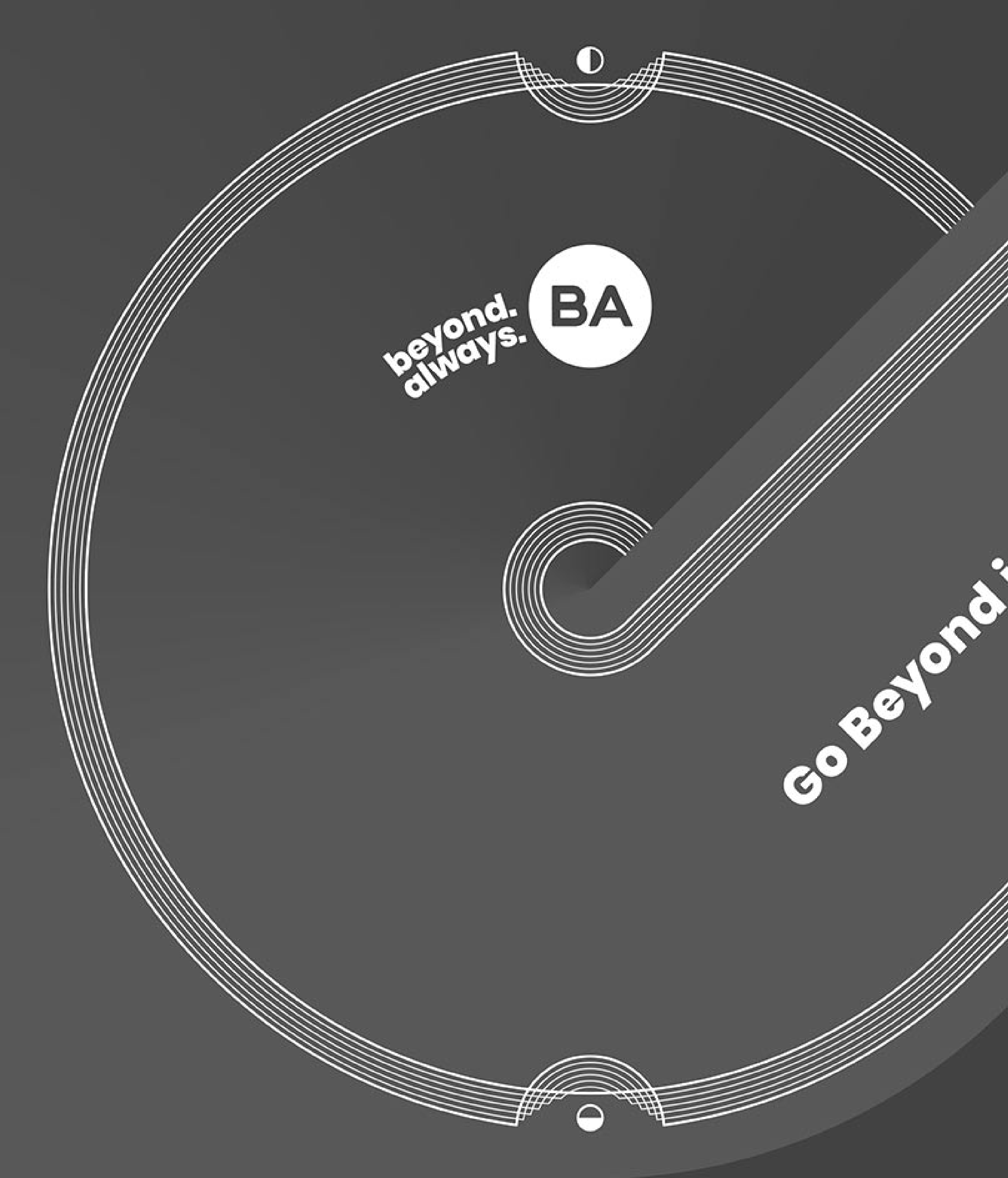
Amsterdam, 26 March 2019

Ernst & Young Accountants LLP

signed by T. Wiffrie


HEALTHY
Glass breaks.
true?


But is less harmful to the environment, preserves food better, protects human health and is more recyclable than any other packaging material.
TRUE.


beyond.
always.
BA
Go Beyond i

is the path of our Vision

2018
sustainability
report

sustainability report

The present report reflects how the pillars of our Vision support its sustainable development. BA also assumes a public commitment to develop its activities in a sustainable way from various perspectives - economic, environmental and social, complying with applicable legal requirements and with other requirements to which the Group subscribes. Furthermore, BA has been engaged for a long time in important environmental commitments, and we have now decided to make a public declaration of our targets.

BA Vision

The BA Glass vision is to "Wrap Dreams Beyond Packaging, by Heart".

In BA we believe we can go beyond making glass containers. We aim to take part in our Customers' creation and innovation processes on a quest to support them in providing Consumers with unique experiences.

We will make it the BA Way, built on our values, commandments, principles and beliefs (what we have named our HEART BEAT). We will make it with our People, those who dream about making a difference, growing, exploiting and exploring.

Our focus on Excellence is the basis of this aspiration. We believe that sustainable innovation requires excellence, and that is our bedrock which we must protect and fortify.

Value creation is what drives our Shareholders commitment and support. And we believe the pursuit of our vision will create value through sustainable and profitable growth.

In our **Vision**, every word has a meaning:

- Wrap: to elevate and magnify (as a gift)
- Dreams: the never-ending goals not yet reached,
- Beyond: aiming to do more than just...
- Packaging: what we produce

All the four Pillars of our vision have very ambitious goals behind them.

Be the choice of our Customers, because we aim for them to see BA as a partner in their growth, innovations and disruptions, consistently providing quality and an excellent service in each delivery.

Provide unique experiences to Consumers, because we aim for them to use our products with safety, convenience and great emotions.

Enable the development of our People, by creating the conditions to provide them with exciting challenges and opportunities in current and future projects, engaging them in the options and the outcomes of each decision and, afterwards, providing them with the deserved recognition of the results accomplished.

Create value for our Shareholders, by ensuring the expected growth, profitability and return on equity.

Our way, the **BA Way** is guided by our HEART BEAT:

We have our values...

HEART

- **H**umbleness to learn
- **E**motion in everything we are engaged with
- **A**mbition to set targets
- **R**igor when performing tasks
- **T**ransparency in internal and external relations

...and we reinforce them with our

BEAT

- **B**e focused on the customer
- **E**mpower your team
- **A**ct like an owner
- **T**hink about simple solutions

Striving for Excellence in everything we do, is the foundation of our aspiration. We cannot afford not to have it.

our vision	Wrap dreams beyond packaging, by HeART
our way	beat
our pillars	Customers Shareholders People Consumers
our foundation	EXCELLENCE

BA Sustainable Development

The pillars of the BA vision together with BA social and environmental commitments are the basis for its sustainable development. We have been incorporating all their components into our integrated management system, which we believe is the key to success in achieving our mid and long--term goals.

Every year BA sets new and more ambitious goals, building on previously achieved targets and the best accomplishments in the industry. To achieve these goals, some of them company-wide, action plans covering each pillar of the vision are built and monitored at different levels of the organization through the regular analysis of performance indicators. These goals are established as a challenge to all the teams and a guide to continuous improvement in all areas of the organization. Those challenges provide an opportunity for everybody to do their best and be part of the achieved success.

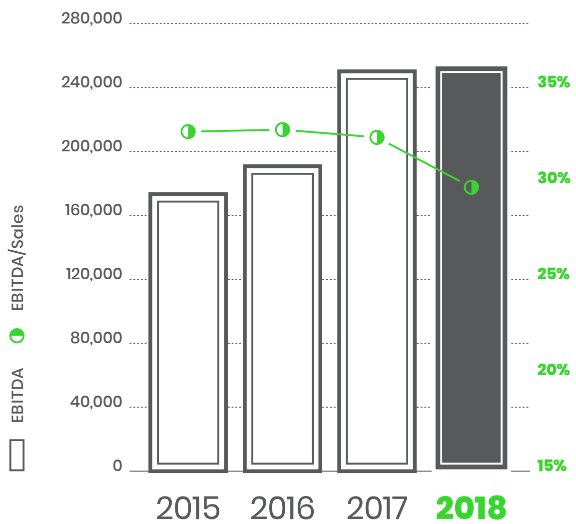
1. Shareholders

Create value for our Shareholders by ensuring long term sustainability of the company with growth and profitability, practicing and defending its values.

One of the main roles of a company is to create value for its shareholders. While doing so, BA also creates value for the entities and people with whom it interacts, namely customers, suppliers, employees and the community. In fact, managing sustainability means considering these several parts not only in daily management and decision processes, but also in the projects and activities which will have long-term impact on the value creation and sustainable growth of our business.

The Group has been demonstrating its ability to grow sustainably and to create value for its shareholders at satisfactory levels. There have been meaningful improvements in productivity, operational efficiency and asset turnover that were, however, shattered in 2018 by the abnormal and sudden increase in energy and CO_2 prices. These two effects together had a negative impact of 2.9 p.p. on the EBITDA margin and 3.6 p.p. on ROE. Additionally, and compared to 2017, the increase of the Anchor Glass impairment and the exchange rate effects on the financial result together represented a decrease of 1.2 p.p. on ROE. Those effects were adjusted in the ROE Adjusted curve.

Ebitda [K.€]



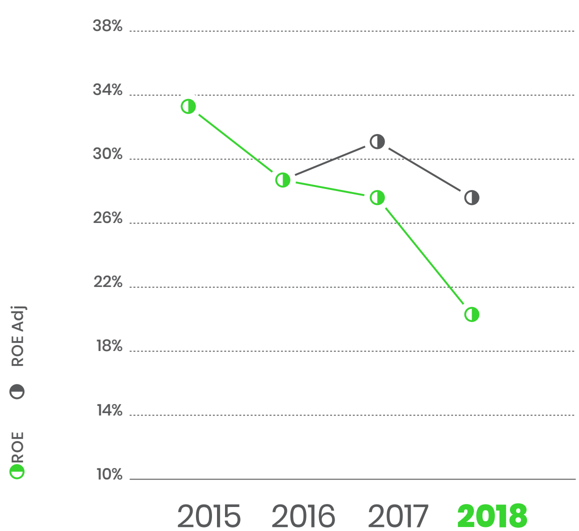
The shareholders have been consistently promoting the reinvestment of the company's profits in the company growth (either organic or by acquisitions) and its operational excellence.

Since 2017, BA consolidated the integration of the South East Europe Division with two plants in Bulgaria, a plant in Greece and another in Romania, as well as the German operation.

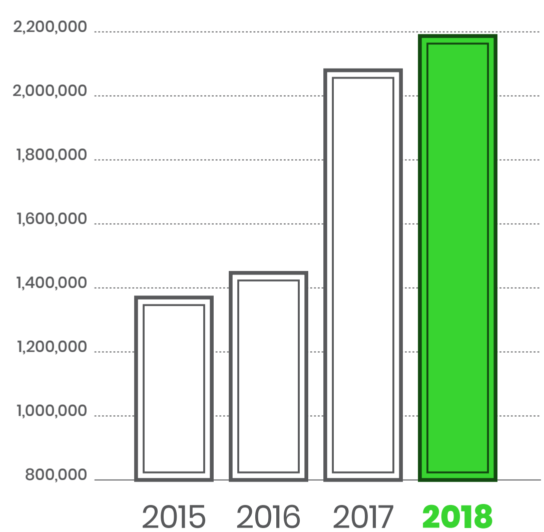
The decision to build a new furnace in the Villafranca plant, anticipating our customers' growth, is the consequence of their belief in the growth and development of the Group. Many other investments are to come.

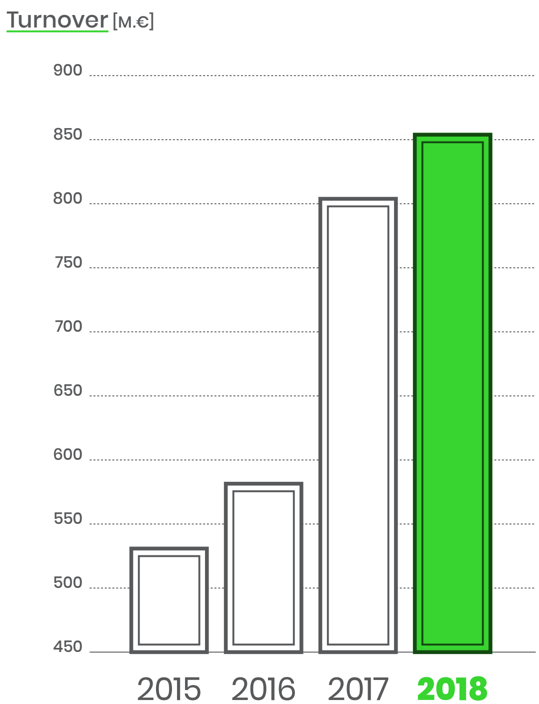
Over the last four years the group has grown its production by 60% and its turnover by 61%.

Return on Equity [%]



Production [ton]





In BA we believe the relationship with all our stakeholders must be supported and reinforced in transparency, rigor, trust and responsibility, which are important values for the Group.

The Group maintains close partnerships with its current and potential suppliers with the purpose of always seeking the best technical and most creative solutions that can benefit both parties and lead to sustainable development. All suppliers play an important role in the development of BA and its ability to provide an excellent and innovative service. That is why BA continues to apply its suppliers' evaluation methodology, to ensure a solid base of suppliers who share the same purposes and are compliant with appropriate ethical and environmental principles.

The partnerships will be reinforced aiming to transform the supply chain and industrial operations. The endeavour of industrial digitalization is one of the main challenges and opportunities and the basis of our business sustainability.

2. Customers and Consumers

Despite the slowdown of some economies at the end of 2018, the encouraging trend in Europe and growing consumer confidence have continued to positively affect BA commercial activity.

In general, we were able to meet our customers' demand. BA managed to continue to deliver quality products and service throughout the year. The sales to our export markets represent today 24% of BA's total volume. The consolidated turnover reached EUR 854 million, representing a growth of 6.2% compared to last year. The sales growth was driven by both volume and price increases.

BA has continued to expand its customer portfolio, ensuring the diversification of market and credit risks, and expanding its potential for future business in new markets. The Top 25 customers represented 45% of BA sales.

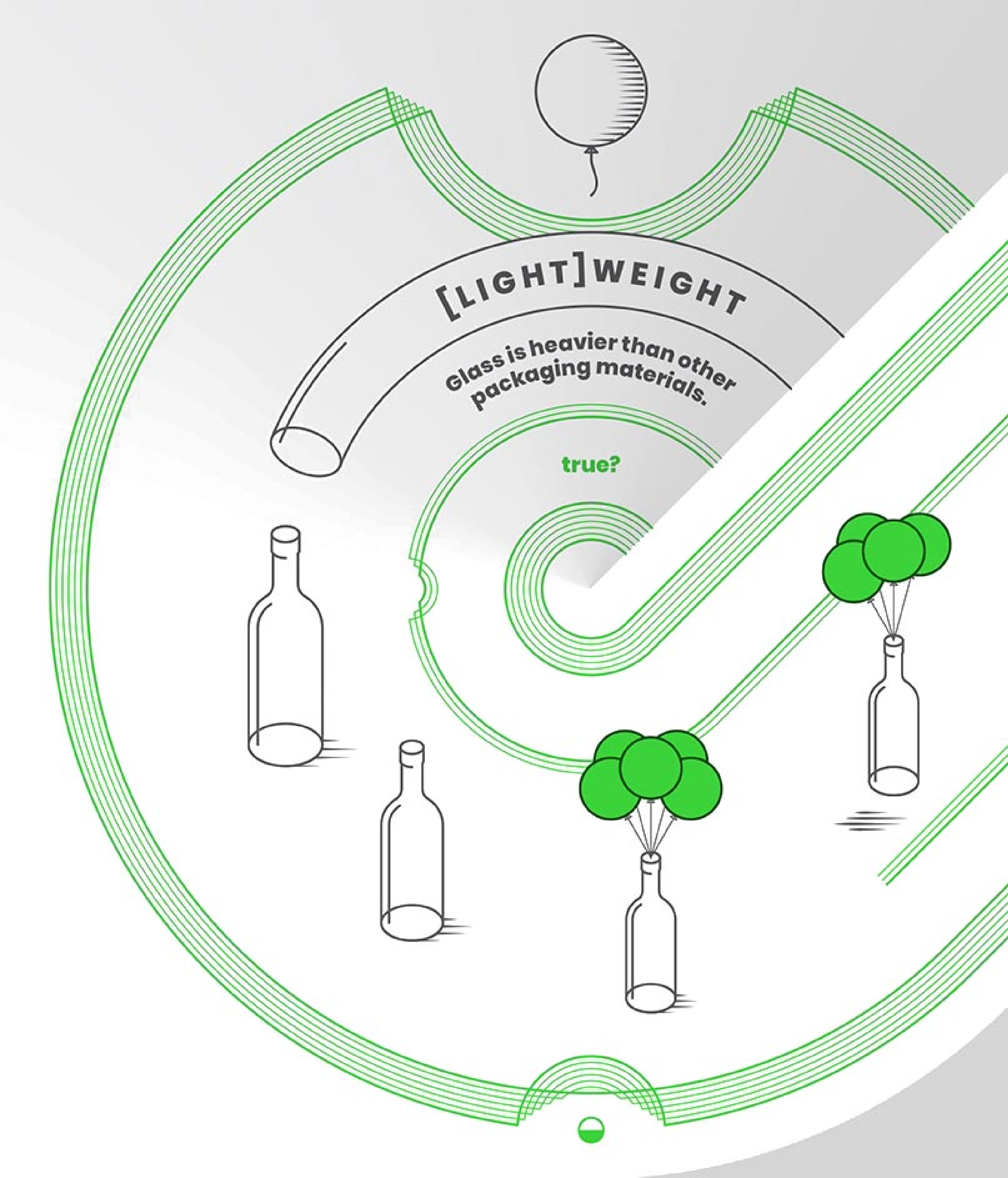
Provide unique experiences to Consumers is a strong challenge, because we aim for them to use our products with safety, convenience and great emotions.

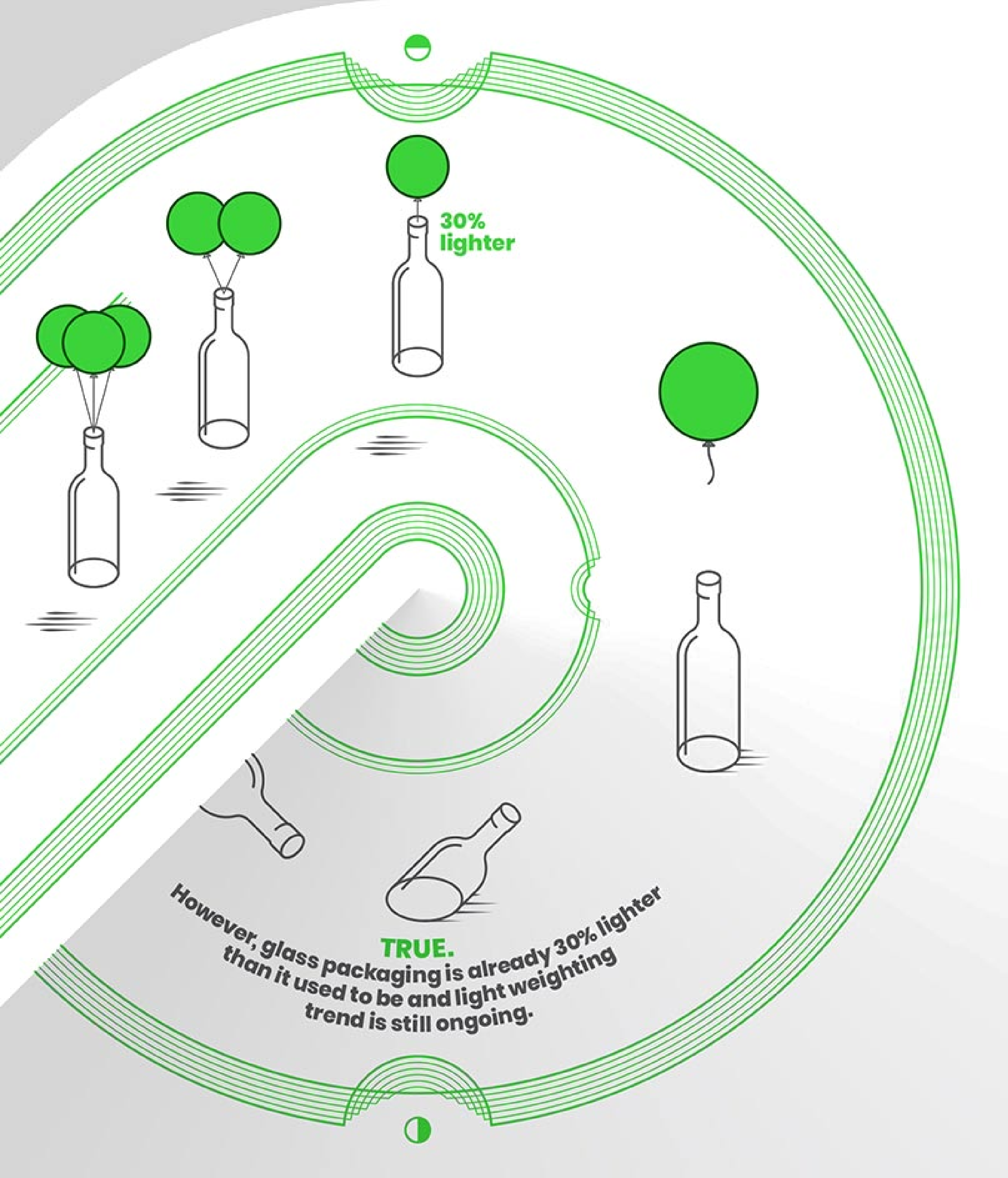
Focused on providing value added solutions, BA has continued to develop its consumer knowledge to make available to our customers all the know-how necessary for a surprising product development. In 2018, we engaged in detailed consumer focus groups to better understand certain segments but also the relationship of consumers with glass and other packaging materials. There is still a lot to do which reinforces our enthusiasm in looking for alternative ways of knowing consumers better, those who will make the final choice. This way BA will be better prepared to supply its customers with products and services that meet and exceed both customers' and consumers' expectations. As usual, we will continue to privilege direct contact with our customers to better understand their needs. This direct sales model enables a unique and differentiated service that we will continue to improve in order to address the recent growing demand for glass.

Be the choice of our Customers, because we aim that they see BA as a partner in their growth, innovations and disruptions, consistently providing quality and an excellent service in each delivery.

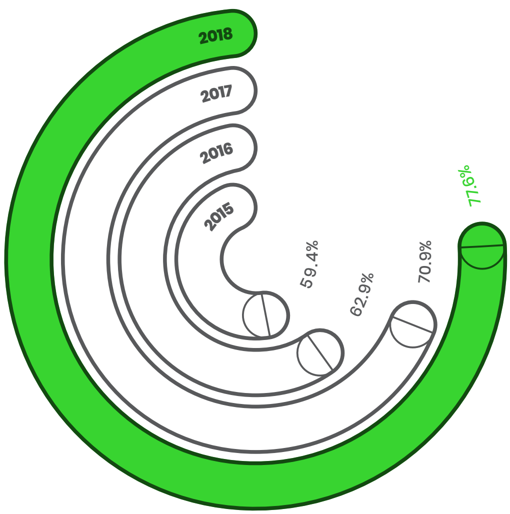
BA will continue to work on its model of cooperation with customers (called "Innovation Challenge") to differentiate the final product and/or service and increase productivity and/or reduce costs for both parties. This cooperation and the new challenges with regard to consumers result in innovative solutions that go beyond packaging. During 2018, BA presented to 9 customers comprehensive proposals for a new product launches. Market analysis, secondary packaging, possible partnerships, brand values and ways to market are just some of the areas the BA design team is able to add value.

With the use of the Innovation Challenge framework, now including the consumer pillar, we believe we can provide to our customers better solutions and products, additional sales, shorter time to market and, ultimately, a positive economic and environmental impact. We keep tracking our innovation performance through internal KPIs, one of them being the Innovation Success Rate.


[LIGHT]WEIGHT
Glass is heavier than other packaging materials.
true?


30%
lighter
TRUE.
However, glass packaging is already 30% lighter than it used to be and light weighting trend is still ongoing.

Innovation Success Rate



Finally, it is essential to highlight the work done in 2018 concerning the promotion of glass as a sustainable packaging material and the measurement and reduction of our environmental impact.

Recycling, digitalization, and consumer acknowledgments were some of the topics explored by our marketing research team to address the growing demand for greener choices in the food and beverage landscape.

3. People

Enable the development of our People, by creating the conditions to provide them with exciting career challenges and opportunities in current and future projects, engaging them in the options and the outcomes of each decision and, afterwards, providing them with the deserved recognition of the results accomplished.

Challenges and Opportunities

Digitalization of processes, organizational adjustments, recognition and diversification have driven us to develop and motivate our people during the year 2018.

New skills were required to create teams capable of facing the multiple challenges related to the redesign of processes and introduction of new technologies during the year. The search for different ways of working, supported by process digitalization, were the starting point, which will allow productivity gains and will transform the way people interact and perform, giving them more time to be creative and effective.

In a growing, open company, new opportunities are always appearing; new departments were created, giving to our people the possibility to move and grow inside the organization. Also, displacements on missions to different geographies were planned and executed, fulfilling the expectations of some of our people for an international career.

Social Climate

Since 2004 a social survey has been made to our employees every two years, with the aim of assessing and understanding people's opinion about 5 major clusters (strategy, engagements, HR policies, work conditions and leadership). The results of this survey are then followed up in an action plan. Since 2016 BA Way principles have also been assessed.

This year, the survey was extended to Germany, Greece, Bulgaria and Romania and a total of 2895 answers were collected. This represents 78% of the BA population, a level of participation that we want to grow.

Globally the score was 3.5 (on a scale of 1 to 5) and showed a significant improvement in the geographies already surveyed in previous years. Also, the BA Values assessment had an improved score.

This initiative continues to be one of the most important tools to develop actions that will improve the internal social environment, and promote the engagement of our employees.

The best scored **sub-cluster**

"global satisfaction" (3.9)

The best scored **questions**

"My goal is always to do better"

"I know and follow BA's Ethics Code"

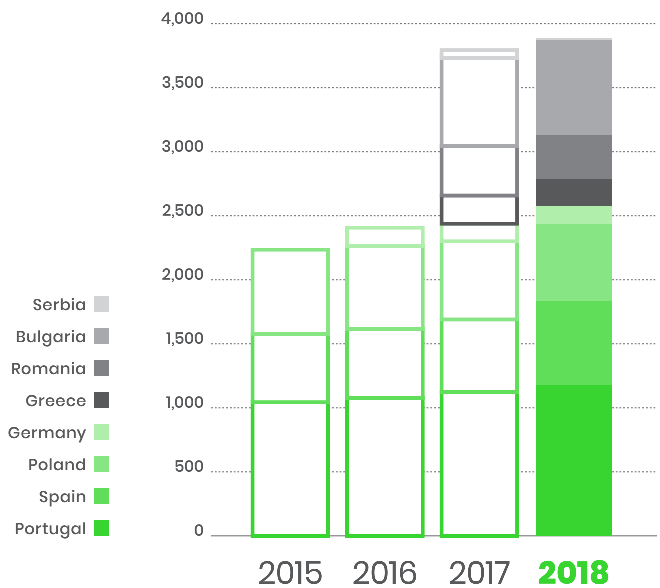
"While performing my job I never felt myself discriminated (due to my age, gender, religion, nationality, position, ...)"

Employment

2018 was the year to consolidate ties and strengthen the cooperation among the employees of the whole Group, who are now spread across seven countries in Europe, in Portugal, Spain, Poland, Germany, Greece, Romania, Bulgaria and Serbia.

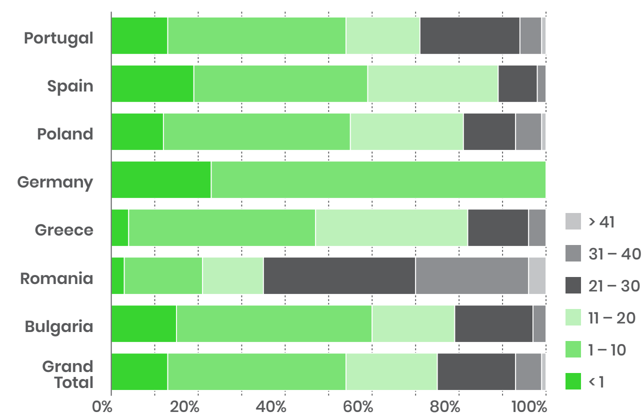
At the end of the year, the number of employees stood at 3,889, against the 3,796 of the previous year, representing an increase of 2.5% in BA workforce. The total headcount numbers include the non-core business activities, such as glass recycling and molds repair. The growth was mostly in Spain, as a result of the new furnace being built in the Villafranca plant.

Number of Employees



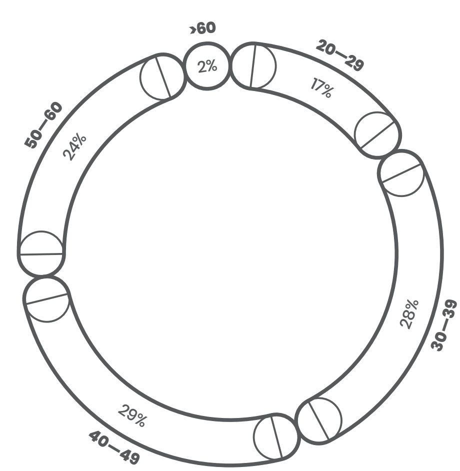
With regard to the seniority of our employees, we continue to have a balanced distribution among different levels. However, there was a slight increase in the range *up to 10 years* of seniority, reflecting the recent recruitments to support the investments made by the Group.

Seniority



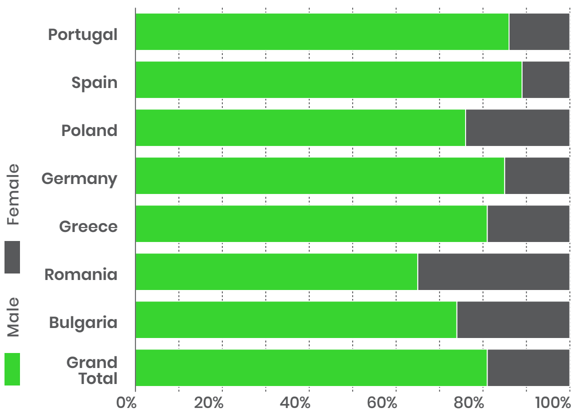
Regarding age distribution, the average age in the Group is currently 41 years old, keeping a balanced distribution of our workforce across different age ranges.

Age Distribution



From a gender perspective, 81% of our employees are males due to the specific characteristics of our industry, namely the work by shifts. The differences among countries in the share of females depend also on the past history of each plant and the culture of each country.

Gender Distribution



One of our commitments is to follow the principles of non-discrimination, as they are established, communicated and subscribed in SA8000 regulation.

Futura Program

Every year BA receives students who aspire to enroll on an internship in a growing international company. People come from different geographies, with different goals, expectations, ambitions and dreams.

However, it is possible to find a common trait in all of these students: their "fresh eyes", capable of challenging us to be different and to break some paradigms. They certainly learn with the more senior staff, but each one of them always adds new perspectives to our business and its growth, and we are grateful for that.

2018 was a very special year for BA regarding the integration of young people in the company. An immersive program in the glass industry was built and put in place: the 1st Edition of the *Futura Program* was successfully launched!

The Futura program was designed to attract and integrate recently graduated engineers, who aspire to develop behavioral and technical skills in an industrial environment. The 12-month program also contemplates the fostering of an extensive intercultural network. During the ideation and implementation of this program, we counted on the support of our youngest engineers, who shared their experiences, and our senior experts who shared their knowledge of the glass business.

The Futura Program is not a trend, it is a step towards BA vision and sustainability. We are focused on preparing the next generations who will lead and ensure that BA Heart Beat values and commitments will continue to live stronger each day!

BA Academy

BA academy
thrive for more

The idea of building a structured way of training and developing our people has been in our plans for a long time. Two years ago, with BA Academy, this dream came true. Over those years, we have worked hard to ensure that it is possible to deliver training adapted to our specific needs and allow our people to be prepared for a sustainable development across different geographies.

In 2018, we prepared the content of several schools. Besides the "New Comers" school, and the "Leadership & Management" school, that are already delivering several programs, we developed the "Systems" school with the following important strategic goals:

> Promote Health & Safety behaviors in our people;
>
> Promote consumers' safety awareness;
>
> Provide knowledge which ensures the quality of our product to our customers;
>
> Stimulate good practices to prevent pollution and protect the environment;
>
> Follow procedures, speak up, and stay engaged.

Furthermore, we have made great progress in the conception of the "Operations" School, with the ambition of retaining and developing the technical knowledge and the skills of our people, contributing to a performance of excellence, leveraged by the best operational practices. This school represents a huge responsibility and commitment and takes our experts to a different level of knowledge.

The 3rd Edition of BA MDP – BA Managers Development Program took place in May and gathered managers, of the 3rd management level, from different departments and geographies to face different challenges. The BA MDP is an opportunity to develop technical and behavioral skills with the main goal of motivating people to be proactive in our company, to get inspired for the development of their teams and to create a strong network.

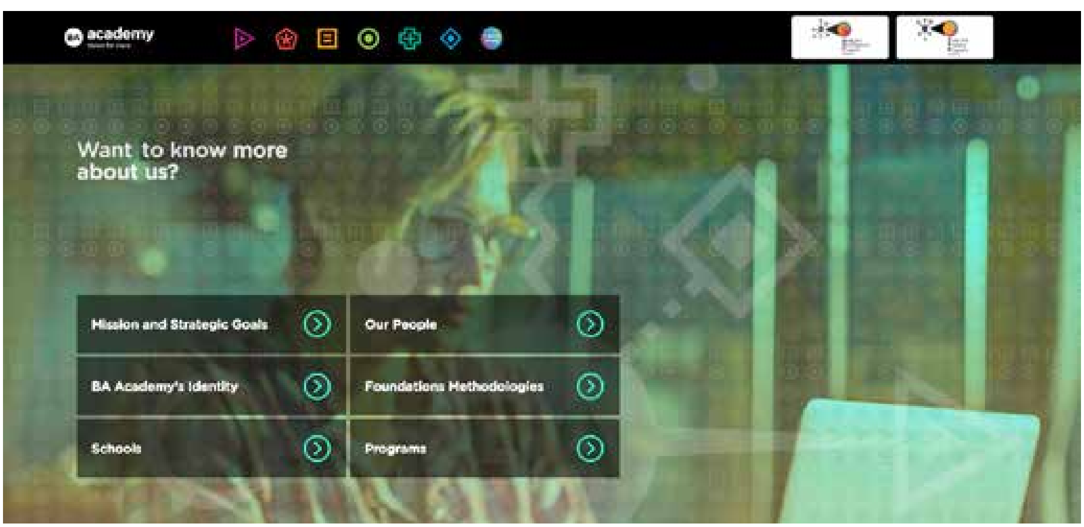
Regarding other immersion programs, we launched the 1st Edition of "Train the Trainers", with the mission of providing to our internal trainers the necessary tools to improve their performance during the training courses. It is crucial to share our strong internal knowledge, and we want to do so in the most effective manner and according to the best practices.

The year ended with a total of 99 thousand training hours against 51 thousand in 2017, representing an increase of 93% and a total of more than 25 hours per employee. This commitment will continue to lead to higher performance, aiming for employee development, enhancing their skills, capabilities, and knowledge.

Digitalization Era

As with the rest of the company, the People Development team is engaged in the processes digitalization. In this way, the team is dedicating time to incorporate new tools, which will have impact on productivity and people motivation. Some projects are to be highlighted:

- A learning platform, that brings a more attractive interface to the users of BA Academy, providing information in real time;
- A new SAP tool, which improves and transform the way we manage our people on a daily basis.



> The RPA – Robotic Process Automation, a digital tool capable of performing repetitive tasks and replicating administrative processes, without human intervention.

These kinds of technologies have a high and powerful impact on the way we work and interact, making it easier and creating time for value added work.

Millennials@work

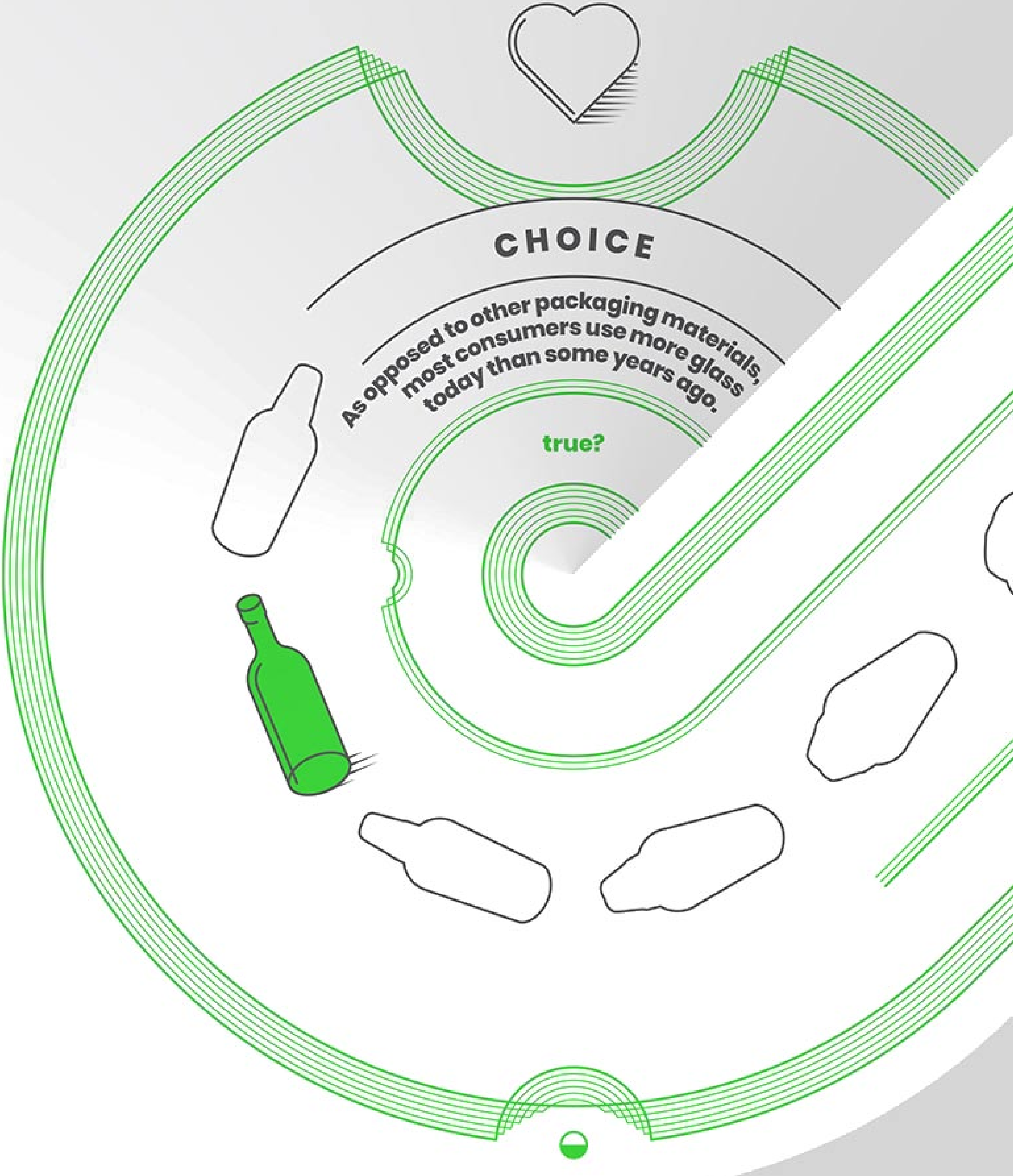
To better attract, retain and motivate the best people, we felt we should know more deeply the needs of the youngest generation: the Millenials@work project was conceived.

What do the young generations value? What should we keep, or what should we change in our workplace? Who better than our youngest employees to answer these questions! Thus, we have built a workgroup with people from corporate areas and the plants, and from different countries. Through benchmarking with other companies, studies and surveys, the group defined an action plan that is now being implemented.

Some results were surprising. The needs across generations are not so different, but the way to fulfill them are. However, we believe that if we decide to ignore the impact of the young generations on the value of our business, we will not have the ability to grow and to attract people with different skills. For this reason, this project did not come to an end, but is rather just the starting point for the improvement of our work.

People Assessment and Development

The PAD (People Development and Assessment) process continues to be one of the most powerful tools that BA has to shape the future of its business. In 2018, the creation of strong succession plans was the focus of this process. And new programs to more quickly develop some skills in our people were implemented, such as the FFW program (Fast Forward program).


CHOICE
As opposed to other packaging materials, most consumers use more glass today than some years ago.
true?

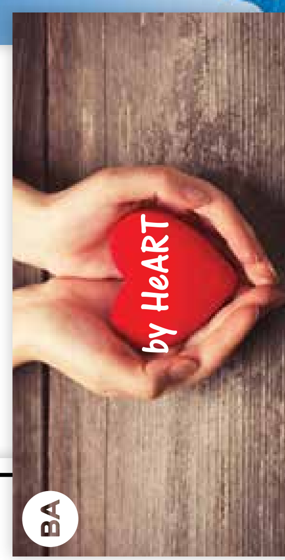

TRUE.
50% of consumers use more glass packaging today than they did 3 years ago.

BA Way and BA Vision

After two intensive years spreading and engaging our people in BA values and BA Vision, the work is not yet finished. Making sure that all the principles are aligned and that everyone understands and practices the BA Way is a continuous task. Several workshops and support materials were used. New methods are being developed to be released in 2019 to continue to surprise our people *Beyond* their expectations.

DREAMS are the never ending goals not yet reached.
In a company, as in life, we aim to achieve more and more. We are dreamers.
Transparency in relationships, together with **humbleness**, will keep us close to others, recognizing and understanding their dreams. Dreams are opportunities, either we grab them or others will do so. We count on our people, the ones that dream of being and doing differently from our direct and indirect competitors.

The vision statement defines what a company wants to become in the future. It includes the ambitions, indicates the path to be walked in order to reach them and it is the first step of any transformation process.
A company without a vision is one without direction!



We have an exciting journey ahead. We will make it our way, the BA way, built on our values, principles and beliefs (our HEART BEAT).

Internal Communication and Employer Branding

In 2018 we continued to reinforce our presence in national and international job fairs, schools and universities, spreading our brand throughout the world. We attended or organized 34 events across all our divisions during the year 2018 to promote BA as employer and brand. Because the world is digital, we also communicated on social media, publishing lots of job opportunities and news, and answering the questions that were put to us.

The "Beyond", our internal newsletter, continues to be an important way of spreading our corporate news, but in 2018 new newsletters were born, dedicated to spreading specific news of some of our plants.

Several projects were started during the year and 2019 will be full of surprises!

The 2018 Annual Management Meeting took again place in Troia in September and was dedicated to digitalization. Under the theme "Beyond tomorrow", our teams were inspired by the opportunities for changing the business and the way of working, with new processes and tools, that are already a reality and not a dream. The future is already here, and we are on it!

Recognition

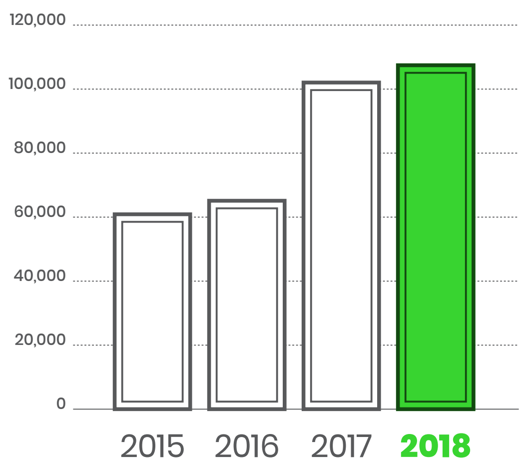
As has happened over recent years, the BA Group maintains the policy of having remuneration schemes based on the performance of the people and the competitiveness of the labor markets. The assessment process is linked to the remuneration practices, and this year all the white collars that were integrated into the Group after the recent acquisitions are already included in this system.

The remuneration package includes a share of the profits generated by the Group, aligning strategic and operational goals with individual and team performance.

At the end of 2018, the Group recorded more than EUR 107 million in costs related to people.

Furthermore, the BA Way ambassadors, the plants with zero accidents, the best and the most improved plants and the outstanding employees were also recognized through different means and celebrations.

Personnel Costs [K.€]



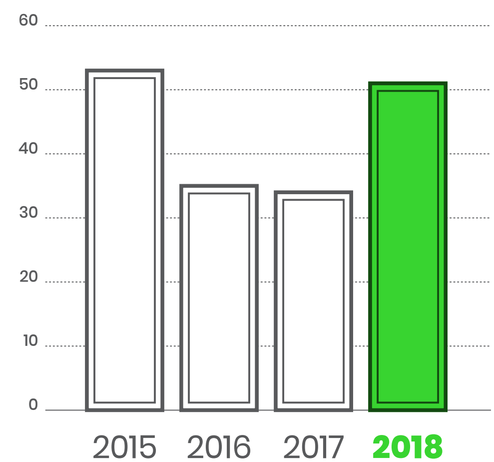
4.1. Social Responsibility

BA is committed to integrate social responsibility into its decision-making process, to guarantee ethical behavior when doing business, to recognize and use the Fundamental Principles of Human Rights and to ensure compliance with legal rules and any others voluntarily subscribed to.

Health & Safety

The performance of the Group in 2018 regarding safety was not good. Not only did we not achieve the goal of "Zero Accidents", but also we saw a sharp increase in the number of accidents compared with last year. The Sofia plant was congratulated for the second consecutive year for having no accidents, showing that "Zero accidents" is not a dream, but can be a reality. Now, all the plans, actions and training are being revised to find a new way of move towards our goal.

Accidents [no.]

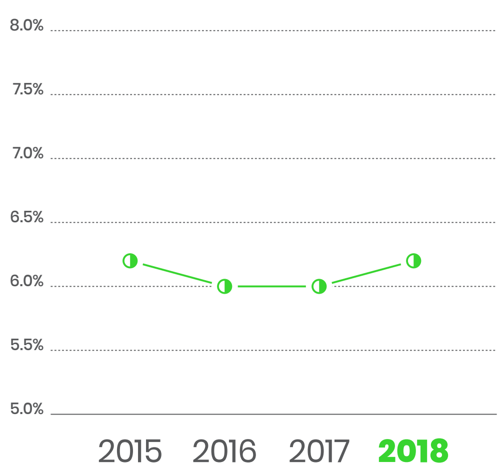


Absenteeism

The absenteeism rate in 2018 was 6.2% against 6.0% in the previous year, mainly driven by the substantial growth of the absenteeism rates in Portuguese plants. This increase is due to the intensification of sickness among our employees, especially in Marinha Grande plant, that is currently under internal investigation.

During the year different actions and measures were taken to decrease the absenteeism rates, with significant results in some countries like Poland, where the rate decreased from 6.7% last year to 5.9% in 2018.

Absenteeism



Social Responsibility and its Management System

BA is proud of its Social Responsibility policy, which integrates social, environmental and educational concerns, and is a platform for economic, technological and human development. This policy guarantees our people's personal development, the protection and compliance with social standards and the respect for ethical values and principles. Furthermore, it promotes the closeness of the Group to the local communities, allowing our understanding of their specific difficulties in challenging contexts, and contributing to mitigate some of them.

BA continues to follow the rules of international social responsibility standards, namely SA8000 and recognizes the fundamental and universal human rights embodied in International Conventions and Treaties, such as the United Nations Universal Declaration of Human Rights and the International Labor Organization, and other legislation, namely the international conventions relating to working hours, forced labor, freedom of association, right of organization and collective negotiation, equal remuneration for men and women for similar work, non-discrimination, minimum wage policy, worker's representation, minimum working age, health and occupational safety, vocational rehabilitation and employment for handicapped people and maternity protection.

The group expressly subscribes to the following principles:

a) Child Labor

The group's companies do not employ, neither are involved directly or indirectly in child labor, and repudiate practices involving it, nor accept suppliers that maintain such practices. It is assumed by the group that the minimum age for employees is 18 years old. There are written procedures to ensure the compliance with this principle, as well as procedures that guarantee the definition of actions to mitigate the consequences of child labor in any situation that might happen on the premises of the group or of its suppliers and sub-suppliers, and which BA acknowledges.

b) Forced and Compulsory Labor

The group's companies do not have, neither are they directly or indirectly involved in practices using forced or compulsory work, nor do they accept suppliers that maintain such practices. The company will never retain original personal documents nor create any other situation that could force the employee to remain in the company against his/her will. Furthermore, the company will never become involved in or support the traffic of human beings, arbitrary detention or torture.

c) Health and Safety

The promotion of health and safety amongst BA's employees is an overriding priority for the group. Accordingly, BA commits to guarantee the necessary conditions to ensure a healthy and safe work environment for the entire group's workforce, preventing health and safety risks for employees, as well as for all other people who enter its premises (customers, suppliers, members of the community or any other entity or individual).

All employees must comply and make others comply with the workplace hygiene and safety rules, regardless of whether these are internal rules, national and community regulations or legislation, and must also report any infringements detected. Therefore, the group provides regular training to all the company's employees. In the event of serious and imminent danger, employees are entitled to leave the concerned area without prior authorization.

d) Freedom of Association and Right to Collective Negotiation

The group's companies are in favor of freedom of organization and association, ideological and religious freedom, as well as freedom of expression and opinion. BA will not interfere in the exercise of workers' rights relating to membership of a trade union and to their rights of collective negotiation; the company arranges the necessary means available for exercising such rights. Under no circumstances will trade union representatives be subjected to any form of discrimination.

e) Discrimination and Equality of Opportunities

The group repudiates discriminatory practices. Thus, it will not be involved in nor support any situation that does not uphold the principle of non-discrimination based on race, gender, nationality, language, parentage, sexual orientation, marital status, physical disability, religion, political or religious convictions, trade union membership, family responsibilities, as well as the principle of equal opportunities amongst all its employees, and it shall not accept as suppliers entities which adhere to such practices, either in contracting activities, remuneration, access to training, promotion, termination of contract or any other activity.

f) Disciplinary Practices

BA shall treat all employees with dignity and respect, not being involved or tolerating the use of corporal or mental punishment or physical and verbal intimidation. Violence, harassment and abuse of power are strongly repudiated. Thus, any suspicion of such practices must be immediately brought to the attention of the management.

g) Working Hours

The company's working hours are in conformity with the applicable laws and industry standards. Overtime work is done voluntarily and should not exceed 12 hours per week per person.

h) Remuneration

The remuneration policy reflects the group's objectives of attracting, developing and retaining high-performing and motivated employees in an increasingly competitive market. With the purpose of sustainable long-term value creation for the company, the remuneration policy was designed to align the strategic business objectives with the teams and individual operational objectives. Therefore, a competitive remuneration package, including a fair salary according to performance and to market conditions, is presented to all employees.

All the social responsibility policies are properly documented, effectively implemented and maintained, communicated and widely accessible to all employees, whether directly or indirectly hired. Furthermore, BA maintains the commitment to make this policy available in an effective manner to interested parties, whenever requested.

All employees or other parties have formal means to make any claim, in confidence, regarding the above matters.

Relationship with Local and Educational Entities

BA maintains partnerships with universities and schools and continues to organize visits to the plants, mainly with the goal of raising awareness for sustainability matters and promoting recycling habits among the young generations. This year a special program was created: BA@school.

Connected with the topic "keep the oceans transparent", our goal was to increase awareness among students and teachers about the advantages of glass packaging, particularly its benefits for conservation and preservation of the flavor of food and beverages and human health, its recycling process and reusable opportunities, and its contribution in protecting the oceans.

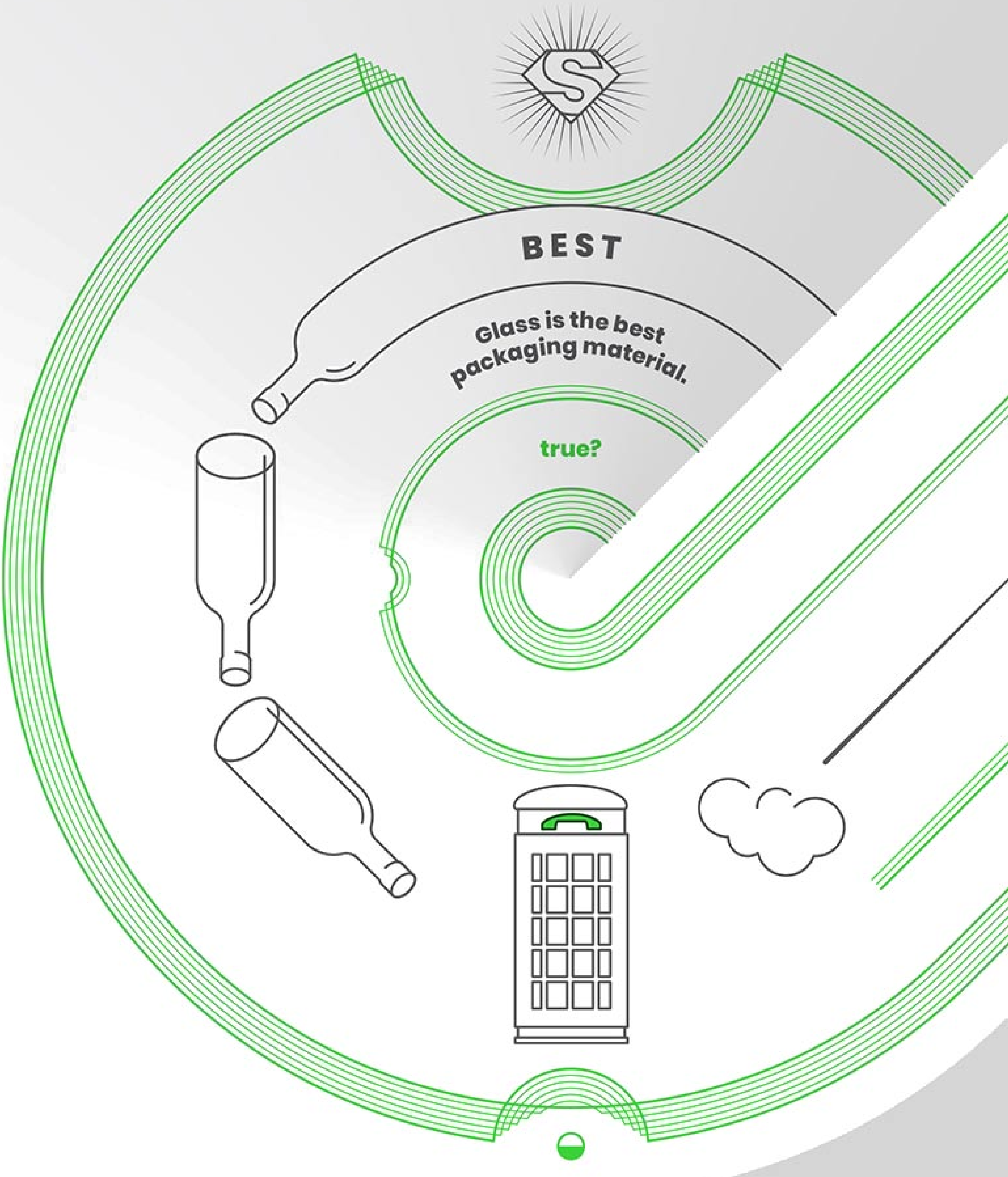
In this way, a contest was developed and sent to 501 schools (this year in Portugal), challenging the teachers to integrate our project in their different school programs and participate in a contest where they needed to build and send a project made in glass by the students on the topic "Ocean & Glass". 1355 students participated in the contest and we gave a certification of a "whale adoption" to the 1st and 2nd placed schools.

4.2. Environmental Responsibility

BA Glass is dedicated to the development, production and sales of glass containers mainly for the food and beverage industries.

BA considers environmental affairs as an integrant part of its overall management, and all its plants, except for Athens (the certification process is now being implemented), have an Environmental Management System Certified. In Portugal, Spain, Poland, Bulgaria and Romania, the plants are certified according to ISO 14001. The Gardelegen plant has implemented an Energy Management System certified by ISO 50001.

BA's Environmental Management System is focused on minimizing the environmental impact of its industrial activities. By setting yearly actions which aim to increase the glass recycling incorporation levels and the rationalization of water, energy, and virgin raw materials consumption, and to continuously


BEST
Glass is the best packaging material.
true?


TRUE.
Glass protects human health, preserve taste,
protects and improves quality perception
of its content and keeps it safe.

reduce the weight of each container produced, a rational use of resources is ensured.

All BA plants are covered by the new Industrial Emission Directive (IED) and have an environmental permit. BA is committed to the identification and standardization of best practices, continuing to monitor and compare the individual performance of each plant.

The environmental performance of 2018 was significantly influenced by the repair of two furnaces which took place in the Léon (Spain) and Gardelegen (Germany) plants, and by the construction of a new furnace in the Villafranca de los Barros plant (Spain).

The cooperation with the official entities which define the legal requirements for the glass packaging industrial activity is very important for BA. Transparency and collaboration with these authorities has allowed the company to comply with all the legal obligations and to keep an open relationship with the interested parties.

The continuous improvement of its environmental performance is one of BA commitments. In 2018, we also decided to sponsor and join The Porto Protocol initiative, which was launched in July with the Climate Change Leadership Summit, an event where the 44th President of the United States, Barack Obama, was present. The purpose of The Climate Change Porto Protocol is “to raise awareness that climate change is here and that there are things we can do now to make a difference”.

We have been engaged in transforming our process into an environmentally friendly operation, and that is testified by our performance improvement in most of the metrics over the last few years, although there is still a lot to do and improve. At the Porto Protocol we committed, by 2030, to:

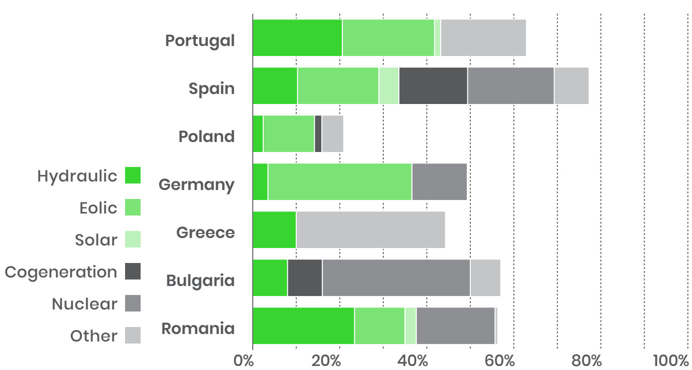
> use a minimum of 70% of electricity from renewable sources;
>
> reduce the use of natural gas by 10%, replacing it with electricity;
>
> reduce by 75% the usage of water to at most 0.1 m3/ton;
>
> increase the use of cullet at least by the same % as the collection systems achieve;
>
> decrease the CO2 emissions at least to EU target levels;
>
> work together with our customers and suppliers to reduce the amount of packaging in our final product;
>
> publish the annual values of these variables on the Porto Protocol website as well as the BA Glass website.

These are commitments with which we have been engaged for a long time. Now we have decided to make them public.

Use a Minimum of 70% of Electricity from Renewable Sources

Around 20% of BA’s total energy consumption is electricity. BA’s long-term target is not only to increase this share, by reducing the share of natural gas, but also to use most of the electricity from renewable sources. In 2019, a very significant investment in a photovoltaic installation is planned for our plant in the south of Spain. It will be the biggest roof installation for self-consumption in Iberia. This will be one of BA's first big steps towards "green energy" and, if it is as successful as we anticipate, it will be an initiative that will be scaled up to other plants of the Group. Adding to this, some of the countries where we operate are sizeable producers of renewable and carbon-neutral energy.

Neutral Carbon Energy share in the Total Energy Produced [by country]

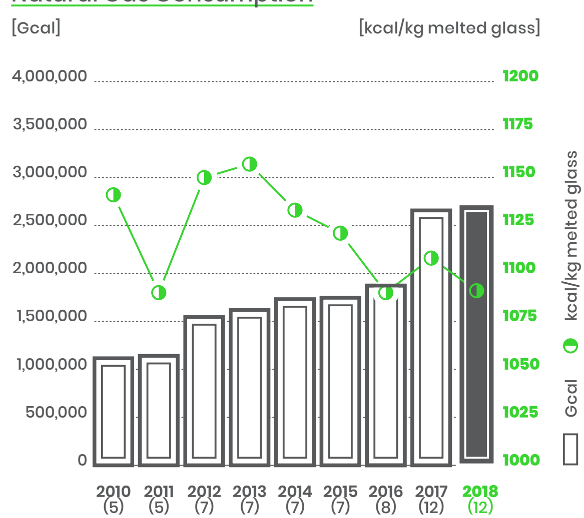


Reduce the Use of Natural Gas by 10%, Replacing it with Electricity

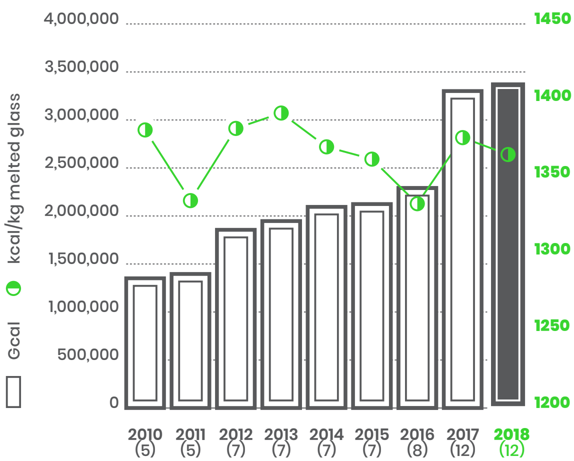
Glass production is an intensive consumer of energy, mainly natural gas, and BA has a clear goal to continuously decrease its consumption. BA has made several investments in its facilities, applying the best available technologies and implementing and improving monitoring systems, making them progressively more effective and efficient. In the recent furnace rebuilds, the Group has accomplished reductions of over 15% in the furnaces' operation per ton produced.

In 2018, despite the two furnace startups in Iberia and one in Central Europe, overall specific natural gas consumption has decreased on average by 1.5%, a yearly improvement that is satisfactory considering our 2030 target. Despite the reduction of natural gas consumption being partially achieved through its replacement by electricity, overall energy consumption has also improved by 0.8%. The investments planned for the coming years, particularly in the new South East Europe Division, which starts its investment cycle in 2019, have the reduction of energy consumption, mainly of natural gas, as one of the key priorities.

Natural Gas Consumption



Total Energy Consumption



Notes:

[5] consolidated value of 5 plants: Avintes, Marinha Grande, Villafranca de los Barros, León, Venda Nova

[7] consolidated value of 7 plants: Avintes, Marinha Grande, Villafranca de los Barros, León, Venda Nova, Sieraków and Jedlice

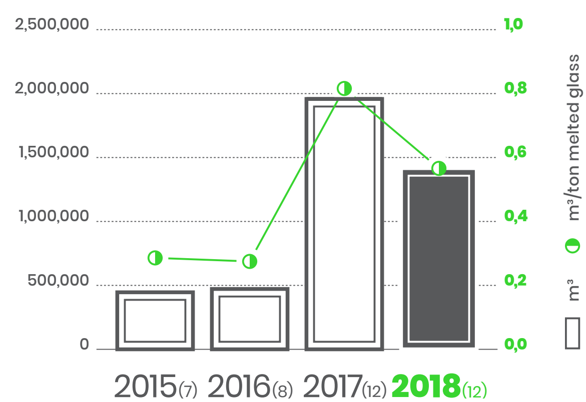
[8] consolidated value of 8 plants: Avintes, Marinha Grande, Villafranca de los Barros, León, Venda Nova, Sieraków, Jedlice and Gardelegen

[12] consolidated value of 12 plants: Avintes, Marinha Grande, Villafranca de los Barros, León, Venda Nova, Sieraków, Jedlice, Gardelegen, Athens, Sofia, Plovdiv and Bucharest

Reduce by 75% the Usage of Water to at Most 0.1 m³/ton

During 2018, BA continued to develop actions towards the decrease of water consumption in its plants. Two of the South East Europe plants had an abnormally high consumption, which resulted, back in 2017, in a large increase in the BA Group average water specific consumption with the integration of this new Division. The high values in these two plants were related to water recycling inefficiencies that were identified and measures were taken to start drastically reducing their consumption. The consumption in these plants was reduced by more than 40% in 2018 compared to 2017, but there is still room to improve, as there is still a large gap to be bridged to the best performing plants in the Group. The consolidated value in 2018 was 0.57 m³ per ton of melted glass, representing a reduction of 31% from 2017.

Water Consumption



Increase the Use of Cullet at Least by the Same % as the Collection Systems Achieve

The use of recycled glass (cullet) in glass production has a strong environmental impact, as the replacement of raw materials by cullet enables a decrease in the deposition of waste in landfills, the extraction of natural resources, the energy consumption of the furnaces and the CO_2, SO2, NOx and particles emissions. Glass is 100% and endlessly recyclable, which means there are no material losses in its melting, and there is no limitation in the number of times it can be recycled.

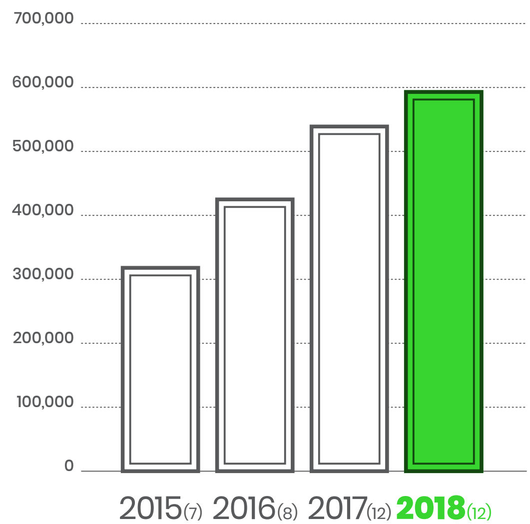
The increase in cullet consumption is a challenging goal to achieve, not only due to the difficulty in buying good quality cullet at competitive prices, but also due to the ineffective or non-existent collection and selection systems in some of the countries where we operate, which constrain the introduction of recycled glass into the composition of the glass we produce. In some countries where the Group operates there are not yet organized and efficient waste collection systems, a fact that reduces the possibility of recycling the bottles and jars used by consumers. Still we are confident that the systems will be put in place, as waste generation is growing, and its elimination is an expensive and complex process for all local authorities.

The cullet used by our plants comes from its own production activity, from the domestic and imported post-consumption waste and from the food and beverage producers' facilities. The great difficulty in acquiring cullet at competitive prices and quality was, as usual, the main constraint in 2018. An increase in the cullet incorporation rate was achieved in several plants, mainly in South East Europe. In 2018, the overall cullet usage increased by 1.3%, an achievement that exceeded the growth of the average collection rate in the countries where we operate.

To increase the possibility of using more recycled glass in its products, for the last two decades the Group has been investing (and will continue to invest) with success in its own recycling facilities, and did so again in 2018, spending half a million euros more. Currently, and from the cullet bought across the whole Group, 60% is cleaned in our facilities (in Iberia, this rate grows to 99%), ensuring a better level of quality, crucial in this raw material.

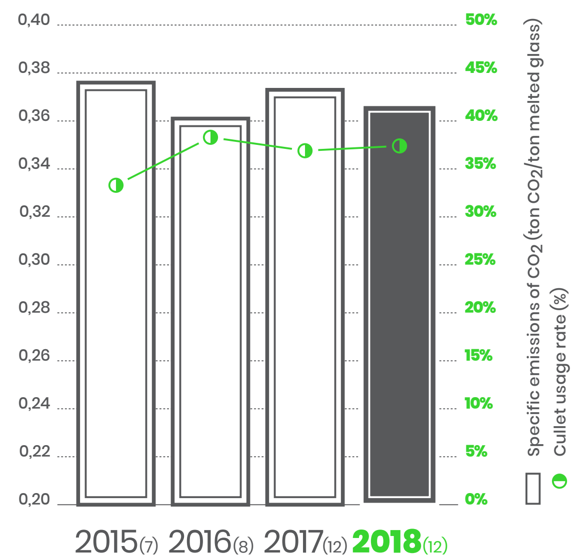
The consolidated rate of cullet's incorporation in our 12 plants was 37% in 2018, and in colored glass it was 51%. The average level of glass collection for recycling in Europe was 74% (according to FEVE), and BA will continue to work in its countries, with the aim to improve this level.

External Cullet Consumption [ton]



Specific CO_2 Emissions Versus Cullet Usage Rate

[ton CO_2/ton melted glass] [cullet usage rate (%)]



Decrease the CO_2 Emissions at Least to the EU Target Levels

In the glass production process, CO_2 emissions result mainly from the combustion of the natural gas needed to melt the raw materials and from the soda ash melting losses in the form of CO_2.

In 2018, and because of the improvement of natural gas consumption and the growth of cullet incorporated during the melting process, BA was able to reduce the CO_2 emissions per ton of glass produced by 1.6%, from 0.372 to 0.367 tons of CO_2.

Work Together with our Customers and Suppliers to Reduce the Amount of Packaging in our Final Product

The final product of BA is delivered to our customers in the form of pallets of glass containers. For that purpose, the most significant secondary packaging materials used are the plastic foil around the whole pallet and the cardboard trays between the layers of bottles or jars. Both materials generate waste and one of BA's environmental commitments is to explore and improve solutions with our customers and suppliers that reduce the amount of packaging used, eliminate part of it or reduce the material content (an example is thinner plastic foil).

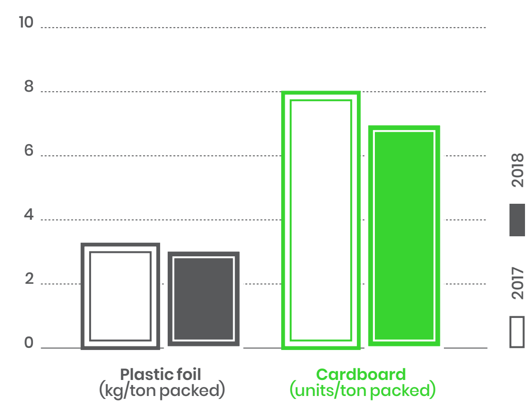
The closeness to our customers and deeper understanding of their needs, namely regarding their storage conditions and the packaging requirements that suit their filling lines, has allowed BA to, in some cases, optimize its packaging solutions. In addition, the investments that have been made in recent years in warehouse expansions, mainly in the new geographies, have improved the storage conditions allowing a reduction of the amount of plastic foil protecting the product. The close cooperation with our suppliers has been very important to find the best materials for the required packaging solutions. Also, the replacement of cardboard layers by returnable plastic layers, that can be reused multiple times, is a lever to reduce the waste generated.

Although the secondary packaging may be considered waste, all the materials used can be recycled or reused if the proper channels are used.

The reuse of wood pallets is managed by BA, which returned in 2018 more than 2.9 million pallets from its customers with an average rate of reuse of 80%. The ones that are not recovered by BA are reused by our customers or delivered to our customers' suppliers to be reused.

In 2018, the consumption of plastic foil and cardboard layers per ton of packed glass produced reduced by 5% and 12%, respectively.

Consumable Packaging Usage



Other Environmental Performance Indicators

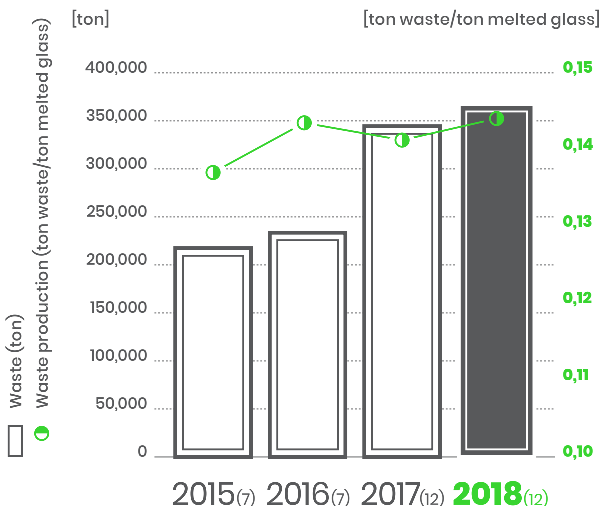
Internal Waste

All plant facilities within the BA group have implemented a waste management system whose purpose is to reduce the waste generated and increase its recovery.

BA recovers the waste generated during glass production (internal cullet), in the electrostatic precipitators and in the water treatment process (already mentioned above). Overall, the rate of recovery for the waste generated in its industrial process is very high (around 99%).

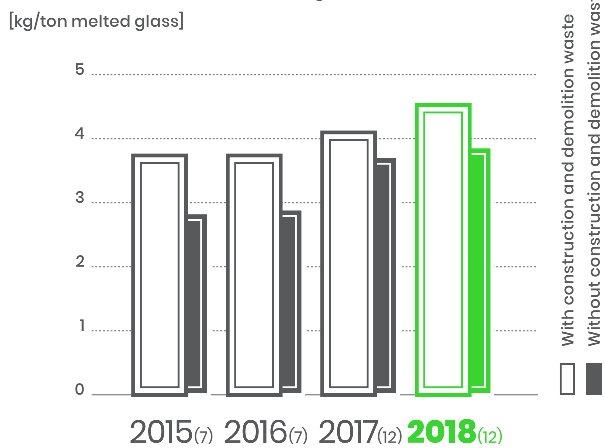
In 2018, the two furnace rebuilds in Léon and Gardelegen, and the new furnace construction in Villafranca de los Barros impacted the performance of the Group. The specific rate of waste generated during 2018 was 147 kg of waste per ton of melted glass, representing a slight increase over the rate of 2017.

Waste



However, the rate of waste generated in the production activity, excluding construction and demolition waste as well as the waste recovered internally, was about 3.88 kg of waste per ton of melted glass.

Generated Waste Excluding Internal Valuation



Atmospheric Emissions

Emissions of Particles, Sulphur Dioxide (SO_2) and Nitrogen Oxide (NOx)

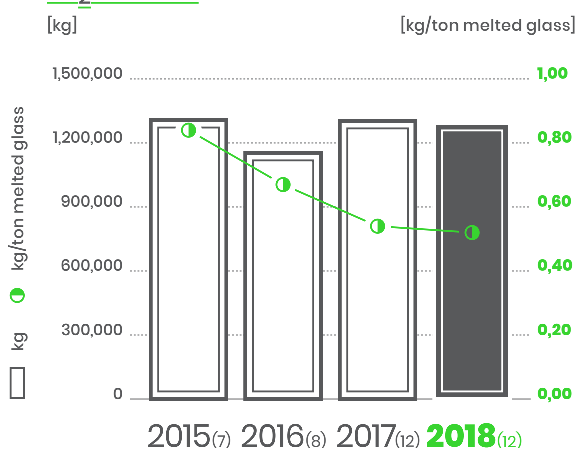
To comply with the regulation established in the environmental licenses of each plant, BA carries out periodic monitoring of the existing sources. In three of the plants (Marinha Grande, Venda Nova and Villafranca de los Barros), the monitoring of the NOx parameter is performed continuously. In Villafranca de los Barros, the particles and the SO_2 parameter are also now continuously monitored.

All plants, except for Athens, which is waiting for the construction permit, have an electrostatic precipitator and low-NOx content burners. The Germany plant has a catalyst system to reduce the NOx emissions.

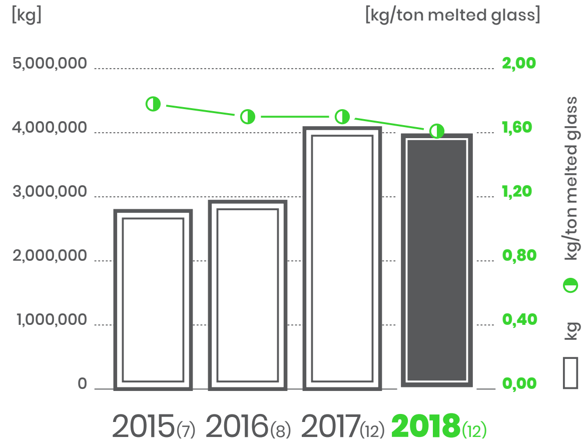
In 2018 the group continued to invest in the improvement of its environmental performance by adopting the best available technologies such as the installation of a candles filter in the new furnace in Villafranca de los Barros for particles and a lime introduction system for SO_2. For this new furnace BA has also installed a continuous monitoring system for three parameters: Particles, SO_2 and NOx.

The year 2018 was marked by the successful introduction of improvement actions aiming to decrease the NOx and SO2 emissions. With regard to particles emissions, we didn't improve against 2017, affected by the fact that the Plovdiv and Athens plants do not yet have a particles reduction system.

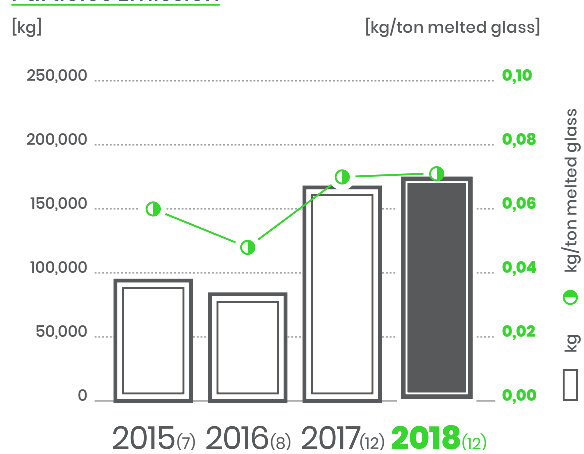
SO_2 Emission



NOx Emission



Particles Emission



RETURNABLE

Returnable packaging is more common than one-way packaging.

true?

R

ONE-WAY PACKAGING

FALSE.
Non-returnable packaging tends to be the choice for the retailers and consumers in the most developed markets.

Brand owners can also innovate more often and faster with one-way packaging.

Business Risks

The use of a risk assessment methodology allows the identification of exogenous and endogenous factors that can have a very significant influence on BA Glass profitability, being an integrant part of its management process and sustainable development.
By analyzing the critical points, potential situations of value destruction or creation can be identified, leading to decisions and actions to avoid, mitigate or even leverage the business risks.

These risks and how to deal with them are described in management procedures, emphasizing the procedure of "Crisis Management", where the rules and responsibilities of communication in case of exceptional events are specified. All the established procedures and management practices are regularly reviewed and optimized, with the collaboration of all areas involved in order to ensure the continuous improvement of processes and reduction of potential risks and/or their impact on the group business and sustainability.

Based on these principles and methodologies the following risks were identified, evaluated and mitigated:

Glass Packaging Industry Evolution: *the group's business depends intrinsically on the level of consumption of glass packaging in the markets, the level of confidence of economic players in that market and on the products' life cycle. The constant and growing innovation and development of new solutions/alternatives to the glass packaging is also a factor that can add uncertainty to the customers and markets where the group operates.*

BA Group customers include some of the world's well-known companies in the segments of Wine, Spirits, Food, Beer and Soft drinks, with an important reputation in their local markets and across borders. The group's exposure to this risk is naturally mitigated by its diversified presence in several customers, segments and products. Additionally, its geographical diversification minimizes the potential impact that an unfavorable evolution of a given market could bring.

The glass packaging industry has proved to have a significant resilience to the macro-economic cycles and, in some segments, has been experiencing a slight growth even in periods of economic recession.

Customer Habit Risk: *a significant change in the preferences of the final consumer may lead, ultimately, to the disappearance of brands in the market, for which the group produces glass containers. Events of customer concentration could also have a significant impact on the group, in terms of business volume and profits.*

BA Glass strives to diversify its customer and market portfolio. In 2018, the 30 largest customers accounted for 49% of the total sales, and levels of concentration in any given customer below what could represent a high risk for the continuity of the business. A significant share of these largest customers is multinational companies with presence / operations in several countries which mitigates the impact of specific changes on consumption habits.

Customer Credit Risk: *given the worldwide economic context, the group cannot rule out the possibility of having one or more customers disabled to honor certain contracts due to financial distress.*

The management of credit risk related to customers and other receivables is carried out in such a manner that minimizes the risk of non-receivables in the customers' portfolio.

BA Glass has access to an international database of credit risk analysis which is used to define its credit policy and monitor possible changes in the risk of non-receivables from its customers. This information is complemented with the assessment of the customers' account managers. The non-recourse factoring is a tool that the group can use to anticipate receivables and eliminate their risk.

The group does not use credit insurance for managing the credit of its customers on a recurrent basis, due to the fact that BA Glass customer portfolio presents a very low probability of bad debt. In situations of higher risk, namely in the exports, BA Glass uses export letters of credit.

The customer credit management policy has shown effectiveness in its results. In the last five years the bad debts represented less than 0.05% of the group's consolidated sales.

Risks Related to Suppliers: *should some of the group's main suppliers of raw materials declare bankruptcy, or experience lack of capacity to respond to the group's needs, or have quality problems, or any other incident disrupting its business, BA's operations could be significantly impacted, leading to additional costs or even impossibility to manufacture.*

The group has built a large base of suppliers in different countries for its raw materials, materials for production support and other equipment. The 20 biggest suppliers together accounted for 36% of the total consolidated purchases in 2018. Additionally, BA Glass closely monitors the quality and reliability of the products from its suppliers as well as their operations in order to guarantee that the value chain is assured and anticipate any potential disruption.

Risks Related to Energy Price and Power Cuts: *the natural gas and electricity supply are vital for the operational activity of BA Glass. These sources of energy represent, on average, 24% of the total costs of the group. A substantial increase of the energy price could boost the operational costs of the group, with a strong negative impact on its profitability. On the other hand, the slight possibility of experiencing a power cut for longer than 24* *hours could lead to a total disablement to manufacture in the affected plants.*

The natural gas contracts have an underlying formula that allows the adjustment of price in accordance to the variation of parameters which influence the gas price in the international markets (the exchange rate EUR/USD and the price of the brent). The Group does not have as a policy to carry out risk coverage contracts, regarding energy price variations, thus the group is exposed to positive or negative variations of the market. However, part of the energy price variation is reflected on the sales price, sometimes with a time delay.

The group has contracted with its suppliers, in the different countries of its plants, energy supply assured uninterruptedly. Additionally, contingency plans are in place to ensure the functioning of the production units for a certain period of time, until the power is supplied again.

Risks Related to Operational Stoppage: *the glass packaging manufacturing process is significantly capital-intensive and implies a permanent use of the furnaces and specific equipment for that purpose. A stoppage of a furnace in order to perform a non-planned or extraordinary repair work impacts significantly the operational results of the group, due to both the repairing costs and the resulting production losses.*

There is a detailed investment and repair plan for each furnace, which is periodically reviewed by an internal technical team, based on periodical inspections of the furnaces. A set of preventive and corrective measures, intended to lengthen the life of the furnaces and prevent extraordinary events, are included in their normal operation.

The group has contracted an all-risks policy which assures compensation for lost earnings, in case of accident.

Risks Related to Inorganic Growth: *as part of its growth strategy, the group made, and envisages in the future, acquisitions of other companies, entailing risks such as:*

> *[i] inaccuracy of business plans and consequent companies' valuation based on assumptions which may prove incorrect, especially in respect to future synergies and forecasts of the market evolution;*
>
> *[ii] failure in integrating the acquired companies, their employees and technologies;*
>
> *[iii] inability to retain some key employees,* customers or suppliers of the acquired companies;
>
> *[iv] the group may be forced to keep contractual relationships with costly and/or unfavorable conditions;*
>
> *[v] the increase of the group's debt to finance these acquisitions or refinance the debt of the acquired companies.*

All acquisition projects are analyzed within several scenarios, including the most pessimistic ones, in order to evaluate their impact on the target companies and establish realistic boundaries for their valuation. Strategies are designed to overcome those *worst case scenarios* from the beginning of the acquisition in a way that all necessary measures will be taken to minimize the impact of such events.

On an annual basis, the real development is tracked against the original business plan to validate the strategy initially defined at the moment of acquisition, evaluate the need for adjustments and learn for future acquisitions.

The Mergers & Acquisitions team is closely involved in the group's operations, in order to have a more thorough knowledge of the business and take into account all the relevant variables when analyzing new acquisition opportunities.

Risks Related to the Internationality of the Business: *the internationalization of the group forces it to be exposed to the economic, political, fiscal, legal and environmental risks of several countries.*

The group relies on the expertise of its financial, tax, legal and labor teams which permanently analyze, monitor and anticipate changes in the legislation and labor subjects of the several countries where the group operates, using external specialized support to overcome more complex matters, whenever is needed.

The group's exports are generated mostly in markets of the European Union, concentrated in countries where the company has already large experience in how to operate and with customers with good risk profile.

Risks Related to Competition: *the main competitors of the group are: Owens-Illinois, Verallia, Vidrala, Ardagh, among others with small presence in the market. The group faces significant competition from those glass container producers, as well as from the makers of alternative forms of packaging, such as aluminum cans, plastic containers and cardboard packaging. Competition is based mainly on price, innovation, quality, delivery and customer service as a whole. Decisions from competitors could result in excessive capacity in certain countries, leading to significant price pressure in the packaging market, and consequently a strong impact on profitability.*

Innovation and product development represent the two major challenges for the group, and the strong focus on those aspects is what enables it to remain competitive. In 2018, BA Group developed 272 new products and launched 119 new products in the market.

On a continuous effort to maintain the technology of its operations at the industry's forefront, in order to answer and even anticipate the market needs, the group regularly makes investments on refurbishments and on its operating structure, that are significantly above the industry average, aiming for a superior quality and flexibility levels.

The rising international exposure that the Group has been pursuing also aims to seek for new markets, diluting the competitive pressure in some of the markets where BA Glass operates.

Interest Rate Risk: *the group is exposed to the risk of changes in market interest rates due to the existence of assets and liabilities negotiated with fixed or floating interest rates.*

As a standard rule, the group does not use hedging of interest rate risks as the management controls closely the leverage of the group by following closely the level of Net debt / EBITDA keeping it on levels considered to be conservative, as well as the level of EBITDA / Interests guaranteeing those do not reach values that can imply risks to the financial stability of the group. Keeping these two indicators under strict control and under certain limits lowers significantly the risk to interest rate fluctuations.

Foreign Exchange Risk: *the group is exposed to exchange rate risks due to its share of sales and purchases in currencies different from the Euro. The changes that occur in the exchange rates can have an impact in the group in terms of direct competitiveness of the subsidiaries in their markets as well as in the Group balance sheet by the consolidation of subsidiaries with currency different than euro.*

The group's activities performed in currencies other than euro account for a small percentage of the total activity and almost all those transactions allow to have natural hedging of cash flows between currencies. Sales other than Euro (in the subsidiaries) are of 18% of total revenues and purchases account for 28% of total purchases (21% of total revenues). In Bulgaria, the stability of the exchange rate is very high, which decreases the impact on the Group balance sheet by the consolidation of the companies based in this country.

Liquidity Risk: *in order to finance its own investments and operational activity, BA Glass has to contract debt with financial institutions.*

The group's profitability has enabled it to continuously ensure healthy equity/ debt ratios, ensuring that the cash-flows generated by the business enable the regular repayment of its debt to keep it at safe levels.

BA Group works with the largest banks in the local markets where it operates, in order to create local relationships. There is a wide diversification of its debt portfolio, to avoid an excessive dependency on any specific financial institution. The group always keeps partially unused overdraft lines in order to face the constraints that could arise from an unforeseen event.

Legal Risks Related to Disputes: *there are no arbitration, judicial or governmental proceedings that may have a meaningful impact on the accounts and present a risk.*

All disputes are periodically analyzed by the group's legal department. When necessary, and in accordance with the international accounting standards, provisions are created to surpass potential risks which may arise from disputes. At the date of this report, there are no outstanding cases which could have a meaningful impact on the equity and financial structures of the group.

Industrial Intellectual Property Risk: *the group possesses all the necessary licenses for the use of all the technology and equipment needed in order to carry out its activity.*

Property, Industrial and Environmental Risks: *the group's properties, plants and equipment are exposed to various risks: fire, explosion, natural disasters, system failures, pollution, non-compliance with the legal limits of emissions, among other factors.*

Periodic audits to the safety systems against fire and intrusion and even to the control systems at the plants are performed. With the objective of minimizing this risk, there are several simulations that BA Glass performs on a regular basis to test the emergency plans in the case of fire, unanticipated power cut and even glass leakage.

BA Group regards environmental considerations as an integrant part of its overall management, having implemented an Environmental Management System, certified according to ISO 14001 (with the exception of Gardelegen and Athens plants).

Gardelegen plant in Germany is certified by ISO 50001 – Energy Management, supporting the plant to use energy more efficiently, through the development of an energy managment system.

On a daily basis, all plants of the group are focused on the minimization of the environmental impact of its activities (reduction of the air and noise pollution) and on the promotion of a rational use of the resources, by setting, annually, actions aiming to increase the glass recycling, rationalization of water consumption, energy and raw materials and the weight reduction of the containers produced.

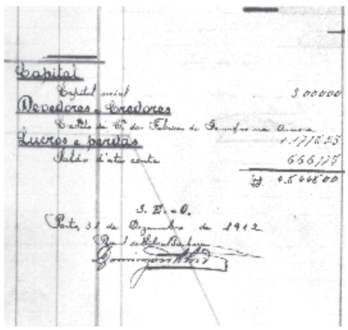
It is imperative to highlight that all assets of the group have insurances guaranteed by well-known insurance companies in the market, offering a guarantee of solvability in case of accident. On a regular basis, BA Glass performs, together with the insurance companies, audits to the risks in order to execute improvement plans and reduction of property risk. Adding to this, BA Glass also has insurances that guarantee the compensation in the case of business interruption, in order to minimize the impact of possible accidents.

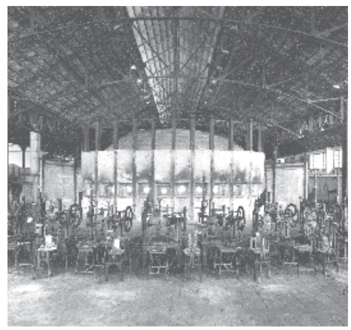

WASTE
The glass that is put in the glass bins, goes then to landfills anyway.
true?

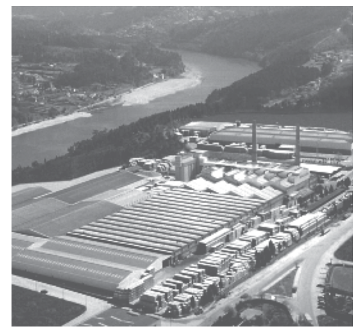

Together we all need to join forces
to increase recycling rates
and optimize waste management.
FALSE.
Almost 100% of all the glass that consumers
put in glass bins ends up making other bottles and jars,
reducing the waste that goes to landfills.

BA Group

over 100 years of history



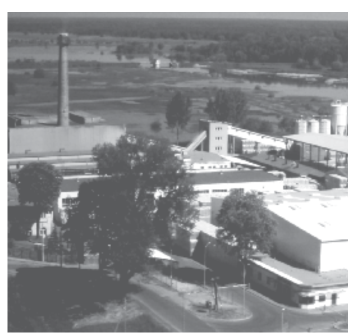




1912
Incorporation of Barbosa & Almeida

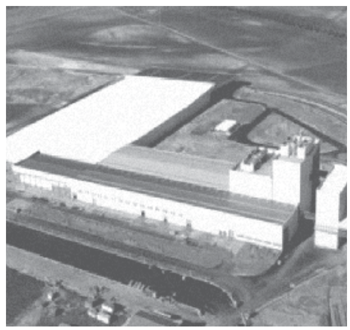
1947
Introduction of Automatic Technology

1969
Start of Operation at the Avintes Industrial Unit



2008
Acquisition of Sotancro

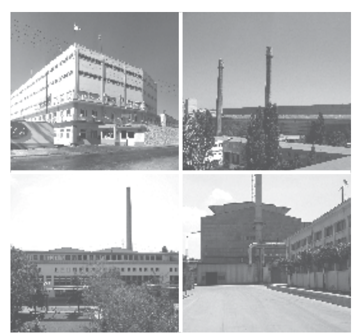
2012
Acquisition of Warta



1993
Acquisition of CIVE

1998
Start of Operation at Villafranca de los Barros Industrial Unit

1999
Acquisition of Vidriera Leonesa



2016
Acquisition of HNG Global

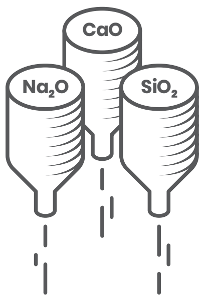
Acquisition of 25% Anchor Glass

2017
Acquisition of Yioula

Glass Packaging

manufacturing process

stage 1



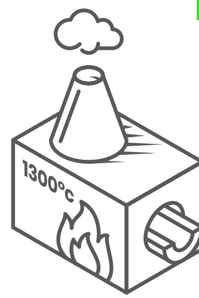
Glass Composition

At this stage, all raw materials are stored, measured and mixed to create the mass composition to be vitrified, which will be brought to furnaces where fusion will take place. The basic composition of glass package is:

Silicon Dioxide (SiO_2) 70 › 72%
Sodium Oxide (Na_2O) 12 › 14%
Calcium Oxide (CaO) 9 › 11%
Magnesium Oxide (MgO) 0 › 3%
Aluminium Oxide (Al_2O_3) 1 › 2%
Potassium Oxide (K_2O) 0 › 1%

This composition incorporates treated used glass, ground glass wastes from internal and/or external recycling.

stage 2

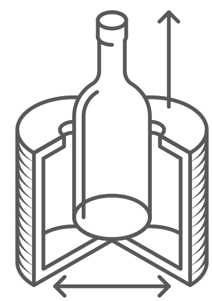


Raw Materials Fusion

At the refractory furnaces, the material fusion is processed at a 1,500 to 1,600°C temperature.

The liquefied glass moves along the large container under gravity action of the dropping material and goes through a "tuning" stage, where thermal homogeneity of the whole melted mass has to be guaranteed, as it is a crucial condition to obtain a product of quality.

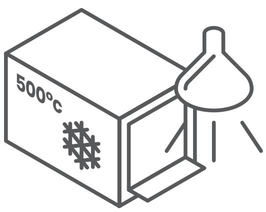
stage 3



Glass Forming

There are two stages in the moulding process of a piece: in the first one, glass is introduced in the start mould located at one of the sides of the machine, where it takes its first shape (pre-form); in the second stage, the pre-form is transferred into the final mould located at the opposite side of the machine, where the final shape is given to the piece.

stage
4

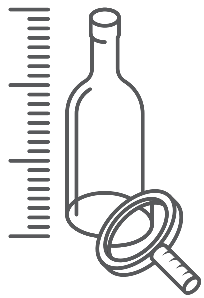


Annealing and Surface Treatment

During the moulding process, the glass is in contact with the mould walls, which are at relatively low temperatures.

As such, the external layers of the pieces are much colder than the internal ones, and this temperature differential tends to be kept due to the poor conductivity of glass, therefore a thermal treatment, called annealing, is performed. This treatment consists of a thermal homogenisation of the whole glass mass, eliminating thus all tensions.

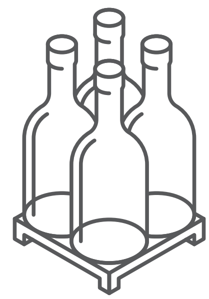
stage
5



Inspection and Quality Control

After concluding the annealing procedure, the pieces are taken into automatic inspection machines that through several defect detection mechanisms dispose of faulty pieces.

stage
6



Packaging

At the production line end, glass packages are grouped together by layers in pallets.

These are covered with plastic film to protect each unit and make transport easier; these packages are then shrinked in an adequate furnace, and afterwards pallets are conveyed to the storage area.

www.baglass.com

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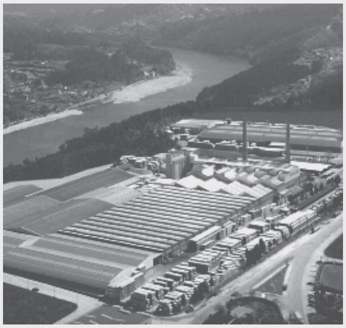

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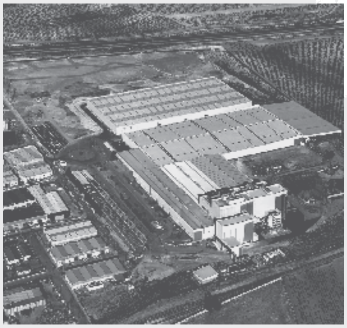

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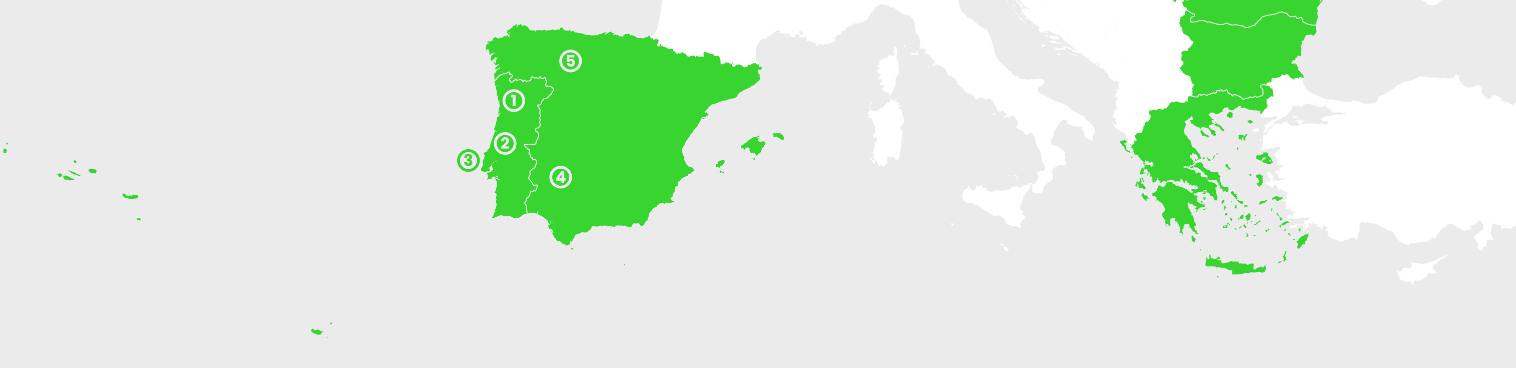

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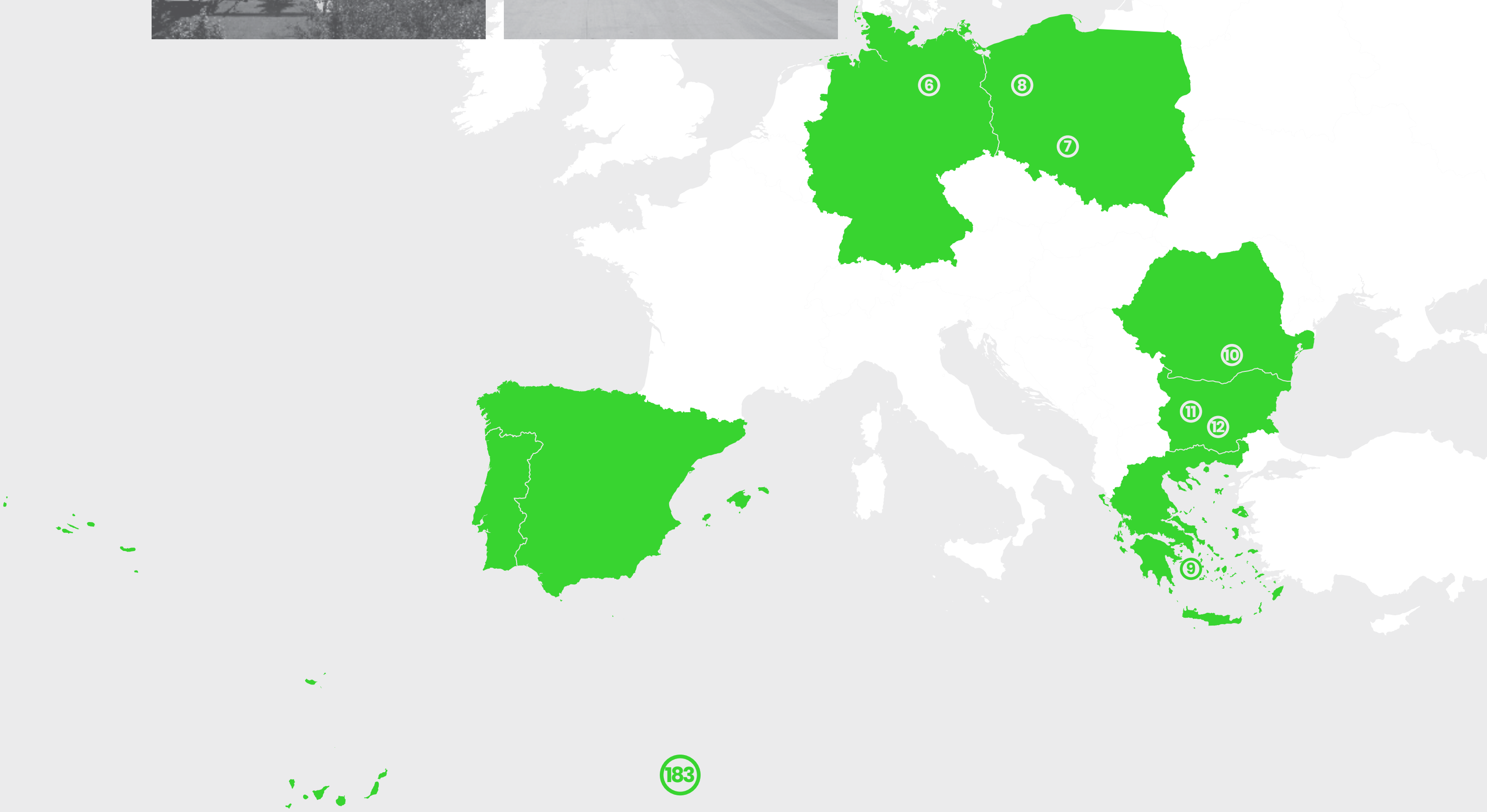

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beyond.
always.

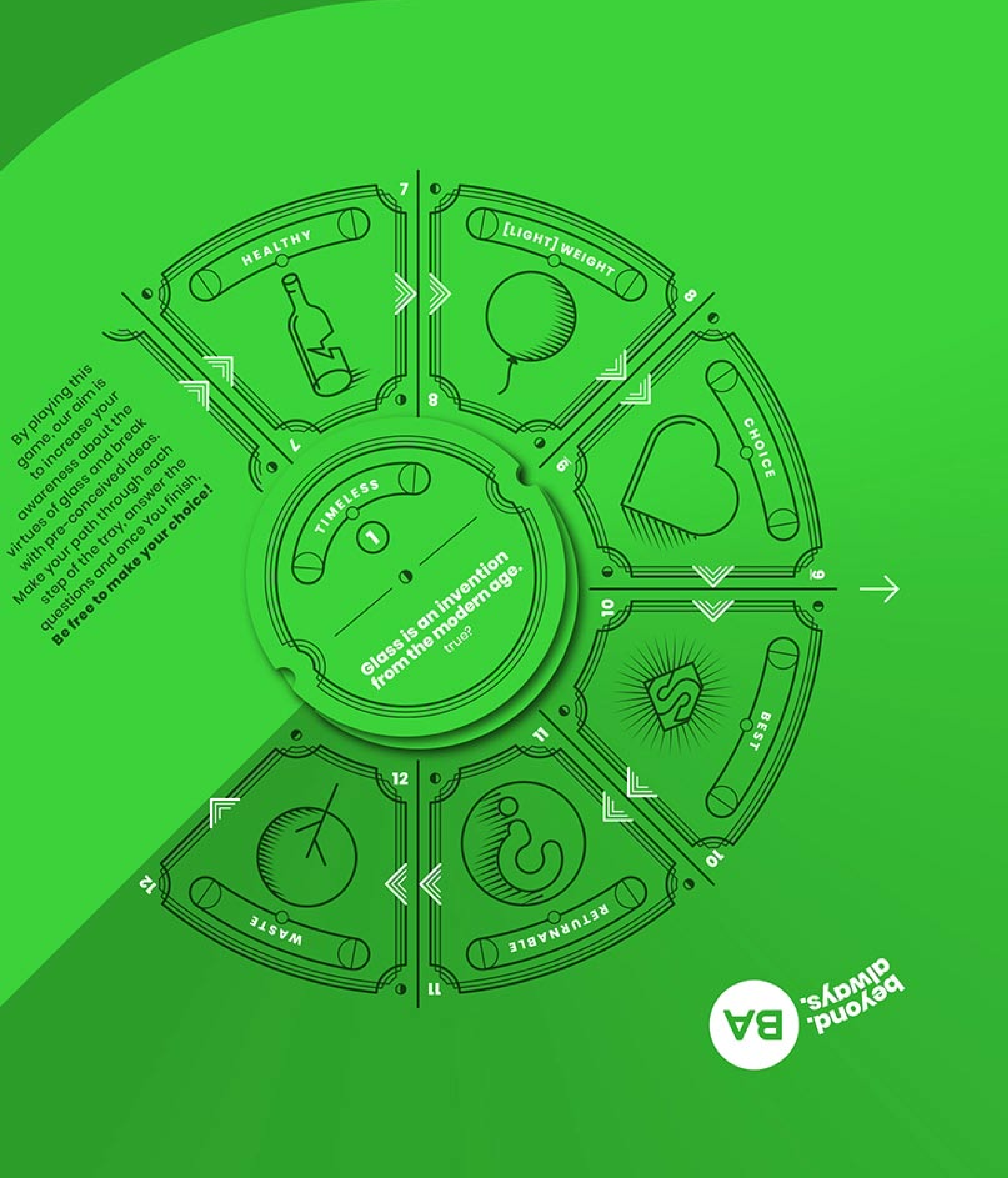
BA

Go Beyond i

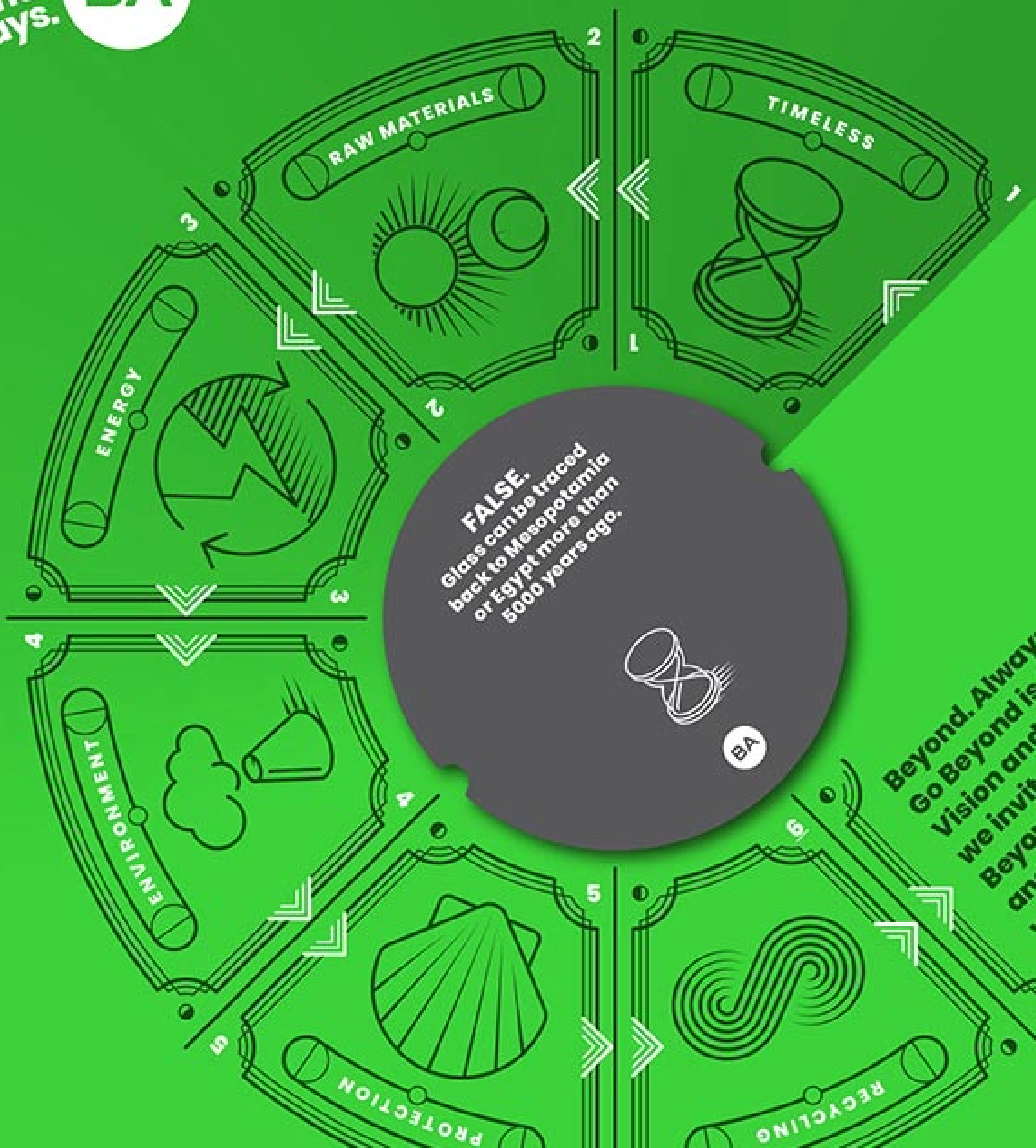

is the path of our Vision
game board

beyond. always. BA

Beyond. Always.
Go Beyond is the path of our
Vision and, to reinforce it,
we invite You to go
Beyond paradigms
and taboos related
with glass
packaging.


By playing this game, our aim is to increase your awareness about the virtues of glass and break with pre-conceived ideas. Make your path through each step of the tray, answer the questions and once You finish, **Be free to make your choice!**
TIMELESS
1
Glass is an invention from the modern age.
true?
7
HEALTHY
8
[LIGHT] WEIGHT
9
CHOICE
10
BEST
11
RETURNABLE
12
WASTE
beyond. always.

beyond. always. BA



Beyond. Always.
Go Beyond is the path of our Vision and, to reinforce it, we invite You to go Beyond paradigms and taboos related with glass packaging.

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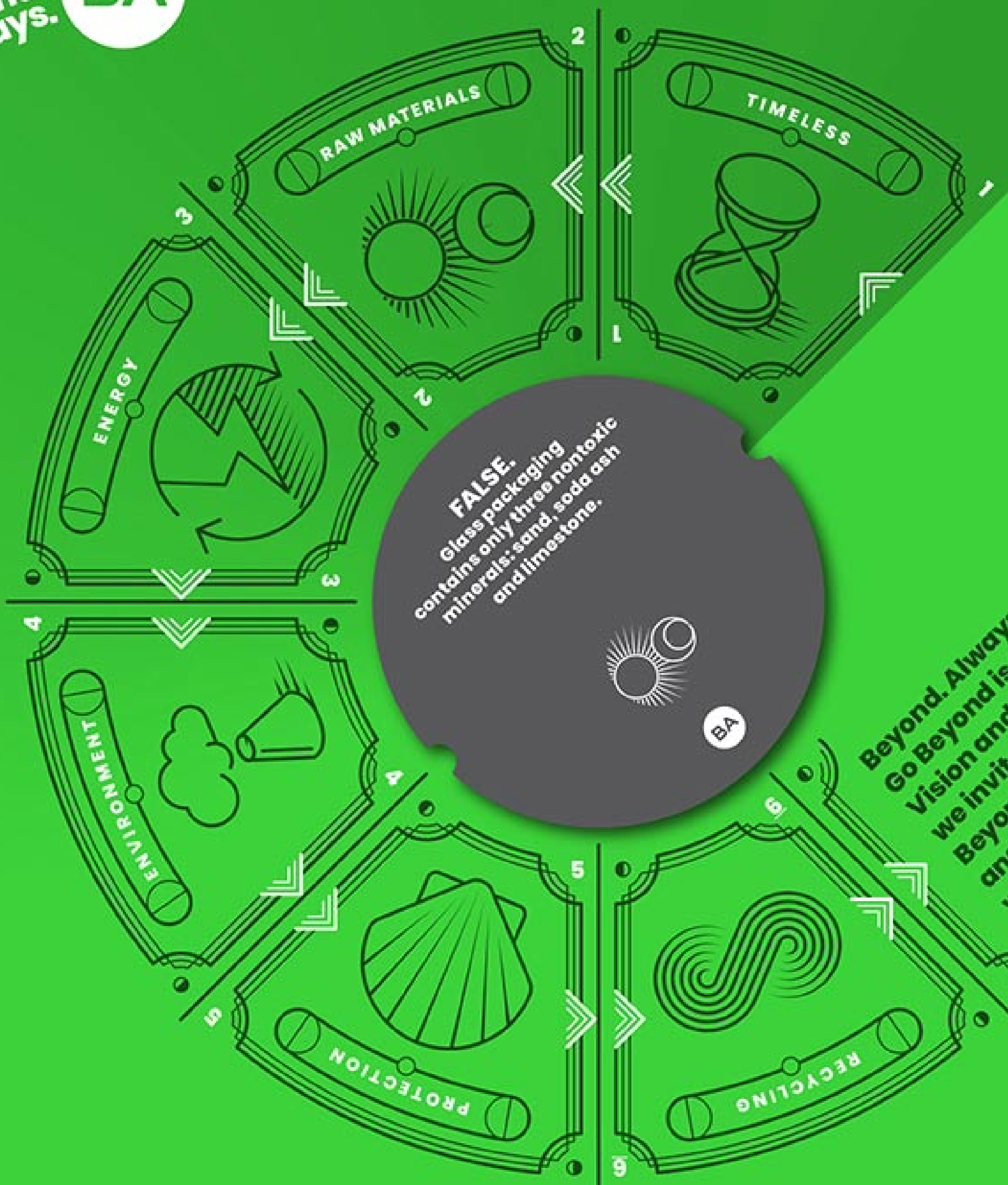
beyond.
always.
BA



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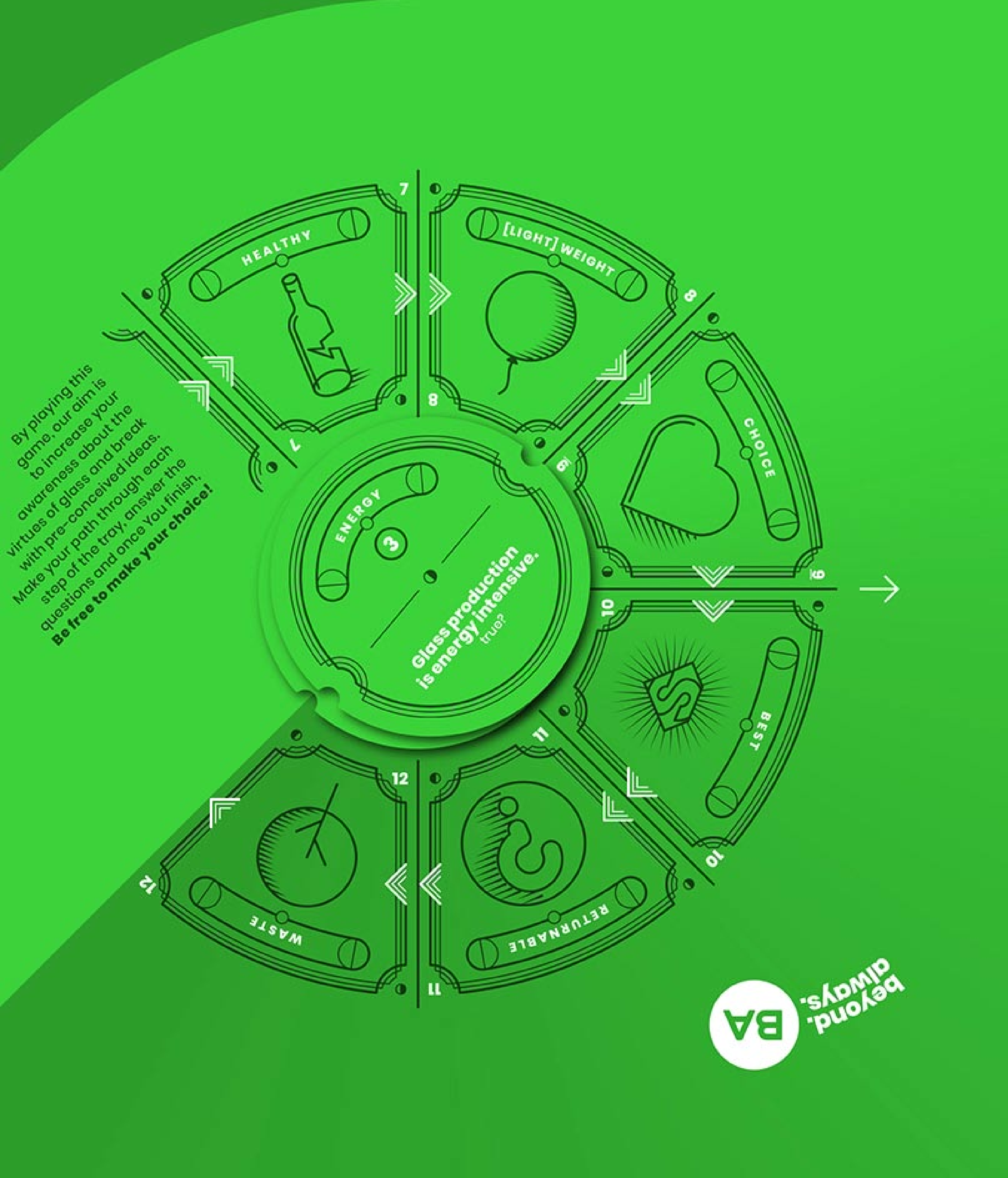
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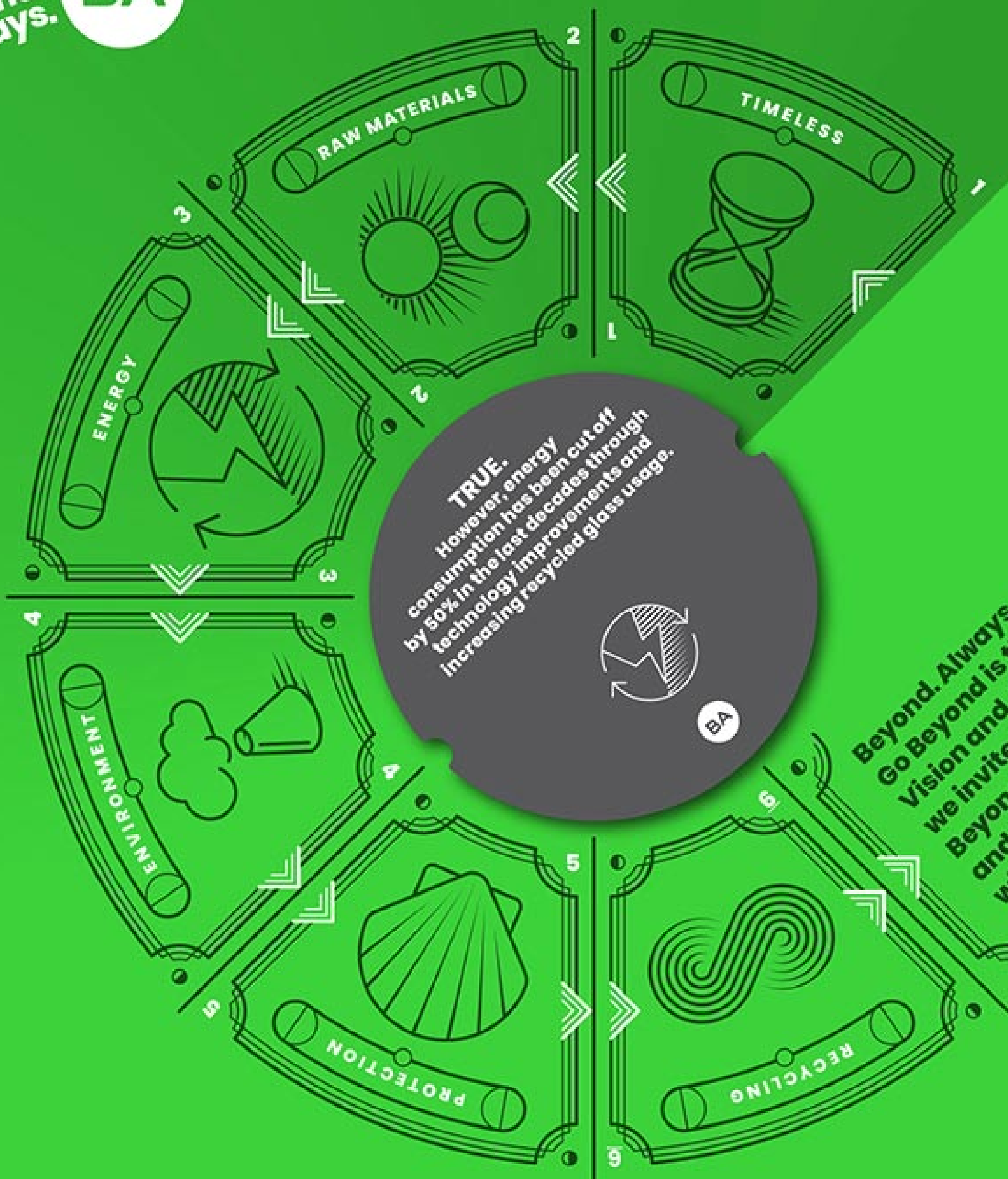
Be free to make your choice!
HEALTHY
[LIGHT] WEIGHT
CHOICE
BEST
RETURNABLE
WASTE
ENERGY
3
Glass production is energy intensive.
true?
7
8
9
10
11
12
beyond.
always.



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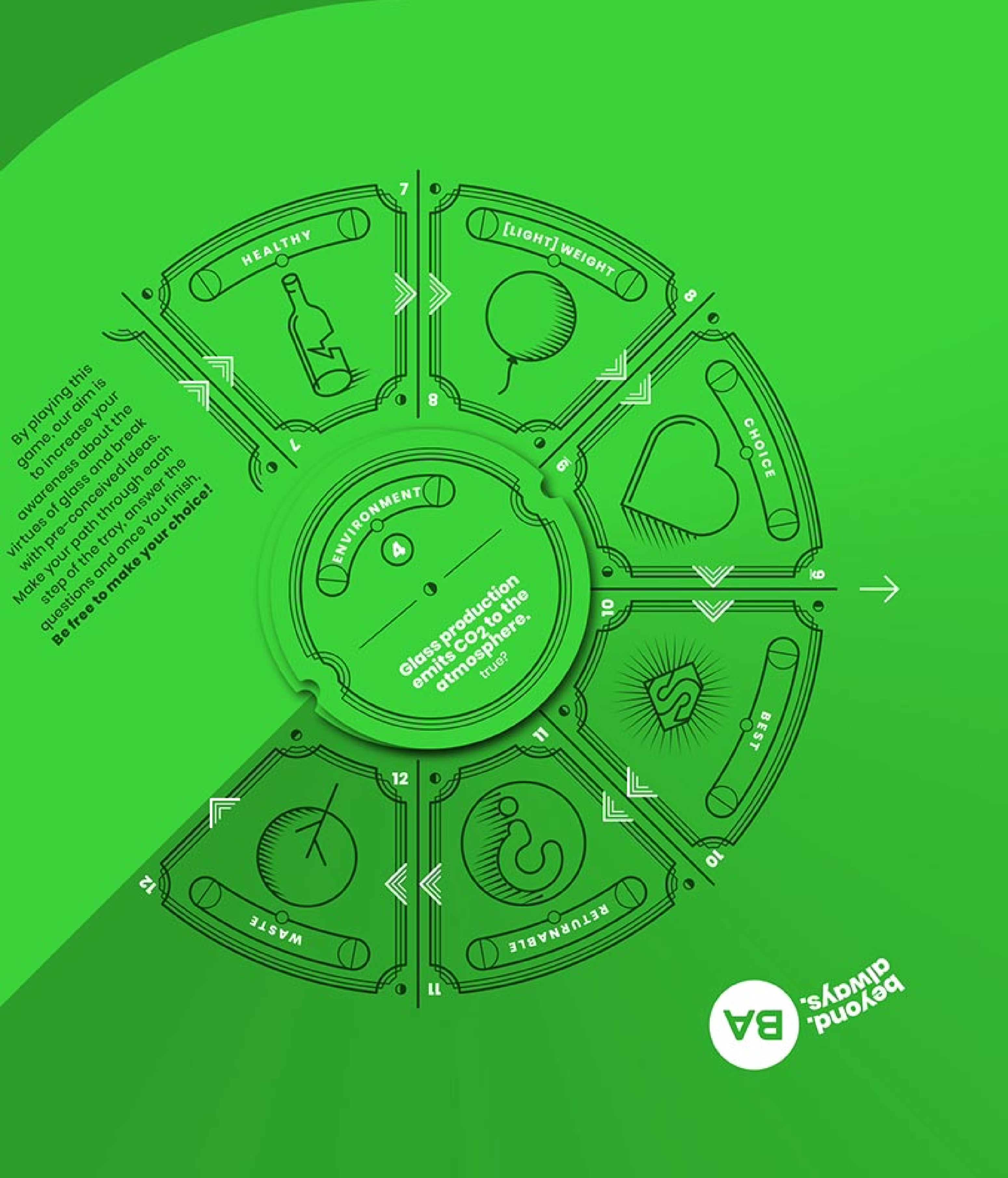
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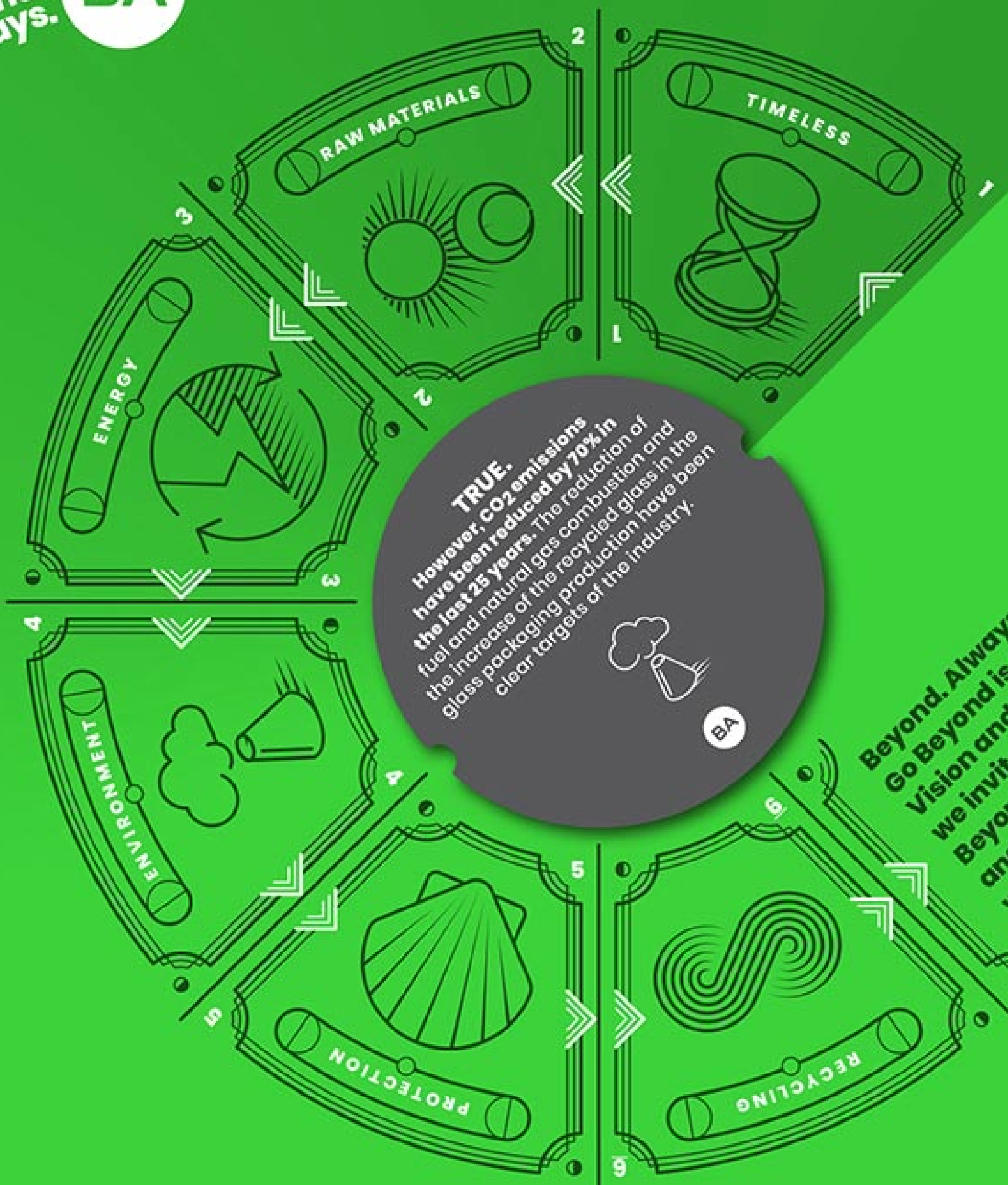
HEALTHY
[LIGHT] WEIGHT
CHOICE
BEST
RETURNABLE
WASTE
ENVIRONMENT
4
Glass production emits CO_2 to the atmosphere.
true?
beyond. always.

beyond. always. BA



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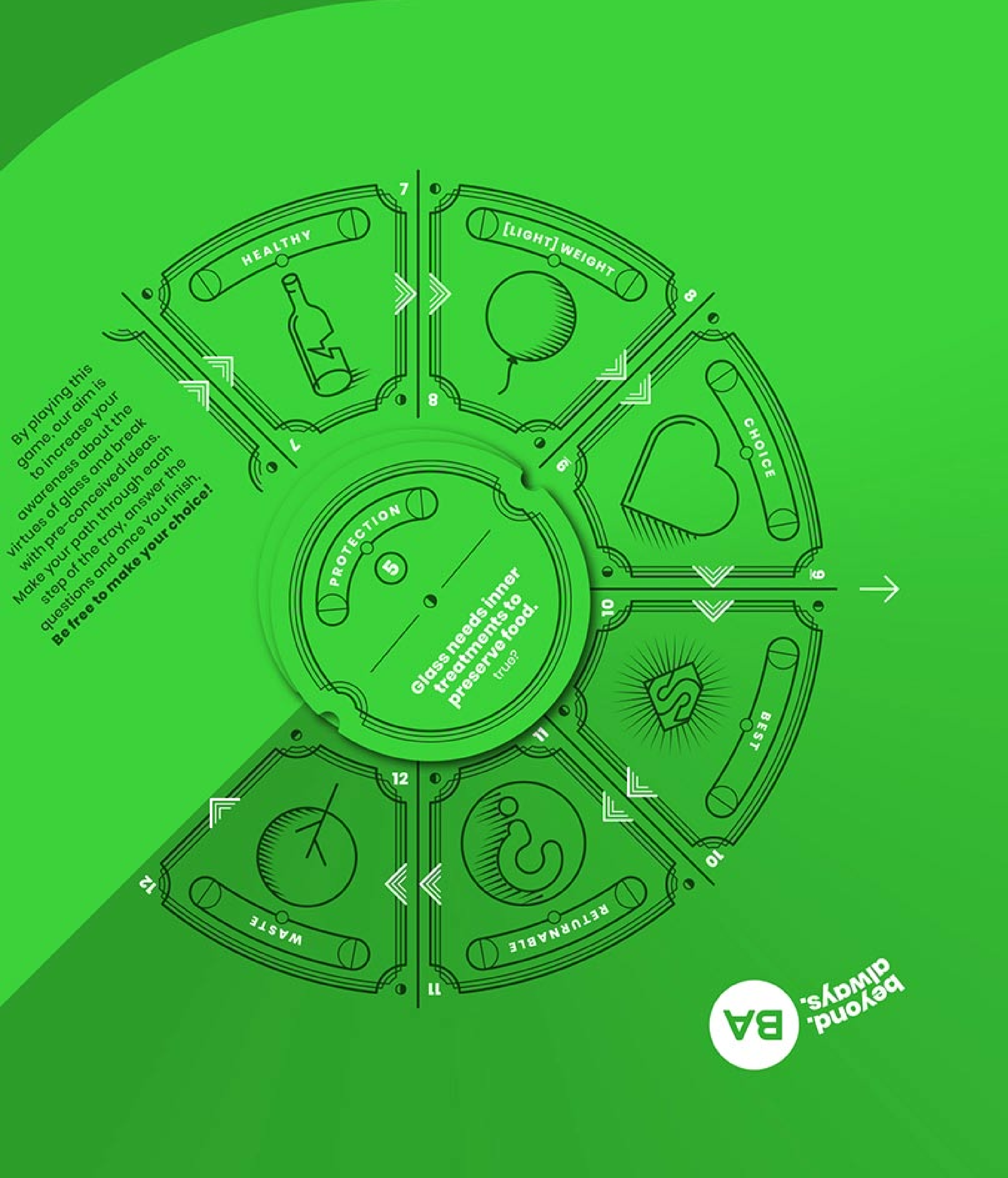

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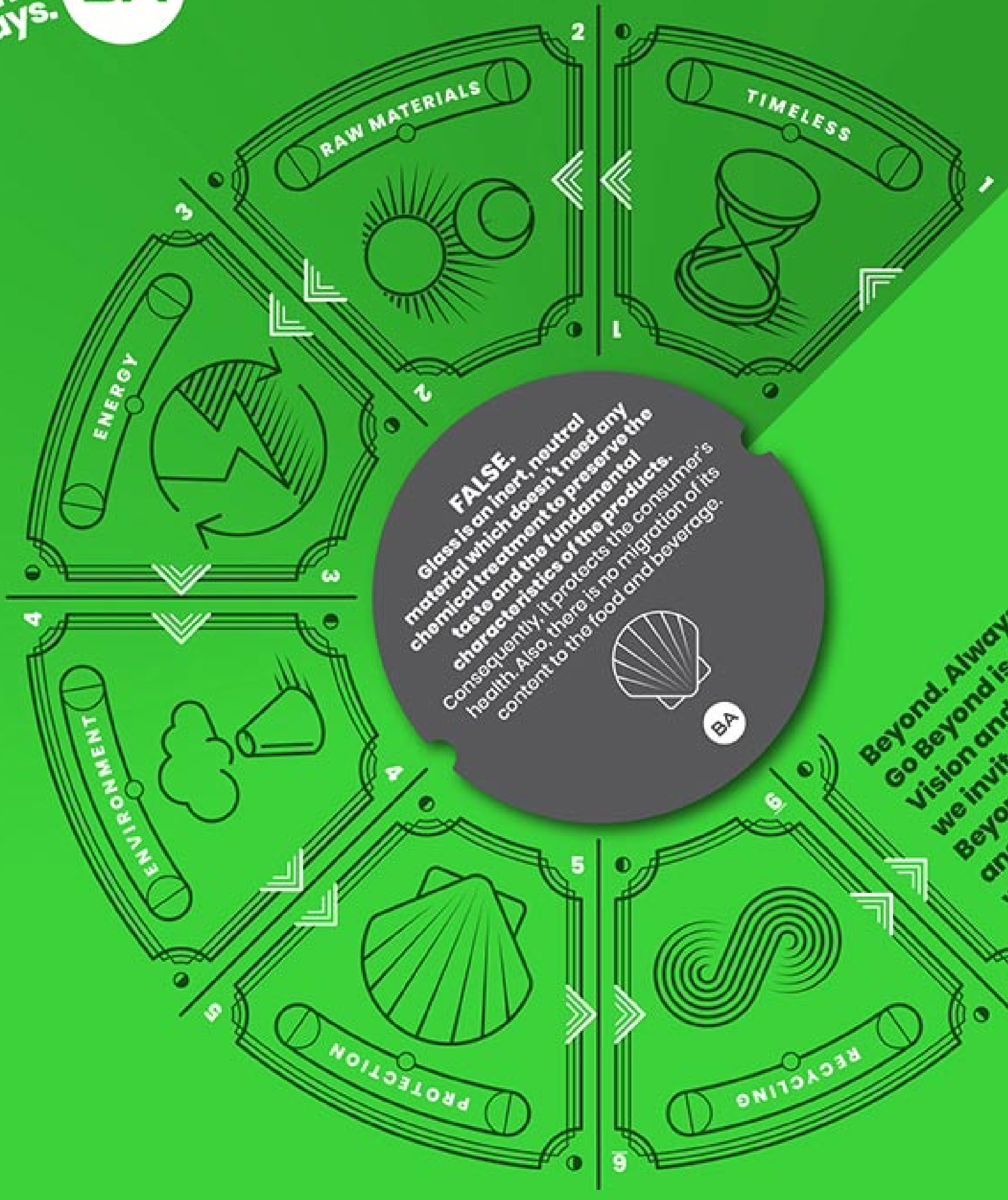
HEALTHY
[LIGHT] WEIGHT
CHOICE
BEST
RETURNABLE
WASTE
PROTECTION
5
Glass needs inner treatments to preserve food.
true?
beyond. always.



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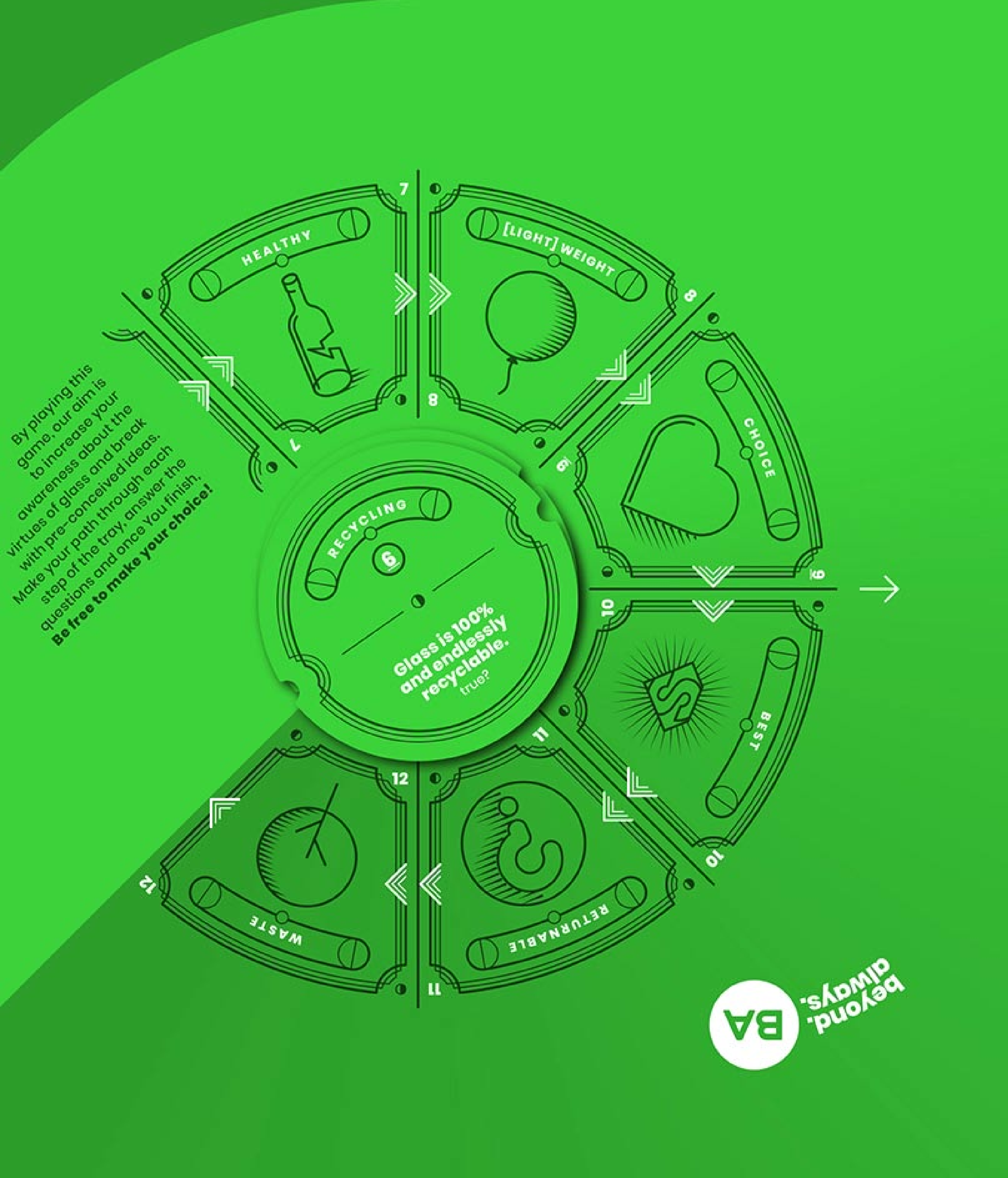
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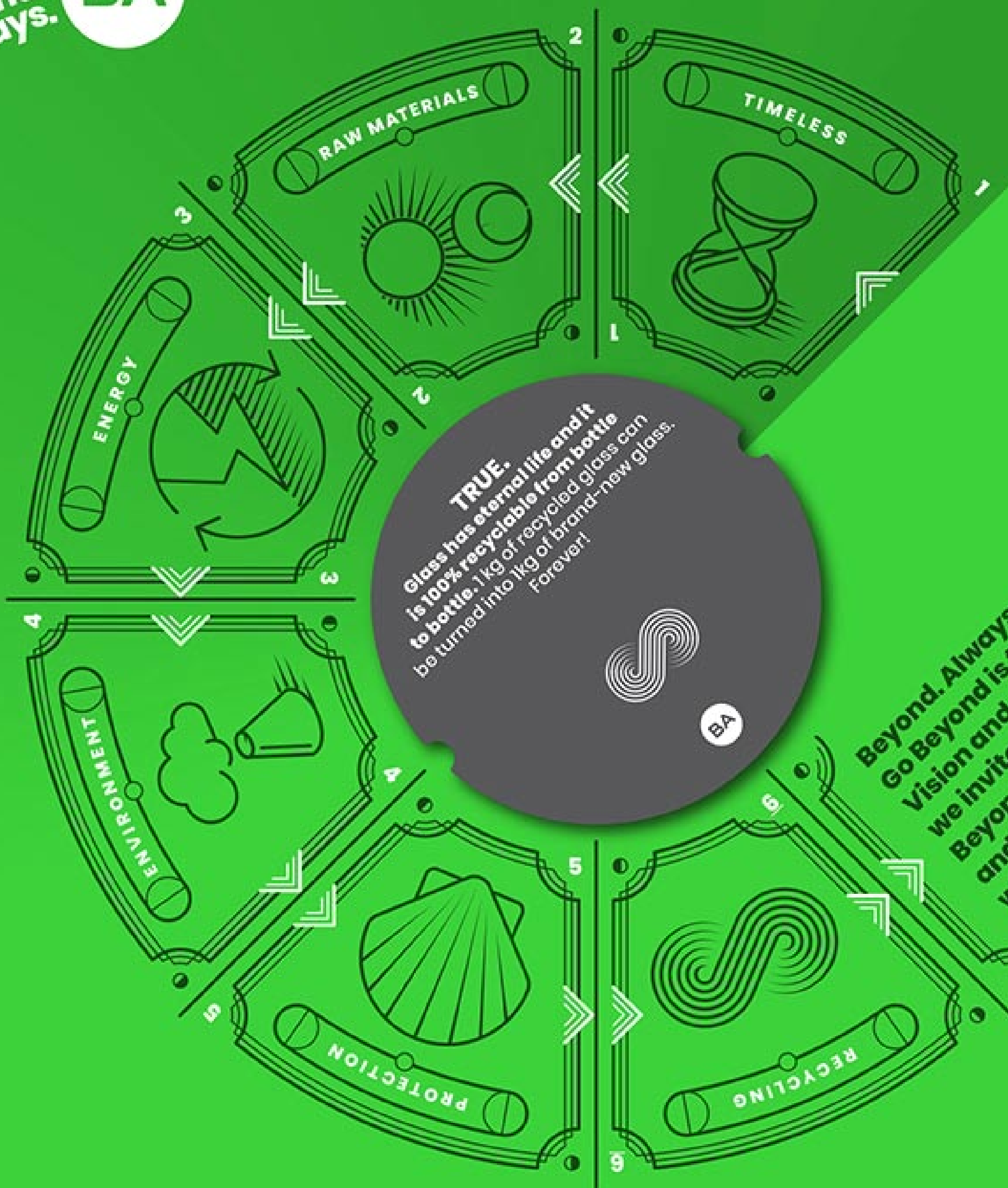
HEALTHY
7
[LIGHT] WEIGHT
8
CHOICE
9
BEST
10
RETURNABLE
11
WASTE
12
RECYCLING
6
Glass is 100% and endlessly recyclable.
true?
beyond. always.
BA

beyond. always. BA



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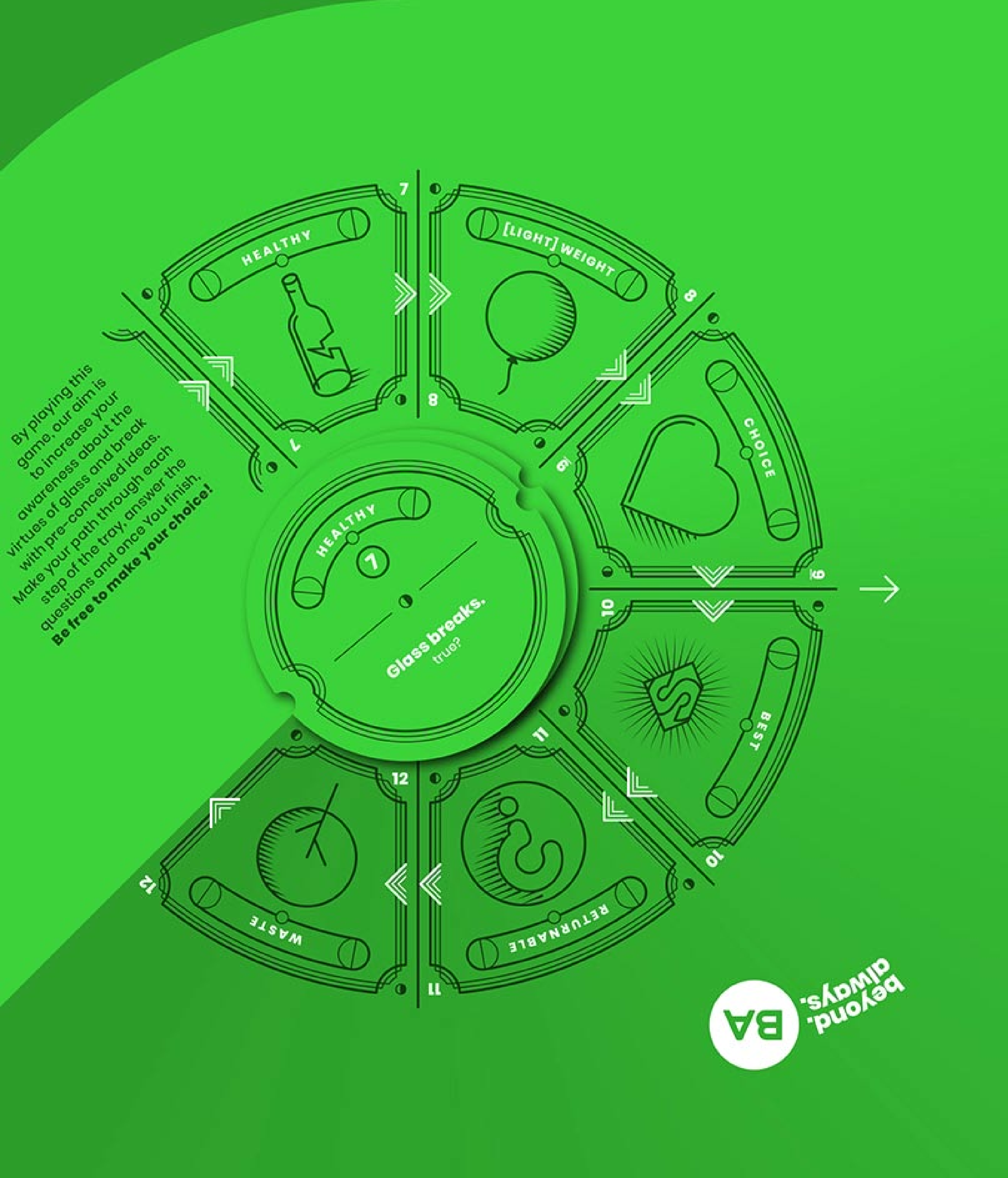
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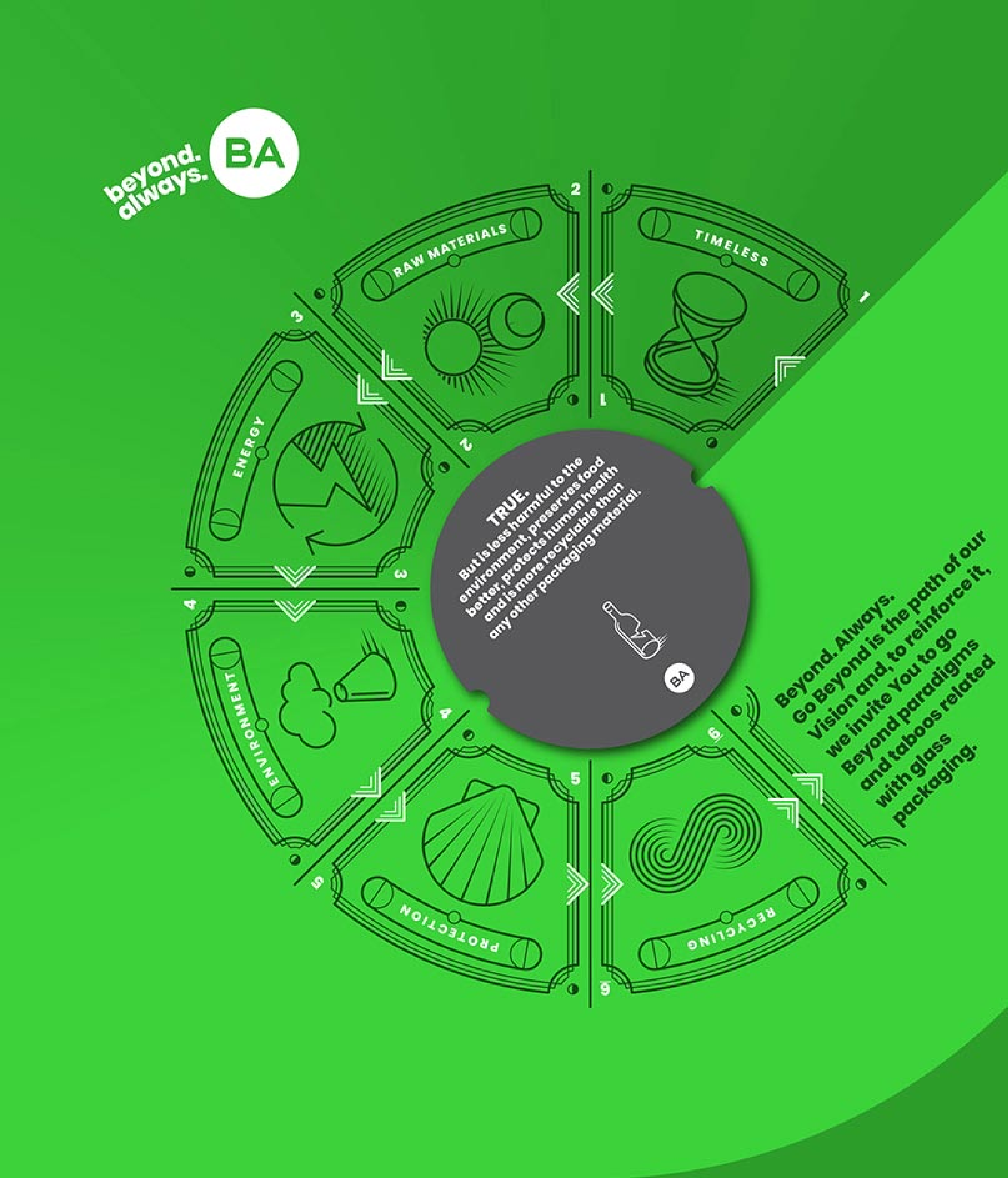
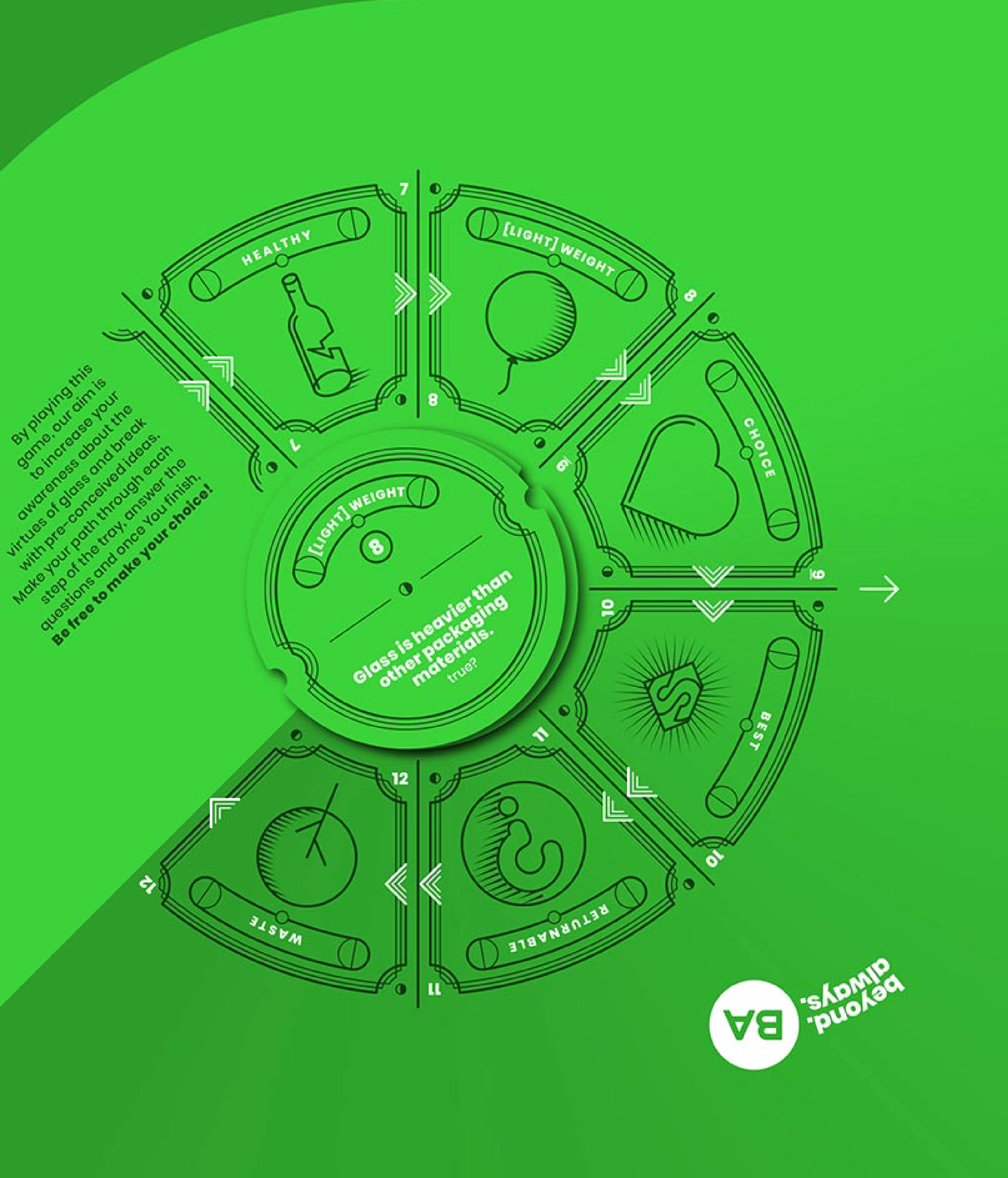
HEALTHY
7
[LIGHT] WEIGHT
8
CHOICE
9
BEST
10
RETURNABLE
11
WASTE
12
HEALTHY
7
Glass breaks.
true?
BA
beyond.
always.


beyond. always.
BA
TIMELESS
RAW MATERIALS
ENERGY
ENVIRONMENT
PROTECTION
RECYCLING
TRUE.
But is less harmful to the environment, preserves food better, protects human health and is more recyclable than any other packaging material.
BA
Beyond. Always.
Go Beyond is the path of our Vision and, to reinforce it, we invite You to go Beyond paradigms and taboos related with glass packaging.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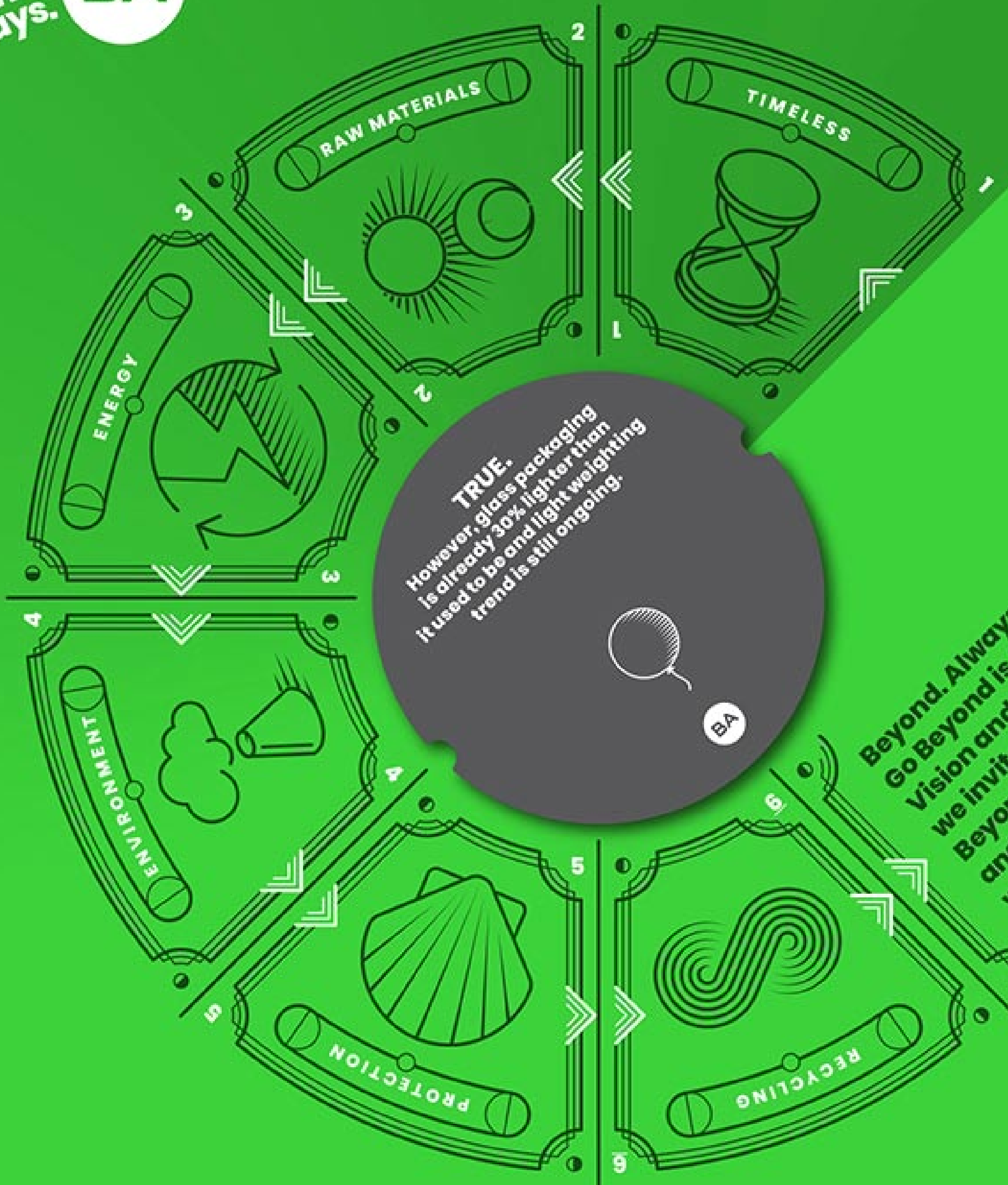
HEALTHY
7
[LIGHT] WEIGHT
8
CHOICE
9
BEST
10
RETURNABLE
11
WASTE
12
[LIGHT] WEIGHT
8
Glass is heavier than other packaging materials.
true?
BA
beyond. always.

beyond. always. BA



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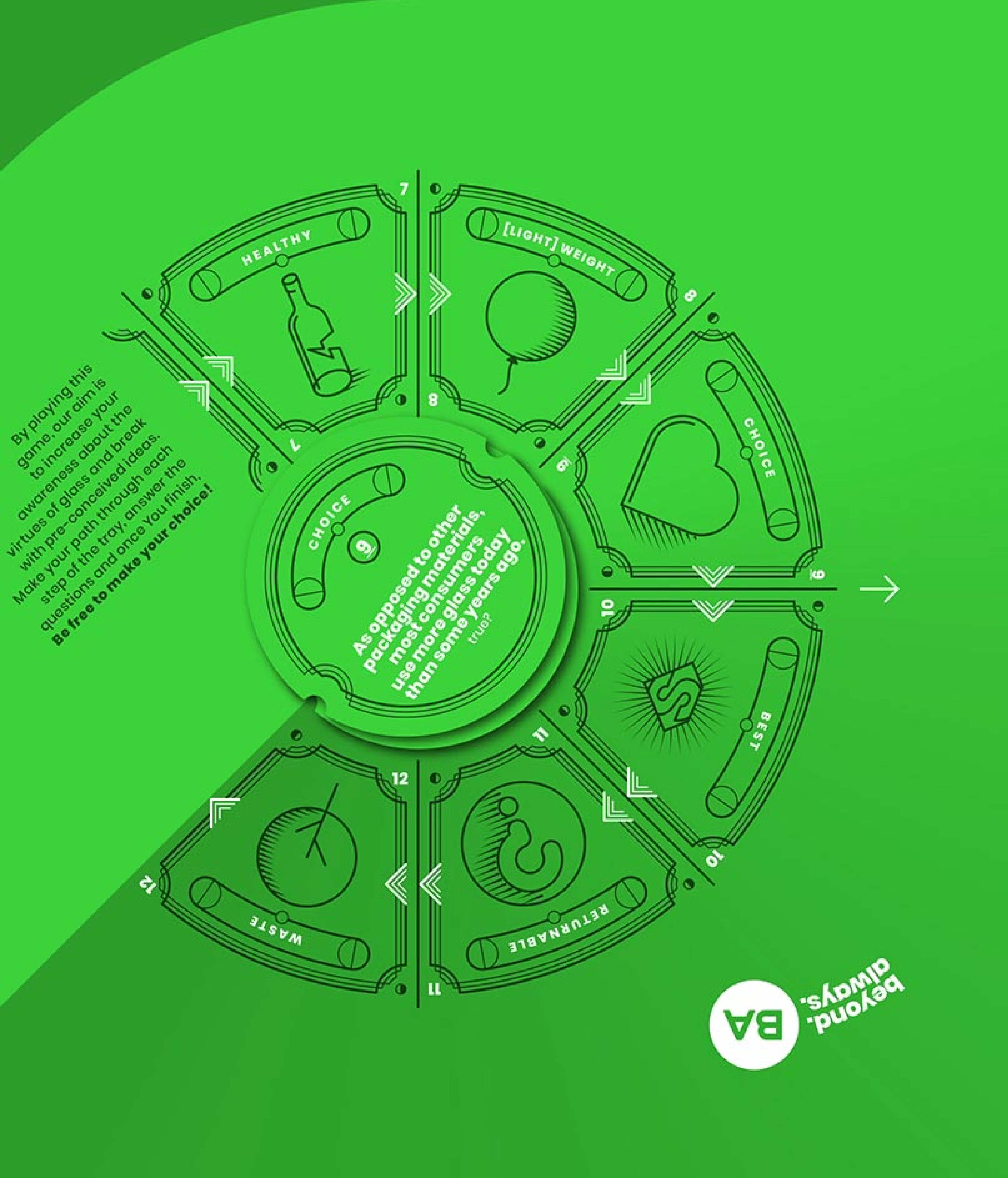
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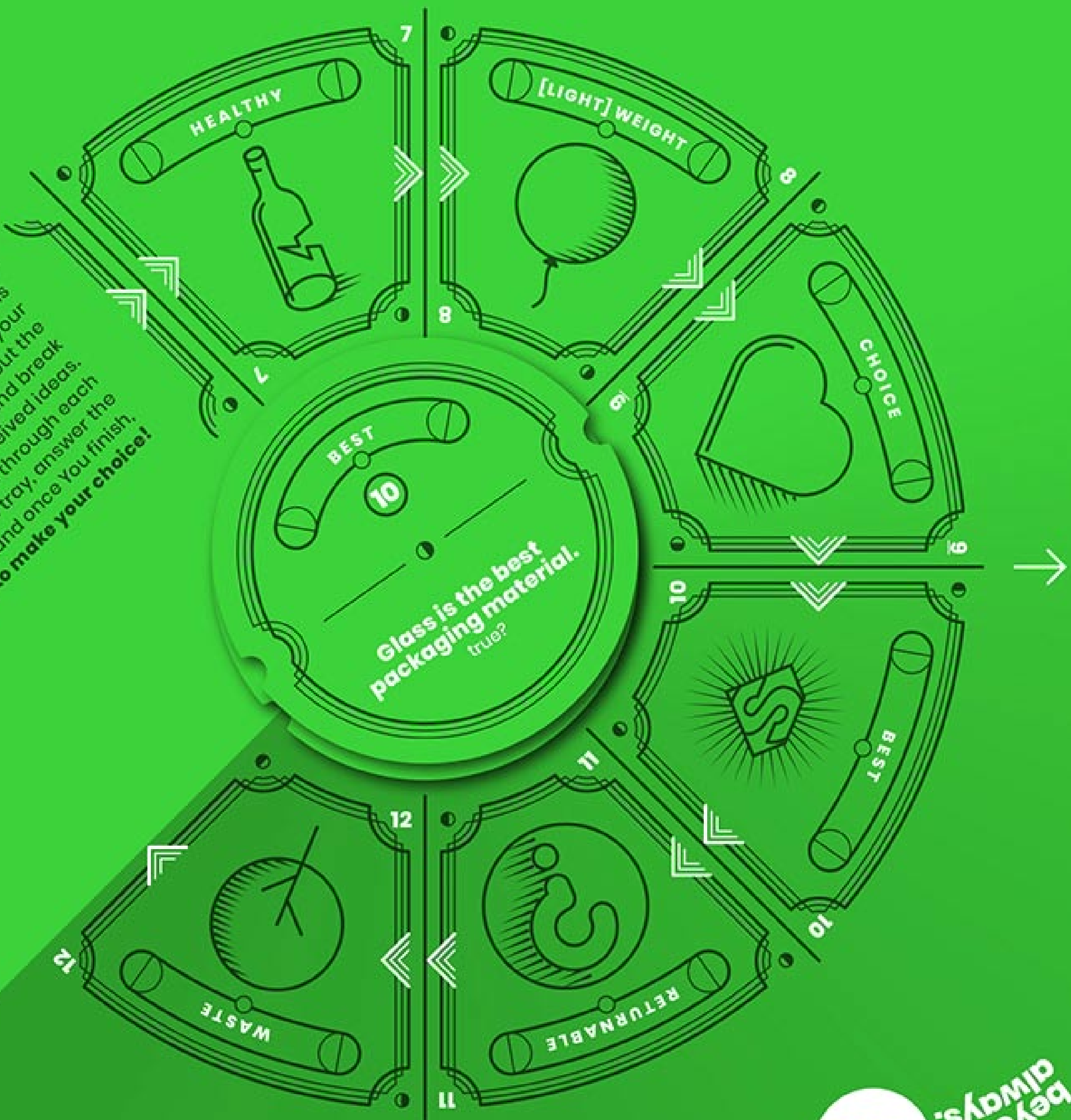
HEALTHY
[LIGHT] WEIGHT
CHOICE
BEST
RETURNABLE
WASTE
CHOICE
9
As opposed to other packaging materials, most consumers use more glass today than some years ago.
true?
7
8
9
10
11
12
BA
beyond. always.

beyond. always. BA

Beyond. Always.
Go Beyond is the path of our Vision and, to reinforce it, we invite You to go Beyond paradigms and taboos related with glass packaging.

By playing this game, our aim is to increase your awareness about the virtues of glass and break with pre-conceived ideas. Make your path through each step of the tray, answer the questions and once You finish, **Be free to make your choice!**



beyond. always.

beyond. always. BA

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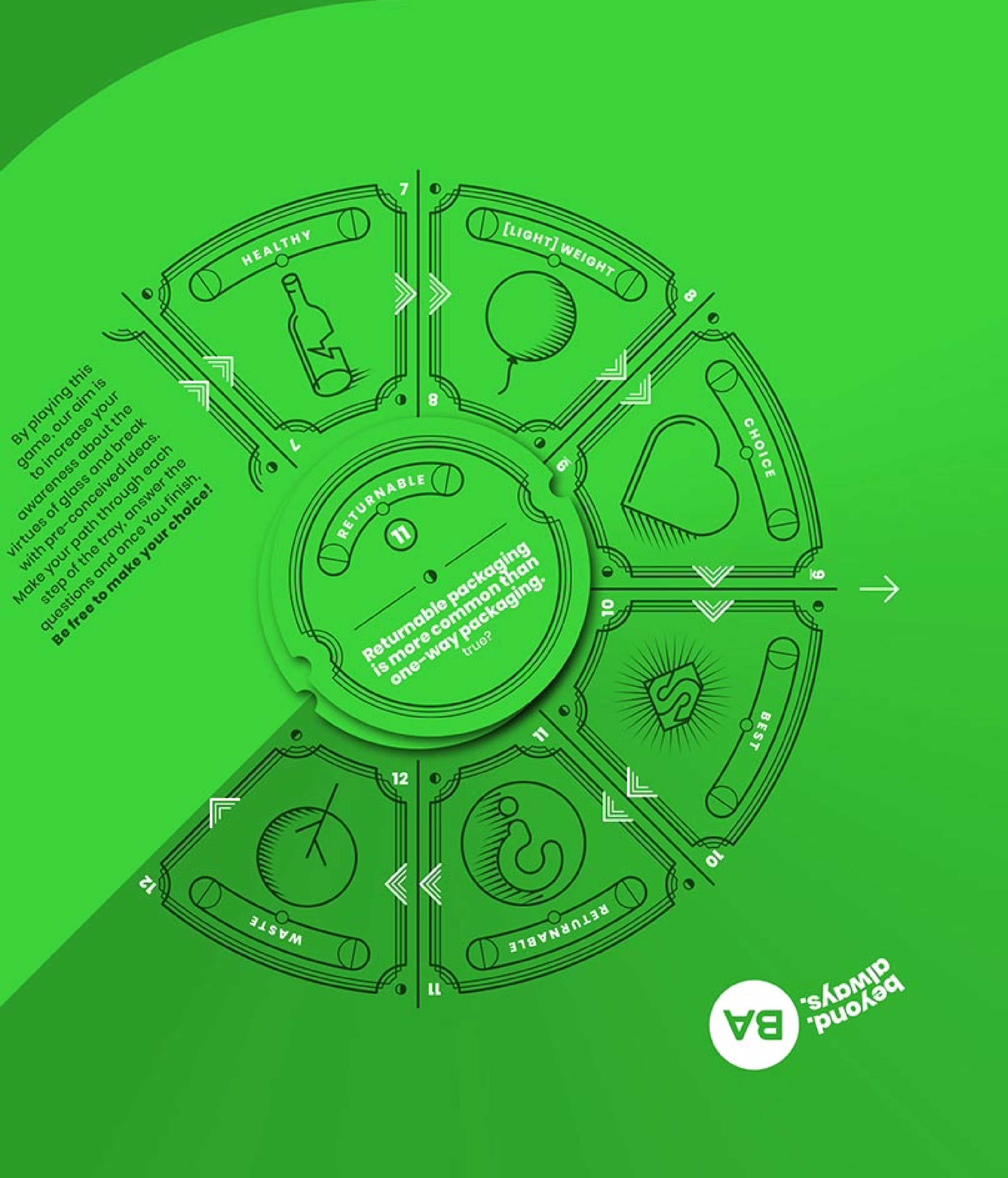
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HEALTHY
7
[LIGHT] WEIGHT
8
CHOICE
9
BEST
10
RETURNABLE
11
WASTE
12
RETURNABLE
11
Returnable packaging is more common than one-way packaging.
true?
BA
beyond. always.

beyond. always. BA

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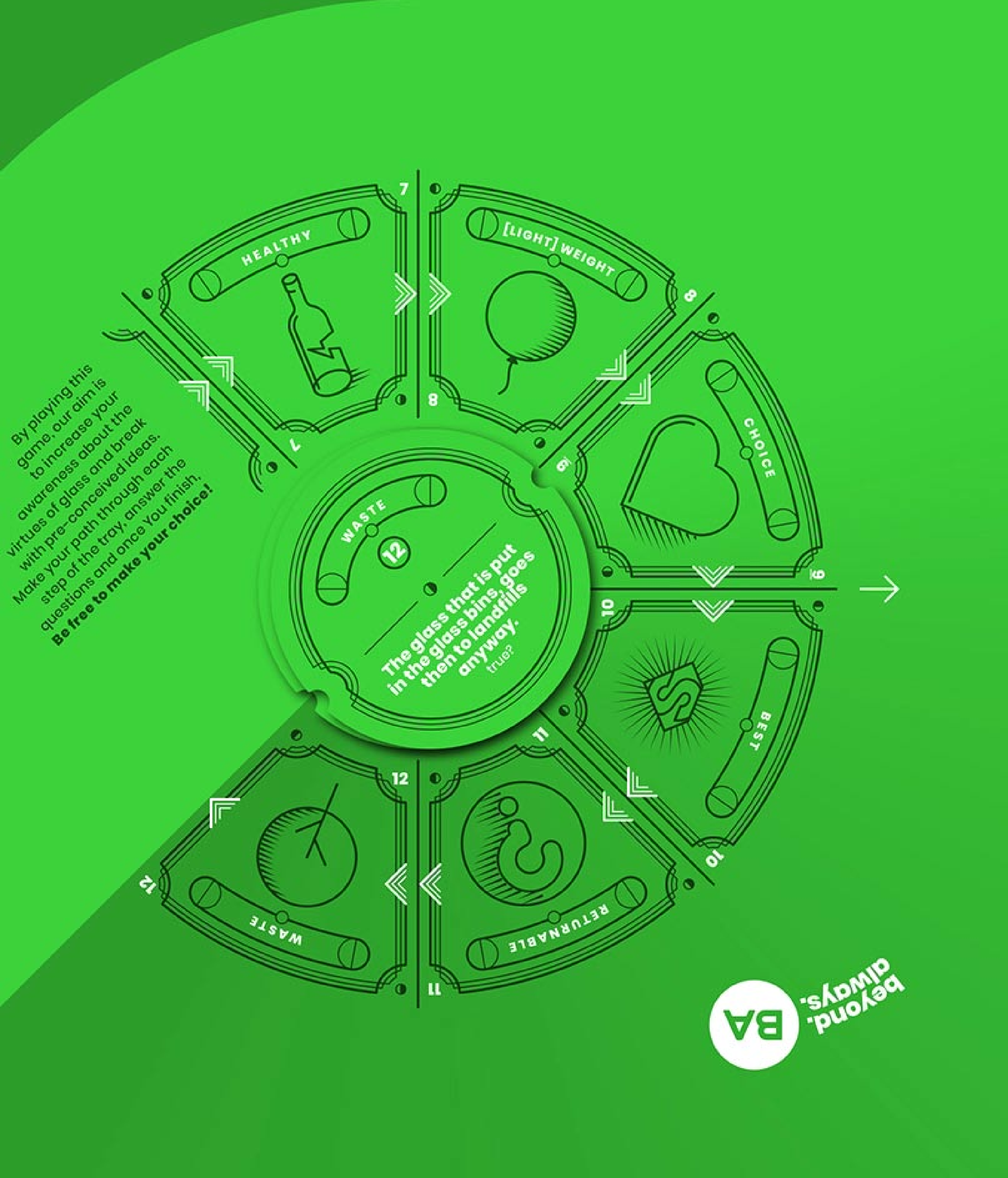
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HEALTHY
[LIGHT] WEIGHT
CHOICE
BEST
RETURNABLE
WASTE
WASTE
12
The glass that is put in the glass bins, goes then to landfills anyway.
true?
BA
beyond. always.

beyond. always. BA

FALSE.

Almost 100% of all the glass that consumers put in glass bins ends up making other bottles and jars, reducing the waste that goes to landfills. Together we all need to join forces to increase recycling rates and optimize waste management.

BA

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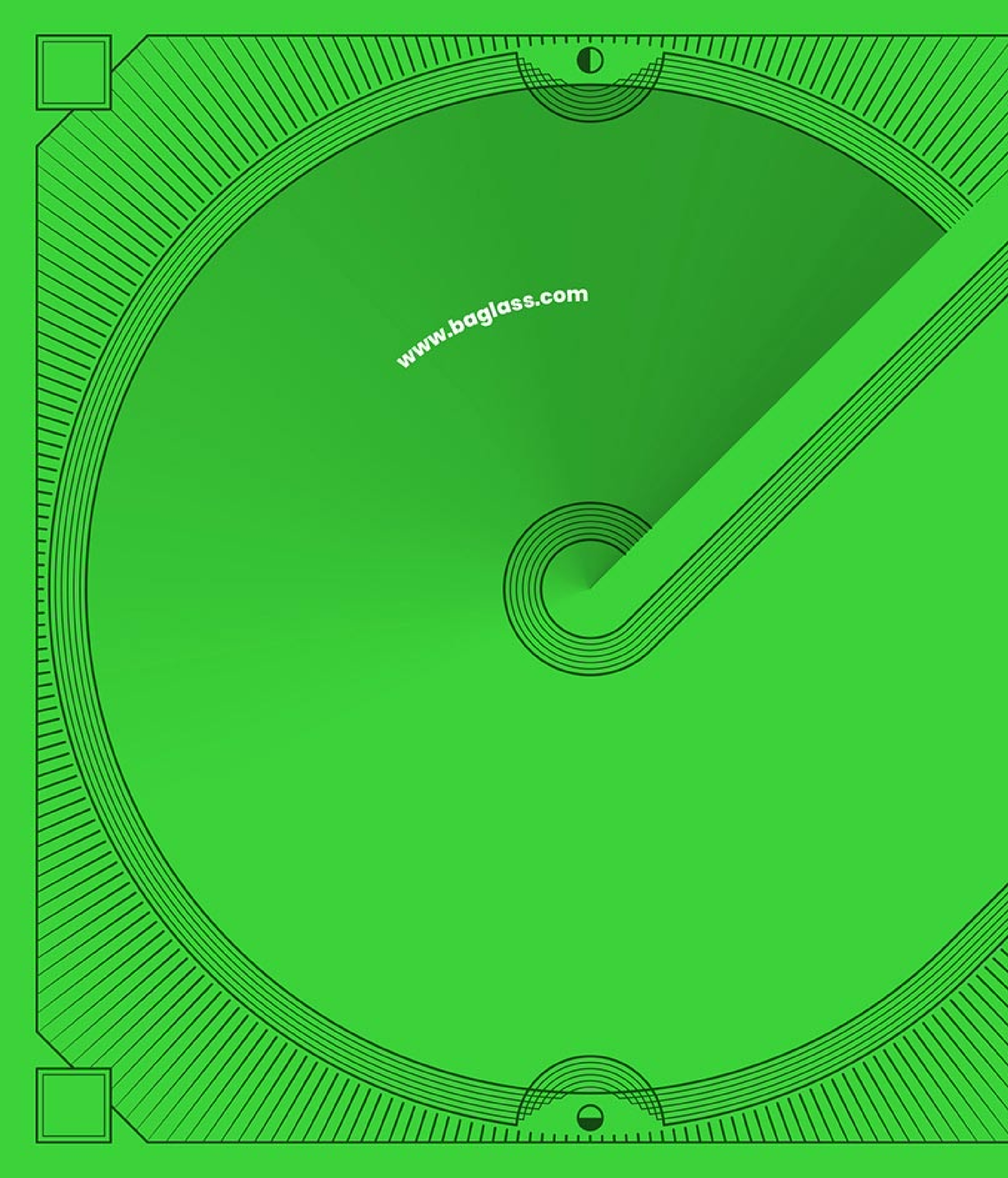
BA beyond. always.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