Schoeller Allibert Group B.V.

Nine months ended 30 September 2016

Schoeller Allibert

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Nine months ended 30 September 2016
Condensed consolidated interim financial statements

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

Schoeller Allibert at a glance

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

11 factories in Europe, 1 in US

More than 1,900 employees

Present in over 50 countries

Principal Activities

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

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

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

Key Financial Results

The table below shows the Group's key consolidated financial results for the nine months ended 30 September 2016 and 2015:

	NINE MONTHS ENDED 30 SEPTEMBER	
EUR'000	**2016**	**2015**
Revenue	377,605	412,741
Revenue growth	-8.5%	0.5%
EBITDA before exceptional items	41,010	37,224
EBITDA before exceptional items as a % of revenue	10.9%	9.0%
Profit/(loss) before income taxes	(9,081)	(6,573)
Net capital expenditure	14,646	10,806
Net capital expenditure as a % of revenue	3.9%	2.6%
Cash generated from operations	26,312	(567)

The table below shows the Group's key other financial metrics as at 30 September 2016 and 31 December 2015:

	AS AT 30 SEPTEMBER	AS AT 31 DECEMBER
EUR'000	**2016**	**2015**
Net working capital	7,263	(1,902)
Cash and cash equivalents	7,577	12,642
Total net loans and borrowings	249,454	269,071

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

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

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

Operating and Financial Review

Revenue

The table below shows the Group's operating segment revenue for the nine months ended 30 September 2016 and 2015:

	NINE MONTHS ENDED 30 SEPTEMBER	
EUR'000	**2016**	**2015**
Northern Europe	140,197	157,683
Southern Europe	84,813	76,787
UK and rest of Europe	65,708	87,285
United States of America	33,329	35,823
All Other Segments	53,557	55,165
Total revenue	**377,605**	**412,741**

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

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

Revenue in Northern Europe decreased by EUR 17,486 thousand, or 11.1%, from EUR 157,683 thousand for the nine months ended 30 September 2015 to EUR 140,197 thousand for the nine months ended 30 September 2016. This reduction in revenue was primarily attributable to a decrease in orders in the pooling market in Europe and lower demand from beverage customers.

Revenue in Southern Europe increased by EUR 8,026 thousand, or 10.5%, from EUR 76,787 thousand for the nine months ended 30 September 2015 to EUR 84,813 thousand for the nine months ended 30 September 2016. This increase was primarily attributable to an increase in orders in the food sector, beverage and the pooling markets.

Revenue in the UK and rest of Europe decreased by EUR 21,577 thousand, or 24.7%, from EUR 87,285 thousand for the nine months ended 30 September 2015 to EUR 65,708 thousand for the nine months ended 30 September 2016. This decrease was primarily attributable to lower revenues from customers in the retail and beverage as well as an unfavourable movement of the Pound Sterling to Euro exchange rate.

Revenue in the USA decreased by EUR 2,494 thousand, or 7.0%, from EUR 35,823 thousand for the nine months ended 30 September 2015 to EUR 33,329 thousand for the nine months ended 30 September 2016. This decrease was primarily attributable to the transition to a new product in the pooling market.

Revenue in all Other Segments decreased by EUR 1,608 thousand, or 2.9%, from EUR 55,165 thousand for the nine months ended 30 September 2015 to EUR 53,557 thousand for the nine months ended 30 September 2016. This decrease was primarily attributable to lower revenues from the business in Asia.

EBITDA before exceptional items

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

	NINE MONTHS ENDED 30 SEPTEMBER	
EUR'000	**2016**	**2015**
Total EBITDA before exceptional items	41,010	37,224

EBITDA before exceptional items increased by EUR 3,786 thousand, or 10.2% to EUR 41,010 thousand for the nine months ended 30 September 2016 compared to EUR 37,224 thousand for the nine months ended 30 September 2015. The lower revenues level for the nine months ended 30 September 2016 compared to the nine months ended 30 September 2015 was largely compensated by higher margin orders and cost control resulting in improved EBITDA before exceptional items.

The following table shows a breakdown of EBITDA before exceptional items by geographic segment the for nine months ended 30 September 2016 and 2015:

	NINE MONTHS ENDED 30 SEPTEMBER	
EUR'000	**2016**	**2015***
Northern Europe	18,650	17,546
Southern Europe	9,738	6,357
UK and rest of Europe	5,018	8,278
United States of America	3,074	1,284
All Other Segments	4,532	3,759
Total EBITDA before exceptional items	**41,011**	**37,224**

*2015 figures are restated for comparability reasons

Net finance income/expense

Net finance expense for the nine months ended 30 September 2016 was EUR 22,363 thousand (expense for the nine months ended 30 September 2015: EUR 13,488 thousand). This increase was primarily due to foreign exchange loss of EUR 213 thousand for the nine months ended 30 September 2016 (nine months ended 30 September 2015 foreign exchange gain: EUR 5,702 thousand). In addition, the interest cost increased to EUR 20,848 thousand for the nine months ended 30 September 2016 (for the nine months ended 30 September 2015 interest amounted to: EUR 17,695 thousand).

Profit/loss before income taxes

The loss before income taxes was EUR 9,081 thousand for the nine months ended 30 September 2016 (the nine months ended 30 September 2015: a loss of EUR 6,573 thousand), with the year-on-year change driven primarily by higher net finance expense.

Net capital expenditure

Net capital expenditure was EUR 14,646 thousand outflow for the nine months ended 30 September 2016 (the nine months ended 30 September 2015: EUR 10,806 thousand outflow), which represented 3.9% of revenue for the nine months ended 30 September 2016 (2.6% for the nine months ended 30 September 2015).

Cash generated from operations

Cash generated from operations during the nine months ended 30 September 2016 amounted to a EUR 27,814 thousand inflow (the nine months ended 30 September 2015 EUR 46,323 thousand). The decrease in cash generated from operations comes mainly from lower cash inflows from working capital items, a lower result and higher net finance costs.

Net working capital

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

As of 30 September 2016, the receivables from related parties were equal to EUR 940 thousand (31 December 2015: EUR 1,263 thousand) and the payables due from related parties were equal to EUR 36,254 thousand (31 December 2015: EUR 32,616)

As of 30 September 2016, the Group had positive net working capital of EUR 7,263 thousand (31 December 2015 negative net working capital of EUR 1,902 thousand). The increase in the net working capital is mainly due to higher inventory levels as of 30 September 2016.

Cash and cash equivalents

Cash and cash equivalents is defined as cash and cash equivalents on the balance sheet less bank overdrafts. As at 30 September 2016 the Group had EUR 7,577 thousand (31 December 2015: EUR 12,642 thousand) of net cash on its balance sheet.

The Group had credit facilities as at 30 September 2016 amounting to EUR 32 million (31 December 2015: EUR 32 million). The unused part of the facilities as at 30 September 2016 amounted to EUR 16.1 million (31 December 2015: EUR 8.9 million).

Total available liquidity as at 30 September 2016 was EUR 35 million (31 December 2015: EUR 37.9 million), comprising cash and unused facilities.

Total net loans and borrowings

Net loans and borrowings is defined as total current and non-current loans and borrowings less cash and cash equivalents, which decreased by 7.3% to EUR 249,454 thousand as at 30 September 2016 (31 December 2015: EUR 269,071 thousand), mostly driven by lower factoring balances.

In the third quarter of 2016, the Group replaced one of its factoring agreements. The new factoring agreement transfers substantially all risks and rewards to the factoring agent and hence receivables are derecognized immediately upon factoring resulting in a lower factoring balance.

Subsequent events

In October 2016, the Group issued €210 million of 8% Senior Secured Notes due in 2021. The proceeds were used to repay the secured bank loans, the loan note, other debt and for general corporate purposes. At the same time, the shareholders converted €104 million of shareholder funding into equity. Additionally, the Group refinanced and increased its €30 million Revolving Credit Facility. Moody’s upgraded the Group’s rating from B3 to B2 and S&P changed the outlook on its B- rating from stable to positive.

Consolidated Income Statement – nine months ended 30 September

		NINE MONTHS ENDED 30 SEPTEMBER			NINE MONTHS ENDED 30 SEPTEMBER		
EUR'000	Note			2016			2015
		Before exceptional items	Exceptional items	Total	Before exceptional items	Exceptional items	Total
Revenue	6	377,605	-	377,605	412,741	-	412,741
Other income		209	-	209	137	-	137
Changes in inventories of finished goods and work in progress		11,760	-	11,760	1,506	-	1,506
Raw materials and consumables used		(195,644)	-	(195,644)	(214,709)	-	(214,709)
Costs for subcontracting and other external charges		(11,500)	-	(11,500)	(16,357)	-	(16,357)
Employee benefit expense		(82,689)	(1,756)	(84,445)	(82,745)	(2,018)	(84,762)
Other operating costs		(58,731)	(420)	(59,151)	(63,349)	(4,721)	(68,071)
Operating expenses excluding depreciation, amortization and impairment		**(336,804)**	**(2,176)**	**(338,980)**	**(375,654)**	**(6,739)**	**(382,393)**
EBITDA	6	**41,010**	**(2,176)**	**38,834**	**37,224**	**(6,739)**	**30,485**
Depreciation expense		(19,831)	-	(19,831)	(17,716)	-	(17,716)
Amortization expense		(5,721)	-	(5,721)	(5,854)	-	(5,854)
Operating result		**15,458**	**(2,176)**	**13,282**	**13,654**	**(6,739)**	**6,915**
Finance income		131	-	131	5,702	-	5,702
Finance expense		(22,494)	-	(22,494)	(19,190)	-	(19,190)
Net finance income/(expense)		**(22,363)**	**-**	**(22,363)**	**(13,488)**	**-**	**(13,488)**
Profit/(loss) before income taxes		**(6,905)**	**(2,176)**	**(9,081)**	**166**	**(6,739)**	**(6,573)**
Income tax (expense)/income	8	(3,195)	542	(2,653)	(5,382)	1,483	(3,899)
Profit/(loss) for the period		**(10,100)**	**(1,634)**	**(11,734)**	**(5,216)**	**(5,256)**	**(10,472)**
Attributable to:							
Owners of the Company				(10,434)			(10,112)
Non-controlling interests				(1,300)			(359)

Consolidated Statement of Comprehensive Income – nine months ended 30 September

	NINE MONTHS ENDED 30 SEPTEMBER	
EUR'000	**2016**	**2015**
Loss for the period	**(11,734)**	**(10,471)**
Foreign currency translation differences - foreign operations	(3,994)	(7,280)
Total comprehensive loss for the period, net of income tax	**(15,728)**	**(17,751)**
Attributable to:		
Owners of the Company	(14,409)	(17,844)
Non-controlling interests	(1,319)	93
Total comprehensive profit/(loss) for the period	(15,728)	(17,751)

Consolidated Balance Sheet

EUR'000	Note	AS AT 30 SEPTEMBER 2016	AS AT 31 DECEMBER 2015
ASSETS			
Non-current assets			
Property, plant and equipment		101,825	104,816
Intangible assets		10,486	15,608
Equity accounted investments		308	308
Other financial assets		1,390	1,533
Deferred income tax assets		10,207	12,248
Total non-current assets		**124,216**	**134,513**
Current assets			
Inventories		34,301	24,770
Trade and other receivables		63,711	106,245
Current income tax assets		4,416	3,335
Prepayments and accrued income		21,365	19,449
Cash and cash equivalents		25,901	38,909
Total current assets		**149,694**	**192,708**
TOTAL ASSETS		**273,910**	**327,221**
EQUITY			
Equity attributable to owners of the Company		(166,110)	(151,701)
Non-controlling interests		(883)	436
Total equity		**(166,993)**	**(151,265)**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	12	253,140	239,023
Employee benefits		4,601	4,706
Provisions	14	2,356	5,694
Deferred income tax liabilities		6,746	8,959
Total non-current liabilities		**266,843**	**258,382**
Current liabilities			
Loans and borrowings	12	3,891	42,691
Bank overdraft		18,324	26,267
Provisions	14	4,084	2,007
Current income tax liabilities		5,114	4,130
Trade and other payables		142,647	145,009
Total current liabilities		**174,060**	**220,104**
Total liabilities		**440,903**	**478,486**
TOTAL EQUITY AND LIABILITIES		**273,910**	**327,221**

Consolidated Statement of Cash Flows - nine months ended 30 September

	NINE MONTHS ENDED 30 SEPTEMBER	NINE MONTHS ENDED 30 SEPTEMBER
EUR'000	**2016**	**2015**
Loss for the year	**(11,734)**	**(10,471)**
Adjustments for:		
Depreciation	19,830	17,716
Amortisation of intangible assets	5,721	5,854
Profit on sale of property, plant and equipment	(209)	(137)
Impairment loss on trade receivables	82	14
Net finance costs	21,685	13,101
Tax expense	2,653	3,899
Change in:		
Inventories	(10,110)	-
Trade and other receivables	5,567	8,044
Prepayments and accrued income	(3,317)	(1,560)
Trade and other payables	(1,000)	11,235
Provisions and employee benefits	(1,354)	(1,372)
Cash generated from operations	**27,814**	**46,323**
Interest received	131	52
Interest paid	(9,897)	(12,119)
Income tax paid	(2,685)	(2,251)
Net cash from operating activities	**15,363**	**32,005**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	435	292
Proceeds from sale of intangible assets	-	-
Proceeds from long term loans receivable	28	116
Repayment of long term receivables	-	-
Acquisition of property, plant and equipment	(14,475)	(21,438)
Acquisition of intangible assets	(606)	(370)
Dividends from equity-accounted investees	-	72
Net cash used in investing activities	**(14,618)**	**(21,328)**
Cash flows from financing activities		
Payment of transaction costs related to loans and borrowings	(2,072)	(156)
Proceeds from borrowings	-	1,838
Repayment of borrowings	568	(2,738)
Payment of finance lease liabilities	(2,591)	(2,039)
Net cash from/(used in) financing activities	**(4,095)**	**(3,095)**
Net change in cash and cash equivalents	(3,350)	7,582
Cash and cash equivalents at beginning of period	12,641	23,994
Effect of exchange rate fluctuations on cash and cash equivalents	(1,713)	177
Cash and cash equivalents at end of period	**7,577**	**31,753**

Consolidated Statement of Changes in Equity

EUR'000	Parent investment	Translation reserve	Total	Non-controlling interest	Total equity
Balance as at 1 January 2015	**(135,469)**	**(1,274)**	**(136,743)**	**286**	**(136,457)**
Loss for the year	(1,021)	-	(1,021)	(423)	(1,444)
Reversal of deferred tax asset related to the remeasurement of the net defined benefit liability of the Dutch pension scheme	(2,396)		(2,396)		(2,396)
Foreign currency translation differences - foreign operations		(4,900)	(4,900)	-	(4,900)
Total comprehensive income for the year	**(3,417)**	**(4,900)**	**(8,317)**	**(423)**	**(8,740)**
Balance as at 30 September 2015	**(138,886)**	**(6,174)**	**(145,060)**	**(137)**	**(145,197)**

EUR'000	Share capital	Share premium	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance as at 1 January 2016	**-**	**36**	**(142,715)**	**(9,022)**	**(151,701)**	**436**	**(151,265)**
Loss for the year	-	-	-	(10,434)	(10,434)	(1,300)	(11,734)
Foreign currency translation differences - foreign operations	-	-	(3,975)	-	(3,975)	(19)	(3,994)
Total comprehensive income for the year	**-**	**-**	**(3,975)**	**(10,434)**	**(14,409)**	**(1,319)**	**(15,728)**
Balance as at 30 September 2016	**-**	**36**	**(146,690)**	**(19,456)**	**(166,110)**	**(883)**	**(166,993)**

Notes to the Condensed Consolidated Interim Financial Statements

1. General information

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

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

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

There were no significant changes in the composition of the Group during the period from 1 January 2016 to 30 September 2016.

2. Basis of Preparation

The interim financial information for the nine months ended 30 September 2016 has been prepared on a going concern basis and in accordance with IAS 34 'Interim financial reporting' as adopted by the European Union. The condensed consolidated interim financial statements should be read in conjunction with the audited Annual Report of Schoeller Allibert Group B.V. for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

3. Going concern

The Group incurred a net loss for the period ended 30 September 2016 of EUR 11,734 thousand and has a negative equity as at 30 September 2016 of EUR 166,993 thousand (61% of the Group's total assets). Furthermore, the Group's current liabilities exceeds its current assets by EUR 26,642 thousand. These conditions give rise to an uncertainty on the entity's ability to continue as a going concern and ability to realize its assets and discharge its liabilities in the normal course of business.

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

- In October 2016, the Group issued €210 million of publicly traded Senior Secured Notes that mature in 2021. From the proceeds on the issue, the Group repaid the secured bank loans (A1 and B1 facilities), the loan note and other debt. At the same time, the shareholders converted €104 million of shareholder funding into equity. Additionally, Rabobank and ABN AMRO provided the Group with a new Revolving Credit Facility of €30 million and Moody's increased the credit rating of Schoeller Allibert by one investment grade, from B3 to B2.
- Based on the budget and forecast, management has prepared an analysis of the projected cash flow as from the date of these accounts. This projected cash flow includes remedial and mitigating actions and shows that sufficient liquidity is available to ensure the Group is able to meet its obligations and fund its activities assuming a stable operating environment. Sufficient headroom has been built into both the cash flows as well as the EBITDA forecasts.

Based on the above mentioned facts, in particular the fact that the Group was successfully refinanced, the management believes that the application of the going concern assumption for these condensed consolidated interim financial statements is appropriate.

4. Auditor involvement

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

5. Accounting policies

The accounting policies applied are consistent with those applied in the audited Annual Report 2015 of Schoeller Allibert Group B.V.

6. Critical accounting estimates and judgments

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

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

In preparing these nine months condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty, were the same (being income taxes, employee benefits, provisions and contingent liabilities and estimated useful lives and residual values) as those that applied to the audited Annual Report 2015 of Schoeller Allibert Group B.V.

7. Financial risk management

The Group's operations and financial results are subject to various risks and uncertainties that could adversely affect its business, financial position, results of operations and cash flows. The Group's risk management objectives and policies are consistent with those disclosed in the audited Annual Report 2015 of Schoeller Allibert Group B.V.

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

	2016		2015	
	September closing	**Ninth Month Average**	**September closing**	**Ninth Month Average**
British pound	0.8616	0.7986	0.7385	0.7257
US dollar	1.1165	1.1125	1.1203	1.1116
Swiss franc	1.0885	1.0951	1.0915	1.0565

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

For the nine months ended September 2016, approximately 65% of revenue was generated by operations inside the Euro zone. Consequently the translation risk of non-Euro results to the Euro is the most significant currency risk. Currency fluctuations of especially the US dollar and Pound Sterling could materially affect the consolidated Group results. Translation risks of non-Euro equity positions in the Group are not hedged.

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

8. Segment Information

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

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

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

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

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

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

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

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

Operating segments

The segment results for the nine months ended 30 September 2016 and 2015 are as follows:

NINE MONTHS ENDED 30 SEPTEMBER 2016

EUR'000	Northern Europe	Southern Europe	UK and Rest of Europe	USA	All other Segments	Eliminations	Total
Total segment revenue	154,471	104,720	75,145	33,329	58,860	(48,920)	377,605
Inter-segment revenue	(14,274)	(19,907)	(9,437)	-	(5,303)	48,920	(0)
Total revenue from external customers	**140,197**	**84,813**	**65,708**	**33,329**	**53,557**	**0**	**377,605**
EBITDA excluding exceptional items	**18,650**	**9,738**	**5,018**	**3,074**	**4,532**	**-**	**41,011**
Exceptional items	(243)	(1,618)	(277)	(152)	114	-	(2,176)
Depreciation	(5,991)	(2,334)	(2,005)	(7,844)	(1,657)	-	(19,831)
Amortization	(147)	-	(12)	(36)	(5,526)	-	(5,721)
Operating result	**12,269**	**5,786**	**2,724**	**(4,958)**	**(2,537)**	**-**	**13,284**
Finance income and expense							(22,363)
Income tax expense							(2,653)
Loss for the period							**(11,734)**

NINE MONTHS ENDED 30 SEPTEMBER 2015

EUR'000	Northern Europe	Southern Europe	UK and Rest of Europe	USA	All other Segments	Eliminations	Total
Total segment revenue	203,716	106,217	94,772	35,823	58,377	(86,163)	412,741
Inter-segment revenue	(46,033)	(29,430)	(7,486)	-	(3,212)	86,163	0
Total revenue from external customers	**157,683**	**76,787**	**87,285**	**35,823**	**55,165**	**-**	**412,741**
EBITDA before exceptional items*	**17,546**	**6,357**	**8,278**	**1,284**	**3,759**	**-**	**37,224**
Exceptional items	(1,626)	(590)	(307)	(82)	(4,134)	-	(6,739)
Depreciation	(4,870)	(2,135)	(2,012)	(7,934)	(765)	-	(17,715)
Amortization	(133)	-	(12)	(36)	(5,673)	-	(5,854)
Operating result	**10,919**	**3,632**	**5,947**	**(6,767)**	**(6,814)**		**6,915**
Finance income and expense							(13,488)
Income tax expense							(3,899)
Loss for the period							**(10,472)**

*2015 figures are restated for comparability reasons

9. Exceptional items

EUR'000	NINE MONTHS ENDED 30 SEPTEMBER 2016	2015
Employee benefits	1,756	2,018
Other operating costs	420	4,721
Total exceptional items	**2,176**	**6,739**

Exceptional items for the nine months ended 30 September 2016 relate to non-recurring items arising from:

- EUR 1,756 thousand of employee benefits concerning severance costs resulting from restructuring activities;
- EUR 420 thousand of historic costs relating to integration and litigation and system establishment costs

Exceptional items for the nine months ended 30 September 2015 relate to non-recurring items arising from:

- EUR 2,018 thousand of employee benefits concerning severance costs resulting from restructuring activities;
- EUR 4,721 thousand of other operating costs (including EUR 1,772 thousand cost of abandonment of refinancing, EUR 1,496 thousand legal fees, litigation and claim settlements and EUR 589 thousand other cost reduction initiatives).

10. Net finance cost

EUR'000	NINE MONTHS ENDED 30 SEPTEMBER 2016	2015
Interest income on loans and receivables	131	52
Net foreign exchange gain	-	5,702
Finance income	**131**	**5,754**
Interest expense on borrowings	(20,848)	(17,695)
Amortization deferred financing fees	(1,221)	(1,534)
Net foreign exchange (loss)	(213)	-
Other financial expenses	(212)	(13)
Finance expense	**(22,494)**	**(19,242)**
Finance income and expense	**(22,363)**	**(13,488)**

The net foreign exchange results in the nine months ended 2016 and in the nine months ended 2015 are mainly attributable to the appreciation/depreciation of the Euro against the US Dollar and British Pound.

11. Income tax expense/income

Income tax expense/income is recognized based on management's estimate of the average annual income tax rate expected for the full financial year. The total income tax expense for the nine months ended 30 September 2016 amounts EUR 2,653 thousand (nine months ended 30 September 2015 income tax expense: EUR 3,899 thousand).

The major part of the loss is generated in the Netherlands. As sufficient future taxable profits are not expected in the Netherlands in the foreseeable future, these losses are not valued.

12. Loans and borrowings

The carrying amounts of loans and borrowings are as follows:

		30 SEPTEMBER				31 DECEMBER
	2016			2015		
EUR'000	Current	Non-current	Total	Current	Non-current	Total
Secured bank loans	2,996	93,664	96,660	4,994	93,664	98,659
Loan note	-	52,848	52,848	-	49,021	49,021
Other credit institutions	1,176	5,565	6,741	231	3,977	4,208
Shareholder loans	-	60,835	60,835	-	55,948	55,948
Finance lease liabilities	1,995	7,645	9,640	2,812	3,999	6,811
Other debts	-	33,870	33,870	-	33,870	33,870
Deferred financing costs	(2,276)	(1,287)	(3,563)	(1,253)	(1,458)	(2,711)
Factoring	-	-	-	35,907	-	35,907
Total loans and borrowings	**3,891**	**253,140**	**257,031**	**42,691**	**239,023**	**281,714**

Movements during the period
As of 30 September 2016, the Group is financed via various sources of financing: senior secured facility, loan note, overdraft, certain factoring arrangements, finance leases, revolving credit facility and other.

Loans and borrowings decreased by EUR 24,683 thousand to EUR 257,031 thousand due to a change of the factoring facilities from recognition of the related receivables in 2015 to de-recognition in 2016, partially offset by accrued interest on shareholder loans and new finance leases.

In October 2016, the Group issued €210 million of 8% Senior Secured Notes due in 2021. The proceeds were used to repay the secured bank loans, the loan note, other debt and for general corporate purposes. At the same time, the shareholders converted €104 million of shareholder funding into equity. Additionally, the Group refinanced and increased its €30 million Revolving Credit Facility. Moody's upgraded the Group's rating from B3 to B2 and S&P changed the outlook on its B- rating from stable to positive.

The Group had credit facilities as at 30 September 2016 amounting to EUR 32 million (31 December 2015: EUR 32 million). The unused part of the facilities as at 30 September 2016 amounted to EUR 16,1 million (31 December 2015: EUR 8,9 million). Total available liquidity as at 30 September 2016 was EUR 35,0 million (31 December 2015 EUR 37,9 million), comprising cash and unused facilities.

Covenants
The secured bank loans were subject to certain covenants. As a result of the repayment of the secured bank loans on 7 October 2016 these covenants are no longer in place.

Factoring
In September 2016, the Group renewed a factoring agreement. Under the new factoring agreement the Group transfers substantially all the risks and rewards of the factored receivables to the factor. Consequently, the receivables factored under this new agreement are derecognized from the Group's balance sheet.

13. Commitments

Operating lease commitments

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

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

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

During the nine months ended 30 September 2016 an amount of EUR 7,979 thousand was recognized as an expense in profit or loss in respect of operating leases (nine months ended 30 September 2015: EUR 7,304 thousand).

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

	30 SEPTEMBER	31 DECEMBER
EUR'000	**2016**	**2015**
By date of commitments:		
Less than 1 year	8,522	10,070
1 - 5 years	19,979	22,940
> 5 years	6,388	9,206
Total	34,890	42,217
By nature of commitments:		
Land and buildings	30,622	36,927
Other	4,268	5,290
Total	34,890	42,217

14. Provisions

	30 SEPTEMBER	31 DECEMBER
EUR'000	**2016**	**2015**
Restructuring	3,374	3,309
Claims	3,066	4,392
Total Provisions	6,440	7,701

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

Claims

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

15. Contingencies

Dutch fiscal unity

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

Guarantees to Dutch Group companies

During the first nine months of 2016, the Company guaranteed the liabilities of its Dutch group companies in accordance with the provisions of article 403, paragraph 1, Book 2, Part 9.

Swedish tax dispute

The details of the Swedish tax dispute have been disclosed in the audited Annual Report 2015 of Schoeller Allibert Group B.V. The Swedish tax authorities are litigating against a number of other tax payers for using the same or a similar tax structure as the Group. In June 2016, the Group joined its case with that of another tax payer with a highly similar case. Management expects that this joining of cases will further increase the chance of a favourable verdict. The group assesses its arguments in the case to be strong and therefore no provision has been recognised in the Annual Report 2015 nor in the condensed consolidated interim financial statements for the nine months ended 30 September 2016.

16. Related party transactions

There have been no changes in the nature of the related party transactions in the nine months ended 30 September 2016 as compared to the year ended 31 December 2015.

17. Seasonality of Operations

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

18. Fair value of financial instruments

The principles used by management to measure fair value of financial assets and liabilities as at 31 December 2015 are disclosed in in Annual report Schoeller Allibert Group B.V. The management established that as at 30 September 2016 fair value of financial assets and liabilities is equal to their carrying amount due to the fact the Group repaid the secured bank loans (A1 and B1 facilities), the loan note and other debt from the proceeds on the issue of the Senior Secured Notes in October. The fair values of financial assets and liabilities as at 30 September 2016 and 31 December 2015 are disclosed on the next page.

	30 SEPTEMBER 2016					31 DECEMBER 2015				
EUR'000	Carrying amount			Fair value		Carrying amount			Fair value	
	Loans and receivables	Other financial liabilities	Total	Total	Fair value hierarchy	Loans and receivables	Other financial liabilities	Total	Total	Fair value hierarchy
Financial assets										
Long-term receivables	1,390	-	1,390	1,390	2	1,487	-	1,487	1,487	2
Trade and other receivables	63,711	-	63,711	63,711	2	106,245	-	106,245	106,245	2
Cash and cash equivalents	25,901	-	25,901	25,901	1	38,909	-	38,909	38,909	1
Financial liabilities										
Secured bank loans	-	93,664	93,664	93,664	2	-	95,947	95,947	96,559	2
Loan notes	-	52,848	52,848	52,848	2	-	49,021	49,021	49,021	2
Other credit institutions	-	5,565	5,565	5,565	2	-	4,208	4,208	4,208	2
Bank overdrafts	-	18,324	18,324	18,324	2	-	26,267	26,267	26,267	2
Factoring	-	-	-	-	-	-	35,907	35,907	35,907	2
Loans and payables related parties	-	97,089	97,089	97,089	2	-	88,564	88,564	84,524	2
Finance lease liabilities	-	9,640	9,640	9,640	2	-	6,811	6,811	6,811	2
Other debts	-	33,870	33,870	33,870	2	-	33,870	33,870	32,706	2
Trade payables and other accrued items	-	106,389	106,389	106,389	2	-	112,393	112,393	112,393	2

19. Events after the balance sheet date

The Group received an indicative offer for the sale of a non-material part of the business. The offer is under evaluation to decide if and how to proceed with further discussions with the potential buyer.

In October 2016, the Group issued €210 million of 8% Senior Secured Notes due in 2021. The proceeds were used to repay the secured bank loans, the loan note, other debt and for general corporate purposes. At the same time, the shareholders converted €104 million of shareholder funding into equity. Additionally, the Group refinanced and increased its €30 million Revolving Credit Facility. Moody's upgraded the Group's rating from B3 to B2 and S&P changed the outlook on its B- rating from stable to positive.

Hoofddorp, 28 November 2016

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