

PRESS RELEASE

**VIDRALA, S.A.
2014 BUSINESS PERFORMANCE**

Main Figures
EUR million

	FY 2014	FY 2013	Change %
Sales	468.4	472.9	-1.0%
Operating Profit (EBIT)	69.6	72.4	-3.9%
Earnings per share (EPS)	2.08	2.10	-1.0%
Free cash flow	72.3	56.7	+27.5%

- ✓ Sales amounted during 2014 to EUR 468.4 million.
- ✓ Operating profit was EUR 69.6 million, representing an operating margin of 14.9%.
- ✓ Earnings per share reached EUR 2.08, down -1% from 2013.
- ✓ Free cash flow generated during the year accumulated EUR 72.3 million, 28% higher than the previous year.

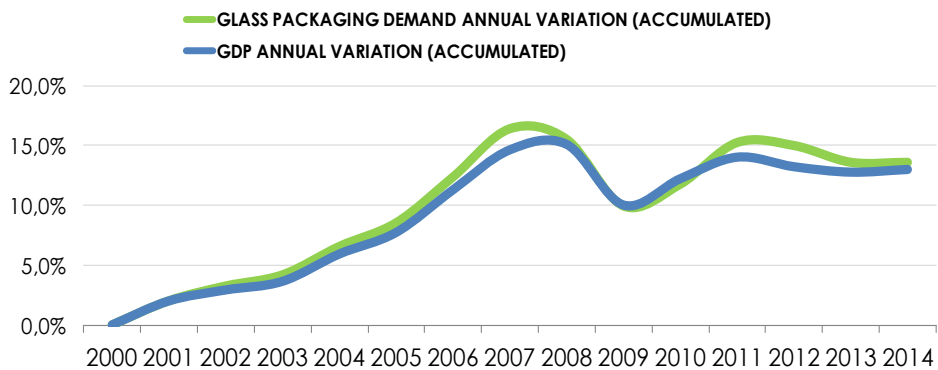


Market review

The general economic environment during 2014 evolved conditioned by previous years' disruptions. All over Europe, the economic deterioration started in 2008 has gradually turned into a more stable situation that should enable to foresee a cycle of recovery in the upcoming years.

The uncertain economic climate had an impact on internal demand, including the levels of consumption of food and beverages products for which Vidrala supplies packaging. Amidst the more normalized context observed in 2014, demand for glass packaging for food and beverages remained stable showing modest signs of recovery.

EVOLUTION OF DEMAND FOR GLASS PACKAGING IN EUROPE
IN PERCENTAGE TERMS SINCE 2000



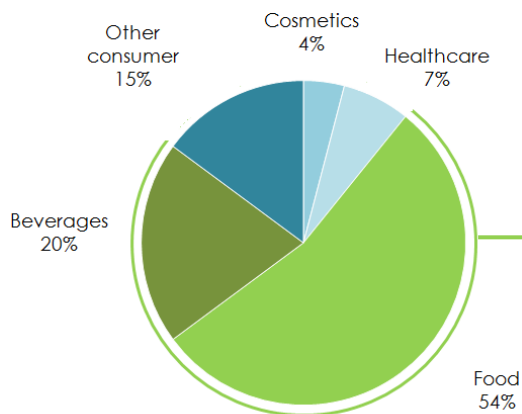
Source: Eurostat, FEVE and internal estimates.

On a long-term perspective, the demand fundamentals for glass packaging remain solid. Modern lifestyles require efficient supply chains for food and beverages for which packaging plays an essential role. The container protects the product, preserves it and enables an efficient distribution. Furthermore, glass packaging helps the brand owner to promote its products, inform end users of the content and boost its image.

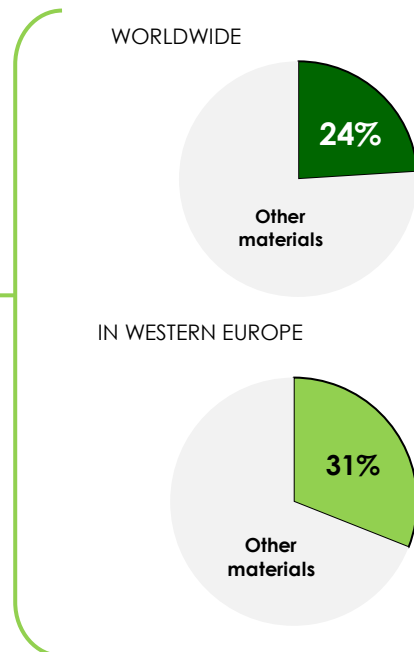
Consumers worldwide increasingly demand healthy packaging solutions, able to preserve the product and to show it through an attractive and recyclable design. As a result, glass is perceived as the preferred packaging material.

Global glass packaging production represents a dynamic and evolving industry. Worldwide, during 2014 more than 2 trillion of rigid containers for food and beverages were sold, representing an annual increase of c.4%. The main part of these containers is made of glass, the rest being made of plastic, cardboard and metal.

GLOBAL PACKAGING INDUSTRY
PACKAGING END-USES
YEAR 2014



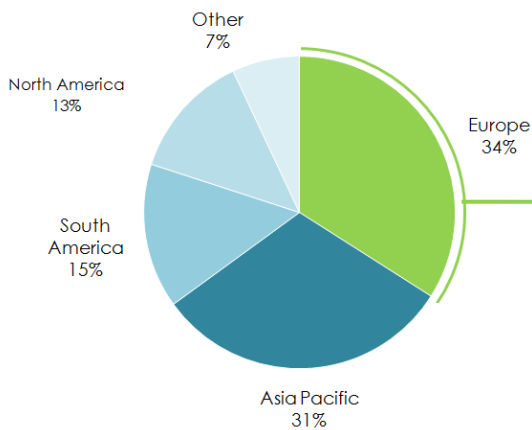
GLASS SHARE IN RIGID PACKAGING
FOR FOOD AND BEVERAGES
YEAR 2014



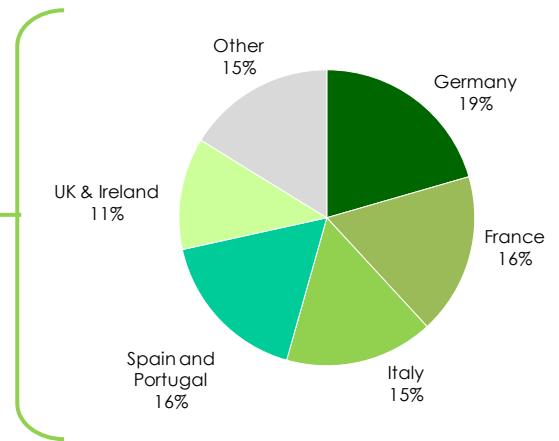
Glass guarantees the best packaging conditions, preserving the product fresh and healthy, minimizing expiration and reducing waste from spoilage making an essential contribution to a sustainable society. From an environmental point of view, glass is a unique material, fully recyclable an unlimited number of times. Furthermore, researches on health issues prove its unique properties of inertity.

In this global context, Western Europe remains the biggest area for consumption of glass containers. Western Europe is a region represented by largely developed economies where demographic and social features increasingly address consumption preferences towards premium products.

GLOBAL GLASS PACKAGING INDUSTRY
FOR FOOD AND BEVERAGES
BREAKDOWN BY GEOGRAPHIC REGION



EUROPEAN GLASS PACKAGING MARKET
FOR FOOD AND BEVERAGES
BREAKDOWN BY COUNTRY



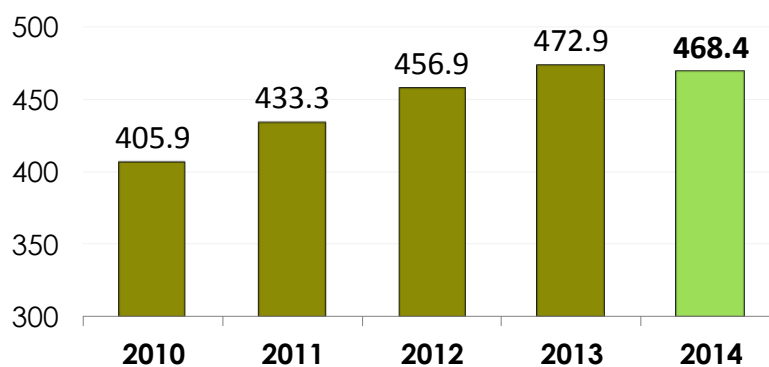
Within this market structure, Vidrala firmly develops a solid value chain that starts with intensive capital investment efforts combined with the purchasing of raw materials, among which recycled products stand out, and continues with a complex industrial process of glass melting and moulding that finishes in the supply of quality glass containers with the aim of providing the highest levels of service for our customers, assuring supply on time and remaining responsive to their requests.



Operational review

Sales during 2014 amounted to EUR 468.4 million, down -1% from the previous year.

SALES
ANNUAL ACCUMULATED SINCE 2010
EUR million

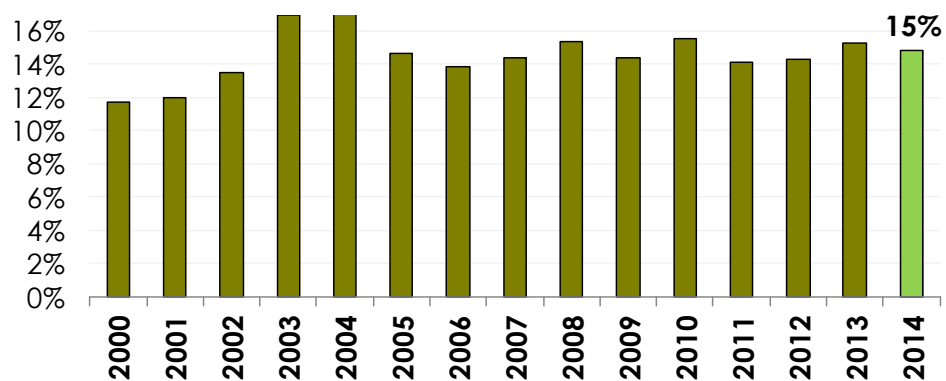


Overall, the glass packaging industry remained conditioned by a weak market performance affecting profitability levels within the sector.

Vidrala's stable operating margins stand on the effects of internal actions implemented to secure cost competitiveness and operational efficiency.

As a result, operating profit, EBIT, during 2014 reached EUR 69.6 million, representing a margin over sales of 14.9%.

EBIT MARGIN
ANNUAL ACCUMULATED SINCE 2000
 EUR as a percentage of sales



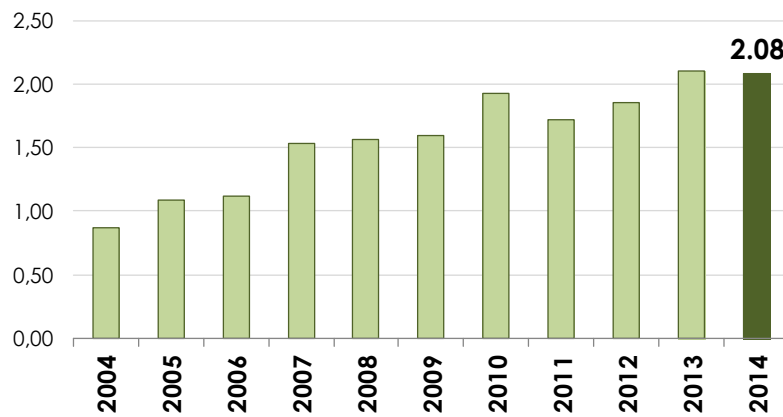
EUR in millions (except margins as a % of sales)	2014	2013
SALES	468.4	472.9
GROSS OPERATING PROFIT (EBITDA)	108.5	114.0
EBITDA MARGIN	23.2%	24.1%
OPERATING PROFIT (EBIT)	69.6	72.4
EBIT MARGIN	14.9%	15.3%



Financial review

Financial expenses in 2014 amounted to 0.7% of sales. Tax rate stood at 22.0%. As a result, net profit amounted to EUR 51.6 million or EUR 2.08 per share.

**EARNINGS PER SHARE (EPS)
SINCE 2004**
EUR per share



EUR in millions (except EPS in EUR/share)	2014	2013
OPERATING PROFIT (EBIT)	69.6	72.4
PROFIT BEFORE TAX	66.2	67.5
NET PROFIT	51.6	52.3
EPS	2.08	2.10

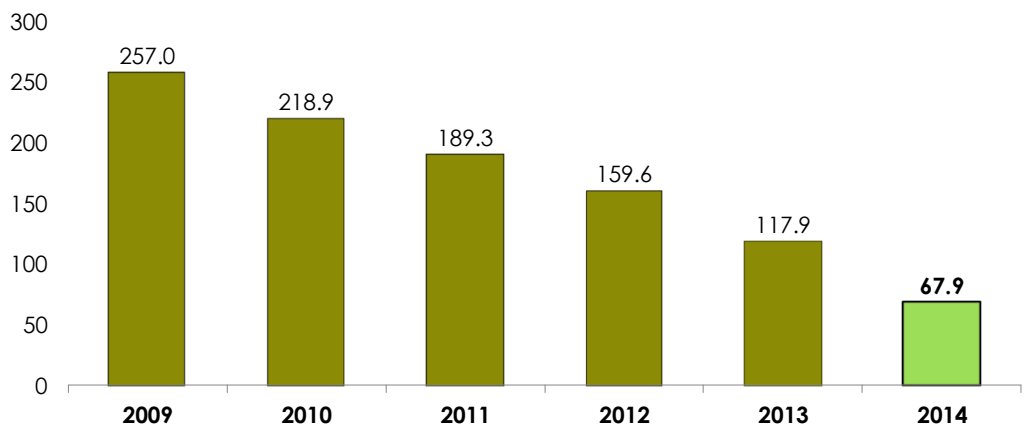
Free cash flow generated during 2014 reached EUR 72.3 million. The cash conversion ratio was 140% of net profit, founded on a disciplined capex plan and a tight control of working capital.

The generated cash was directed to remunerating shareholders through dividends and attendance bonuses (EUR 16.2 million) and share buybacks (EUR 6.1 million).

The remaining cash, amounting to EUR 50 million, was allocated to reduce debt, down to EUR 67.9 million. It represents a leverage ratio of 0.6 times the EBITDA of the last twelve months and a gearing ratio of 17%.

DEBT EVOLUTION

EUR in millions. Since 2009.



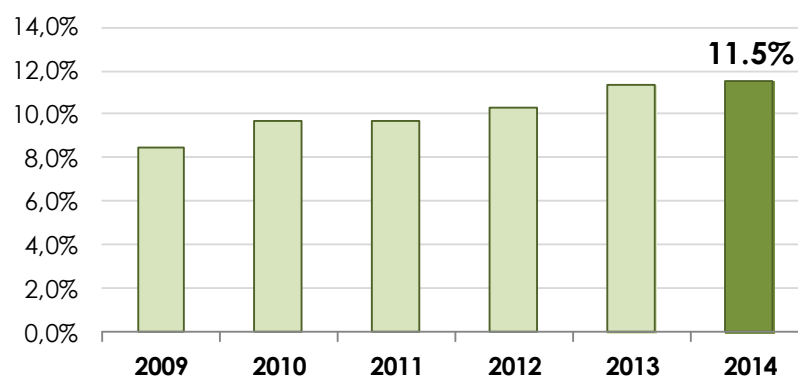
DEBT/EBITDA	2009	2010	2011	2012	2013	2014
	2.9x	2.2x	1.9x	1.5x	1.0x	0.6x



As a conclusion, the achieved operating result combined with increasing cash flow generation and the subsequent stronger capital structure, resulted in improved return on capital employed. As a reference, ROCE stood at 11.5% at December 2014.

RETURN ON CAPITAL EMPLOYED (ROCE)*

Since 2009



*EBIT after taxes for the year/capital employed for the year

EUR in millions (except ROCE in %)	2014	2013
FREE CASH FLOW	72.3	56.7
ROCE	11.5%	11.4%
EUR in millions	2014	2013
DEBT	67.9	117.9
SHAREHOLDERS' EQUITY	404.5	374.5
NON-CURRENT ASSETS	427.0	443.8
WORKING CAPITAL	113.9	121.0

Relevant facts after the year end. The acquisition of Encirc Ltd.

As an evidence of the dynamic development of the business, days after the end of the year, Vidrala announced a relevant step in its long term corporate strategy. On January 14, the Company made effective the acquisition of Encirc Limited, the biggest deal in the Group's history.

Encirc Limited is a leading manufacturer of glass containers that supply packaging solutions for a solid base of customers within the food and beverage markets in Ireland and the United Kingdom. Operations comprise two sites, Derrylin, Ireland, and Elton, Cheshire, from which offer a full range of services that include, in addition to glass manufacturing, filling capabilities and logistic services.

The acquisition will enlarge Vidrala's existing position within the European glass containers industry enabling a leading access towards strategically important markets as the United Kingdom and Ireland. The new business will contribute with a solid market share that has demonstrated profitability growth in recent years supported in modern facilities, competitiveness and strong customer relationships. As a result of the acquisition, Vidrala will enhance its status in the European packaging industry adding scale, diversification and future to a business structure of proven strength.

The Board of Directors and the management team of Vidrala have been admiring Encirc since its beginning, an industrial player recognized by its ambitious investment plans, the extent and attractiveness of the services offered, and its solid market share growth. Adding this accretive business to our network will result in compelling benefits for both customers and shareholders. In the year of its 50th anniversary, the original 'Vidrerías de Álava' consolidates itself as a multinational company, supplier of reference in the packaging industry, with leading positions within the main European markets that will be supplying more than 6bn units annually between a broad range of customers whose confidence is our *raison d'être*.



Plant in Derrylin, Northern Ireland.



Plant in Elton, England.



Business outlook

The signs of recovery in some European economies, after a long period of deterioration, should enable to preview an overall stable demand context for glass containers in 2015.

The recent phase of demand difficulties has created a more challenging market landscape increasing competitive pressures. Under this business context, Vidrala's internal priorities will keep the focus on reassuring the competitiveness of the cost structure and improving customer service levels.

Notwithstanding that, Group's results expected for 2015 will show the new dimension created by the recently acquired business, proving the benefits of a more international business profile, with relevant presence in complementary markets of solid strategic fundamentals, that places Vidrala under improved conditions of capturing the expected recovery cycle.

In any way, long term targets will be kept firmly committed to improving customer service and creating value controlling costs, optimising cash and enhancing return on capital.

For 2015, the increased turnover figures resulting from the consolidation of the new business combined with the constant focus on cost and industrial efficiency and a reassured discipline in capex allocation and working capital management, will result in higher generation of free cash flow and growing earnings per share.



Relevant information for shareholders

Shareholder remuneration policy

The shareholder remuneration policy implemented by Vidrala is based on the gradual growth in cash dividends as the main way of distributing benefits. Annual payments are typically increased by attendance bonuses to the shareholders' annual general meeting.

In addition to dividends and bonuses paid in cash, Vidrala returns profits to shareholders buying back shares in a selective way, based on the company's cash generation pattern and the share price performance.

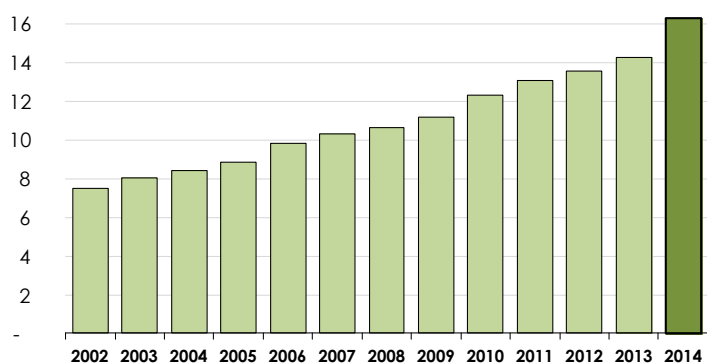
Consistent with that policy, cash dividends and attendance bonuses paid during the year 2014 amounted to EUR 68.46 cents per share, increased by 14.3% from the previous year.

Additionally, during 2014 the Company repurchased EUR 6.1 million in shares increasing by 38% the distribution paid in cash.

Furthermore, during the year the Company offered a bonus share issue, granted to all existing shareholders, in a proportion of a new common share for every 20 existing shares.

As a whole, the combination of shareholder remuneration mechanisms executed during the year 2014, verifies the defined long standing policy implemented by Vidrala based on the gradual and sustainable improvement in total return to shareholders.

CASH DIVIDENDS (INCLUDES AGM ATTENDANCE BONUSES)
 EUR in millions. Since 2002.



The share

Vidrala’s share price at the end of 2014 stood at EUR 38.00, equivalent to a market cap of EUR 942 million. This represents an increase of 6.6% for the year 2014. A total of 4.9 million shares were traded on the stock exchange during the year which was equivalent to EUR 177.9 million.

Share price. Compared in percentage terms.
 Since 2007

