



vidrala

Company presentation

February 2017

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1. **General overview**
2. **Business fundamentals**
3. **Financials**
4. **Targets**
5. **Annexes**



Vidrala, at a glance

General overview

- ✓ Vidrala manufactures **glass containers** for a wide variety of products in the **beverage and food** industry.
- ✓ We are **Western Europe's fourth glass container manufacturer** through eight complementary sites located in five countries.
- ✓ We sell more than **6 billion** bottles and jars per year, to more than 1,700 clients.
- ✓ Vidrala is a **public listed company**, with a market capitalisation of over EUR 1.2 billion.



SUPPLIER OF REFERENCE IN THE PACKAGING INDUSTRY

Main figures FY 2016



Sales

773.1

EUR million

Net profit

67.7

EUR million



vidrala

EBITDA

170.7

EUR million

Free Cash Flow

102.6

EUR million

Our history



Key milestones

- 1965**
The origin of Vidrala
1965 - Vidrala begins operations in Alava (Spain)
- 1975**
- 1985**
The listing in the stock exchange
1985 - IPO Madrid and Bilbao stock exchanges
- National expansion**
1989 - Second greenfield in Albacete (Spain)
- 1995**
- Internationalisation**
2003 - Acquisition of one plant in Portugal
2005 - Acquisition of two plants: one in Barcelona (Spain) and one in Italy
2007 - Acquisition of one plant in Belgium
- 2015**
La integración de Encirc
2015 - Acquisition of Encirc, with operations in UK and Ireland

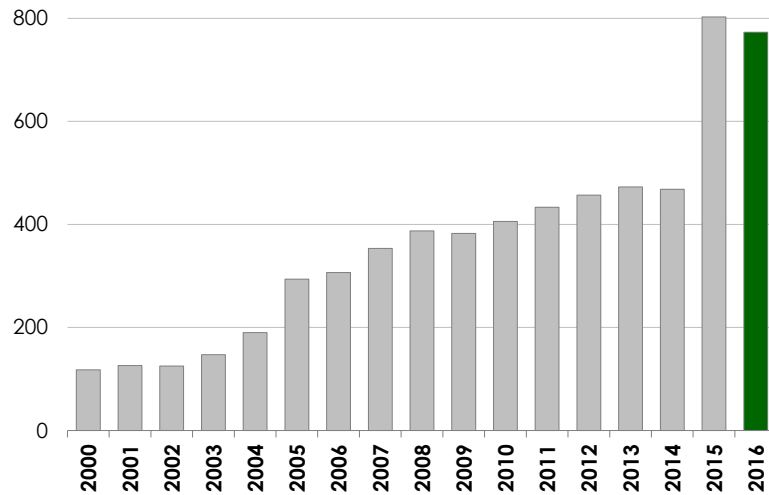


MORE THAN 50 YEARS OF HISTORY
CUSTOMER, COMPETITIVENESS & CAPITAL
THE GUIDELINES ON WHICH WILL BE SUSTAINED
OUR AMBITIOUS FUTURE

Operating profile

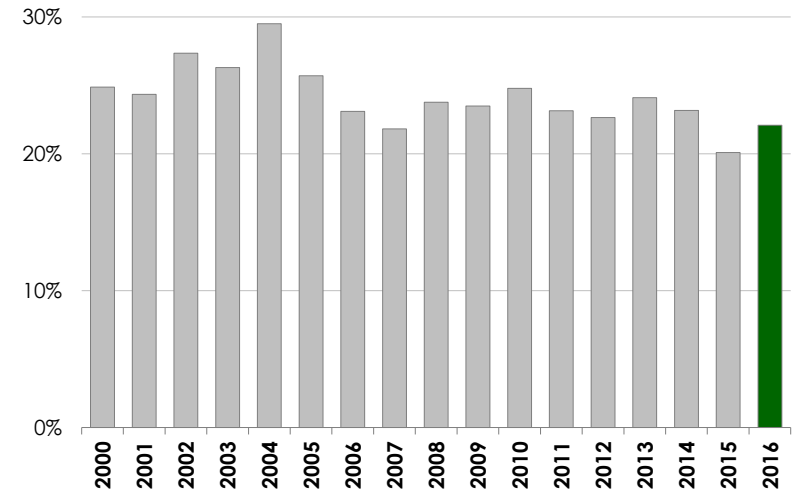
Net sales.

Since 2000, EUR in million.



EBITDA margin.

Since 2000, as percentage of sales.

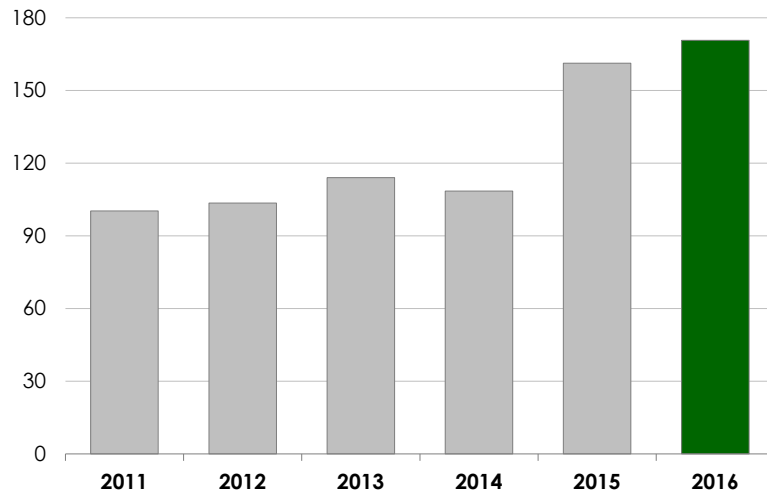


STRATEGIC DIVERSIFICATION & RATIONAL GROWTH
STABILITY OF MARGINS, RESILIENT TO INTEGRATIONS AND ECONOMIC CYCLES

Cash generation profile

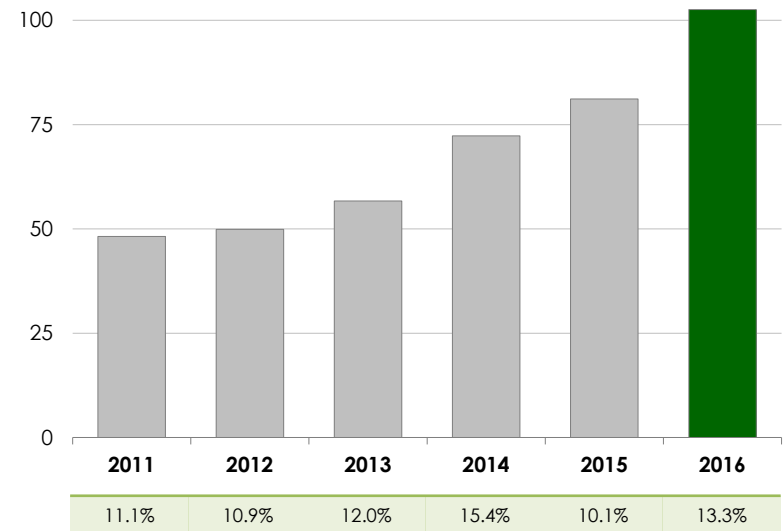
EBITDA.

Since 2011, EUR in million.



Free Cash Flow generation.

Since 2011, EUR in million.



Free Cash Flow, as percentage of annual sales.

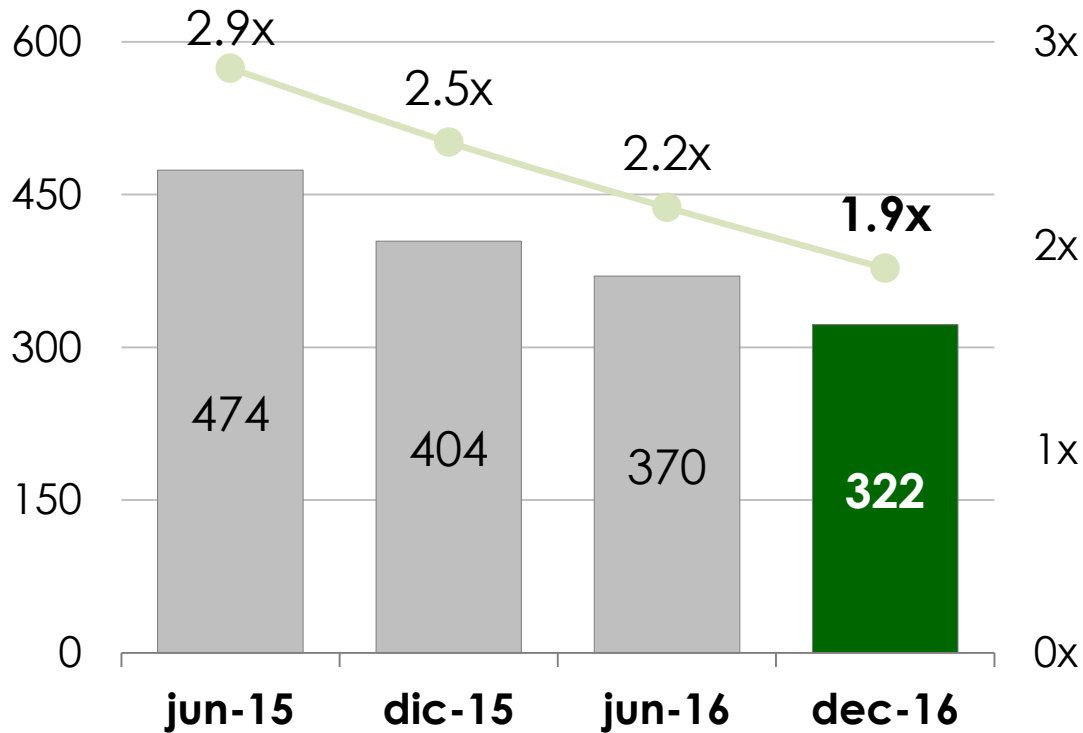
60% CASH CONVERSION
OF EBITDA 2011-2016

VALUE CREATION, MATERIALISED IN A
SUSTAINED CASH GENERATION

Financial profile

Financial solvency. Debt evolution.

Since 2015, EUR in million and times EBITDA.

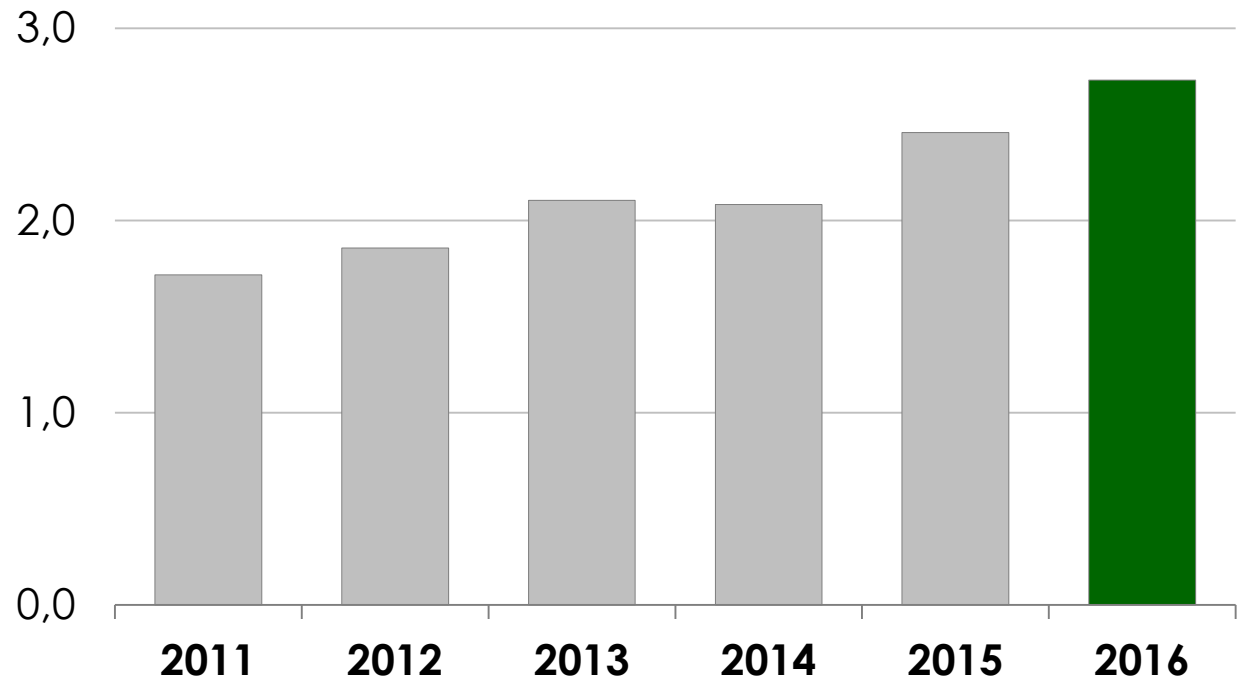


ON THE BASIS OF A
SOLVENT FINANCIAL STRUCTURE

Earnings

Earnings per share.

Since 2011, EUR per share.

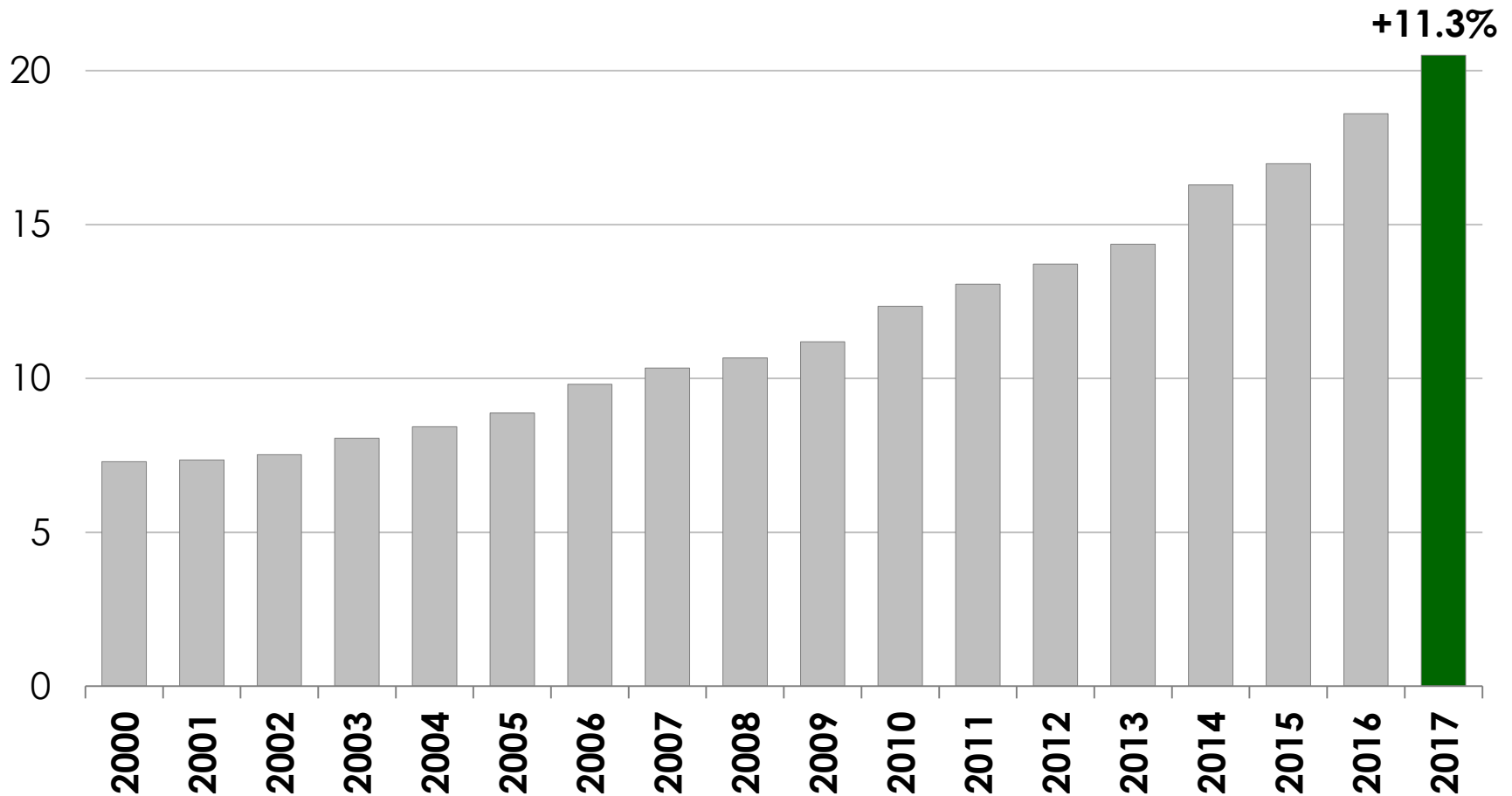


AND WITH THE ABILITY TO GENERATE A
SUSTAINABLE GROWTH OF RESULTS

Shareholder remuneration

Cash dividends.

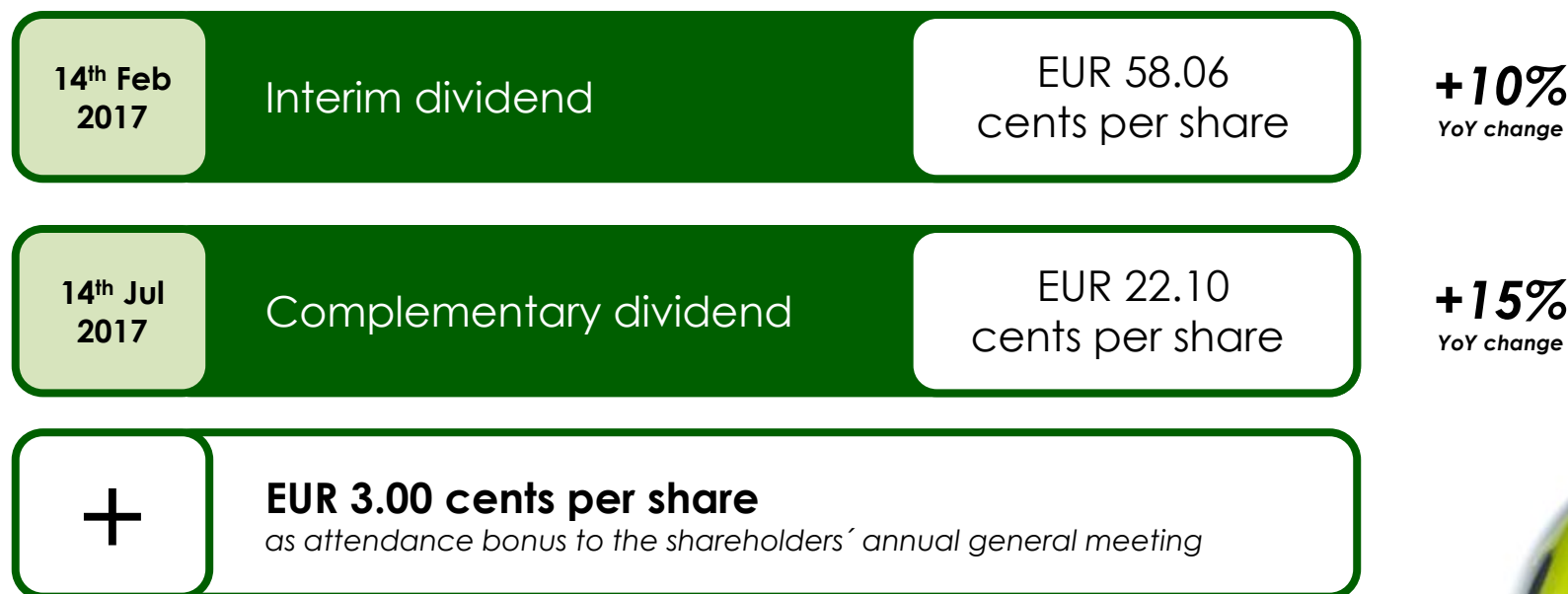
Since 2000, EUR in million.



Shareholder remuneration

Proposed 2016 results distribution.

Proposed dividend payments for 2017.

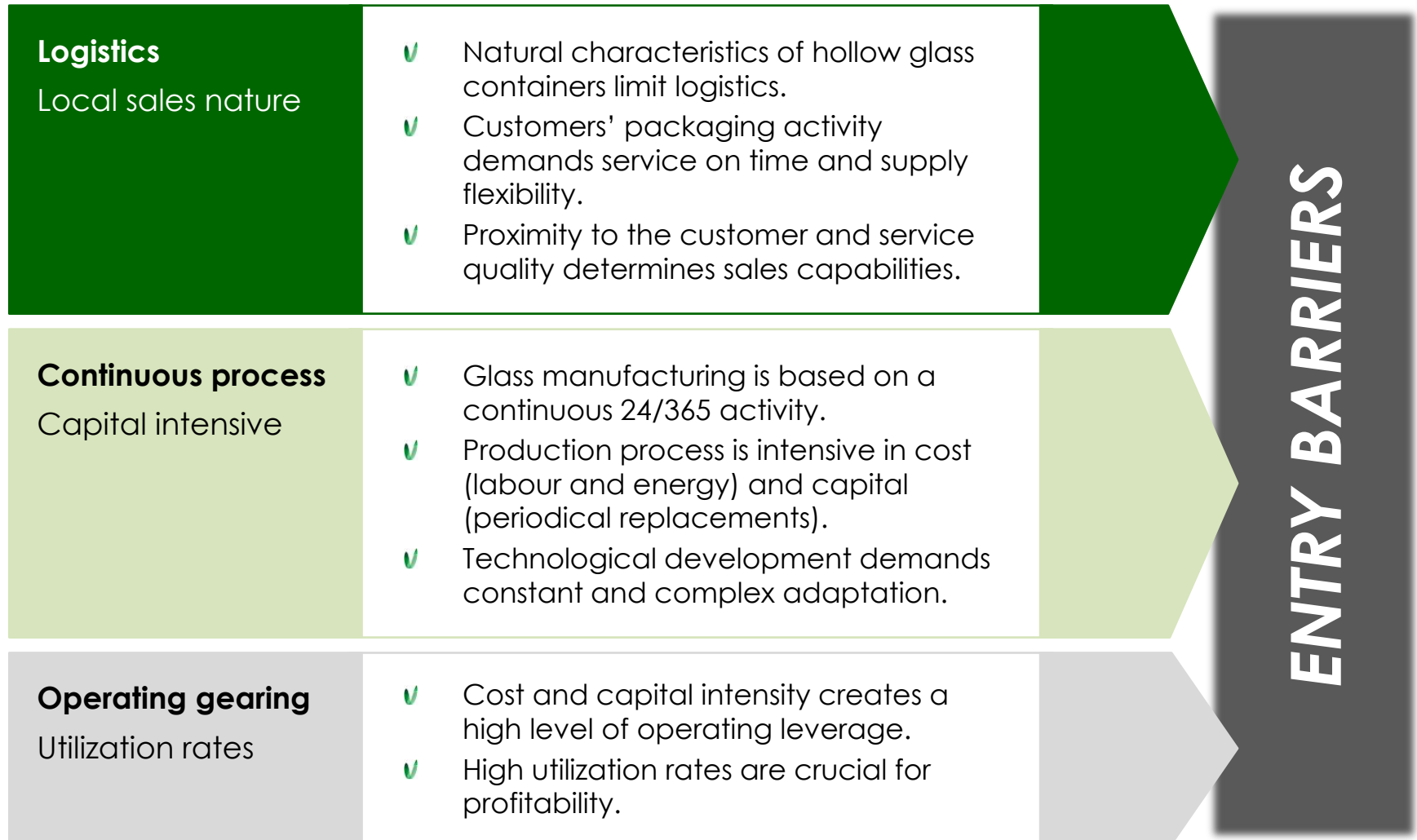


This proposal represents an increase in the annual dividend of 11.3 per cent.

Business fundamentals



Industry fundamentals



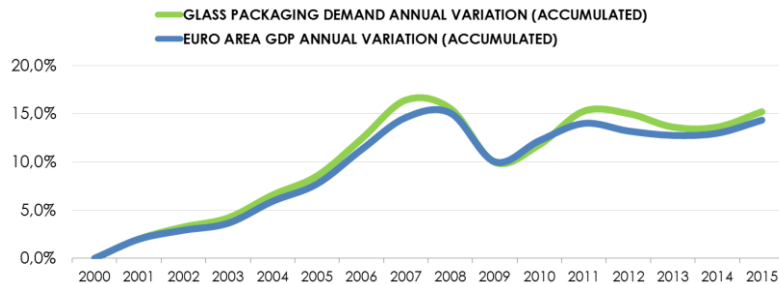
Demand fundamentals

The glass packaging market in Europe.
Solid and stable.



Glass containers demand in Europe vs GDP.

Base year 2000, accumulated.

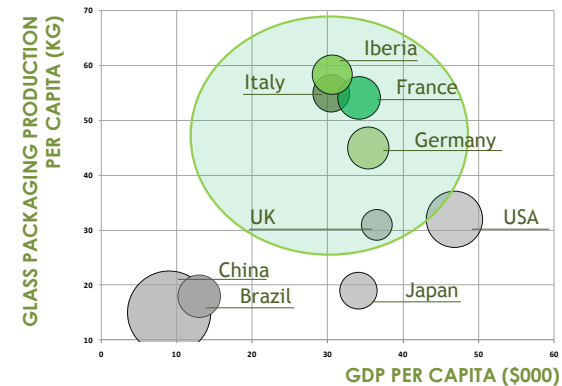


Source: Eurostat, FEVE /The European Container Glass Federation).

Our key geographical regions.
Strategic markets for the sector.



Glass packaging production vs GDP per capita.

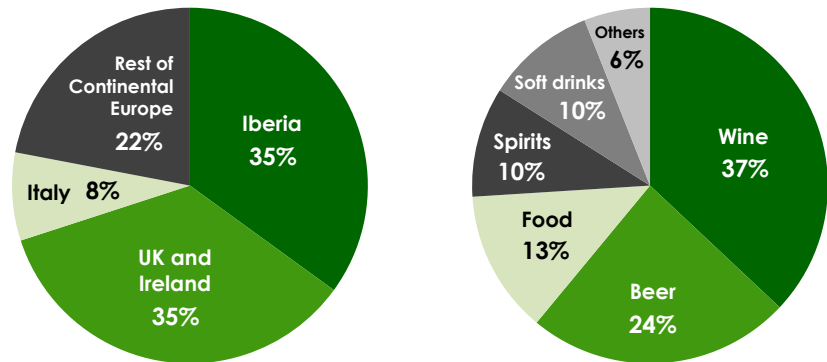


THE GLASS PACKAGING MARKET
A MATURE AND STABLE DEMAND

Vidrala fundamentals

- ✓ Vidrala's commercial positioning is focused on geographic **regions** and product **segments of long term strategic value**.
- ✓ Vidrala sells its products to a **balanced customer base** composed of more than 1,700 active customers. Top 10 customers stand for ≈30% of sales.

Sales breakdown. *By geography and segment.*



Customer base

Top 10 Customers	≈30% of sales
Top 50 Customers	≈60% of sales

POSITIONING OF VIDRALA

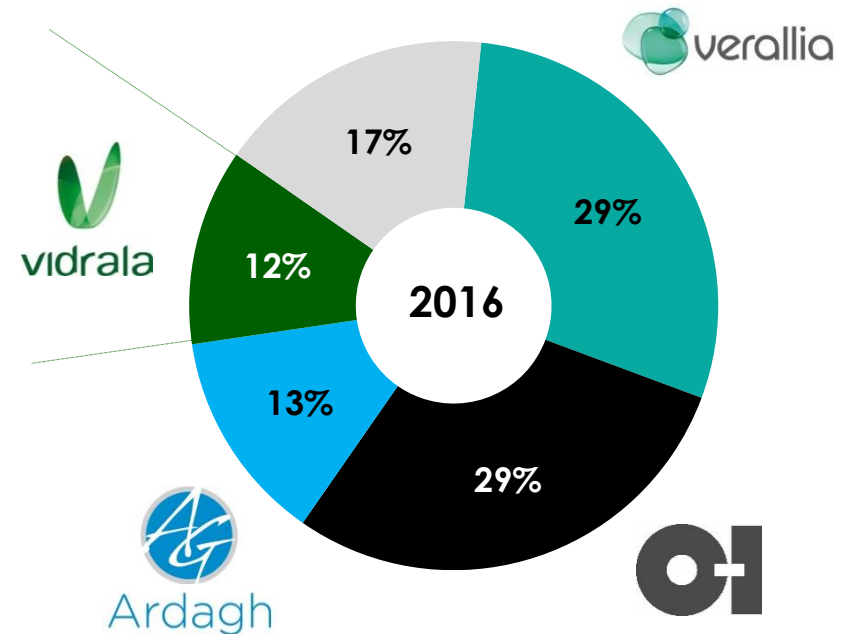
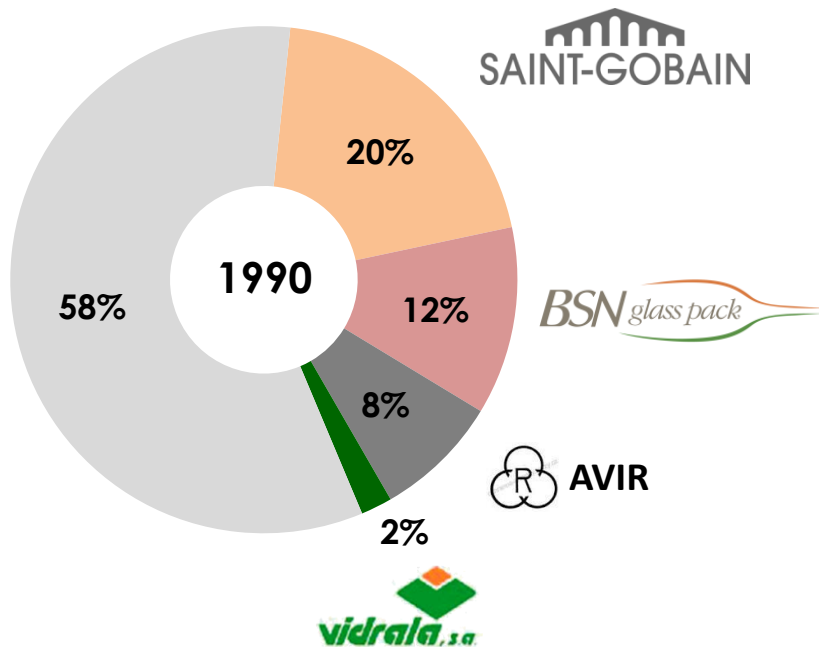
A STABLE MARKET AND A DIVERSIFIED DEMAND

The european glass packaging industry

TOWARDS A CONSOLIDATION PROCESS

Evolution of market shares in Western Europe.

2016 vs 1990.

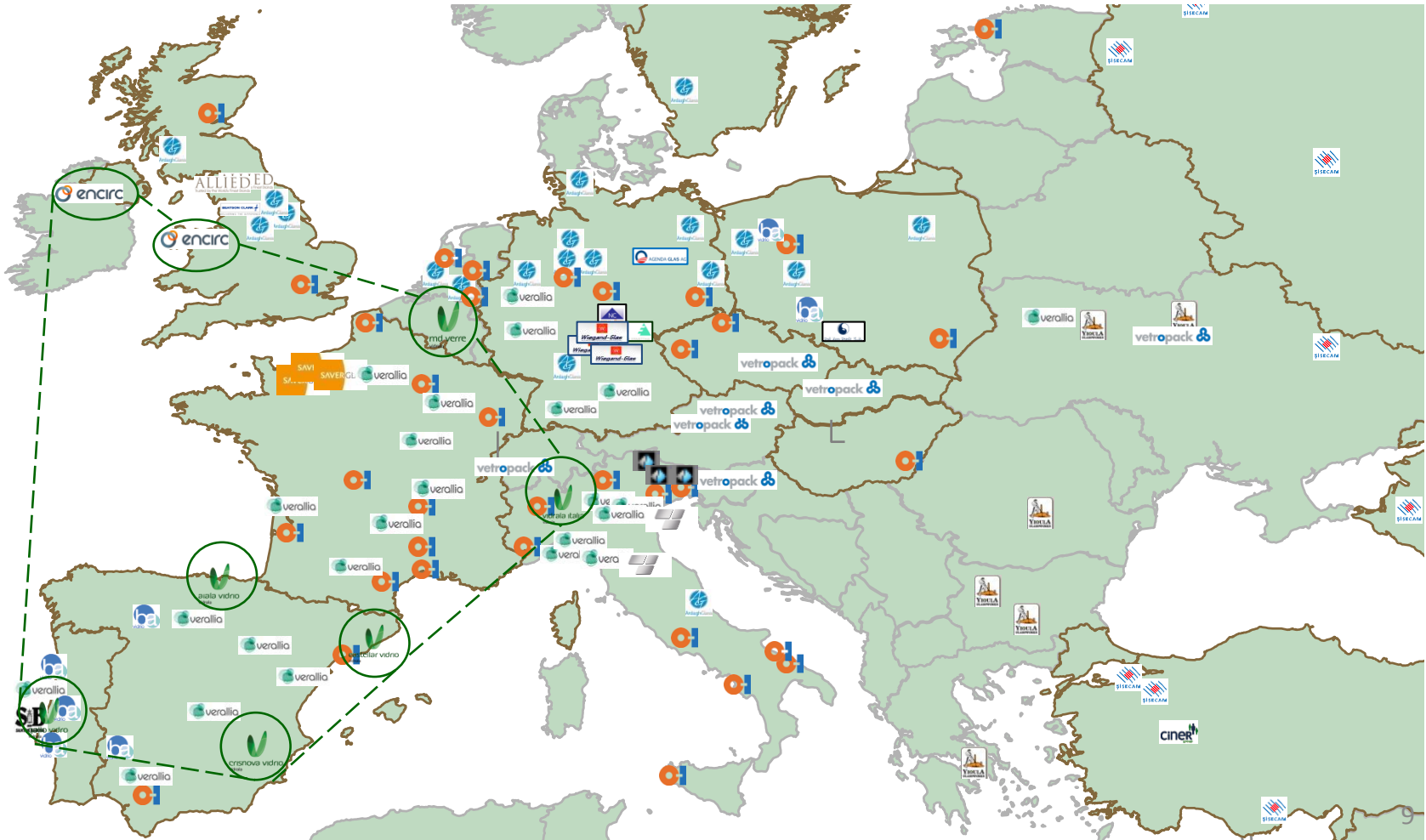


TOP 4 PLAYERS 2016 ≈83%
vs. A MARKET SHARE OF THE TOP 4 PLAYERS 1990 ≈42%

The european glass packaging industry



PRODUCTION SITES LOCATION



Financials

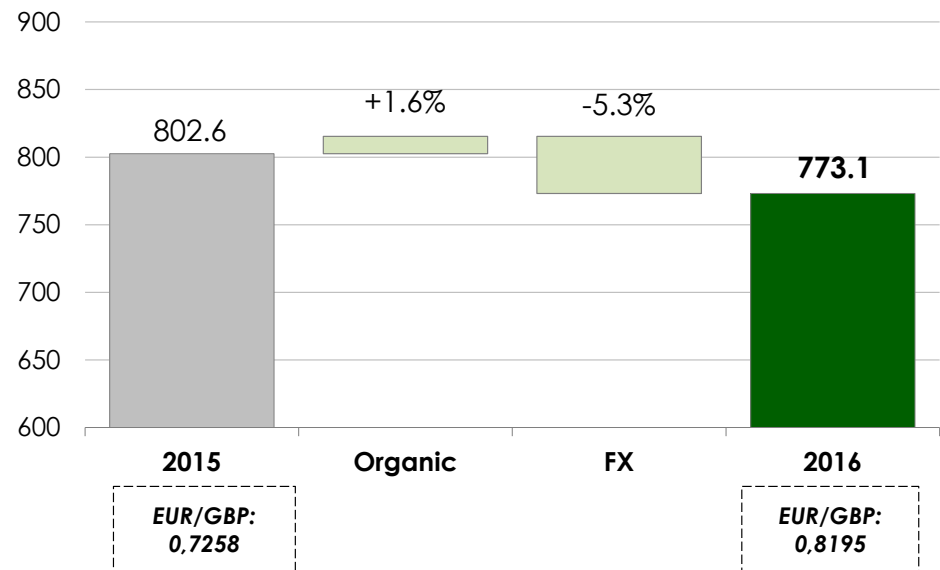


FY 2016 Results



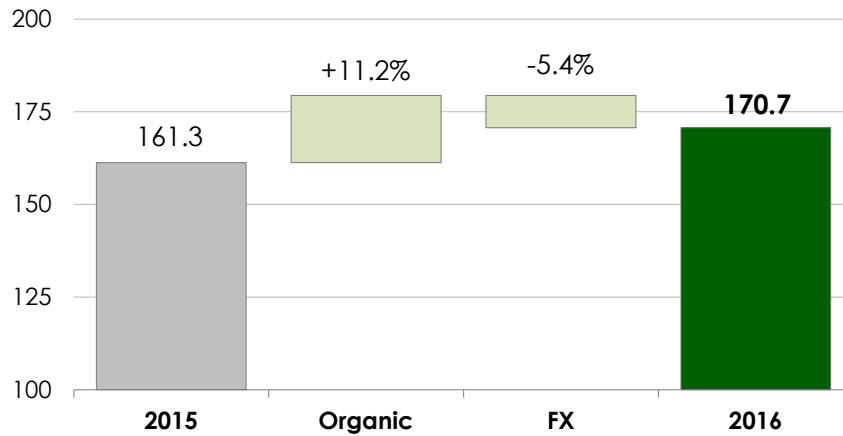
Sales.

YoY change, EUR in million.

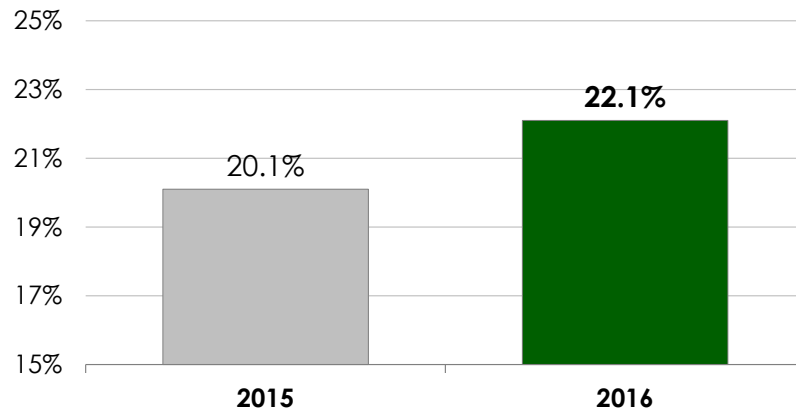


FY 2016 Results

EBITDA. YoY change, EUR in million.



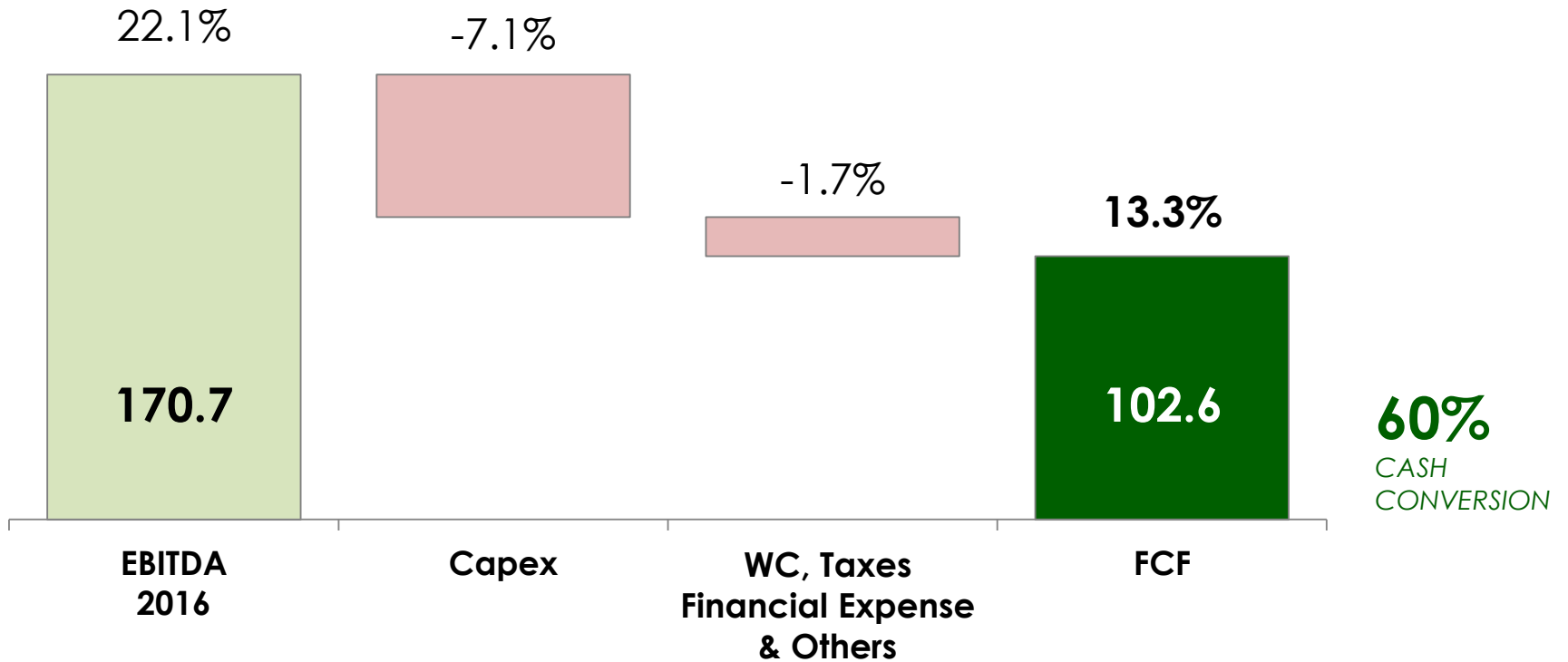
EBITDA margin. YoY change, as percentage of sales.



FY 2016 Results

Free Cash Flow generation.

2016, EUR in million.

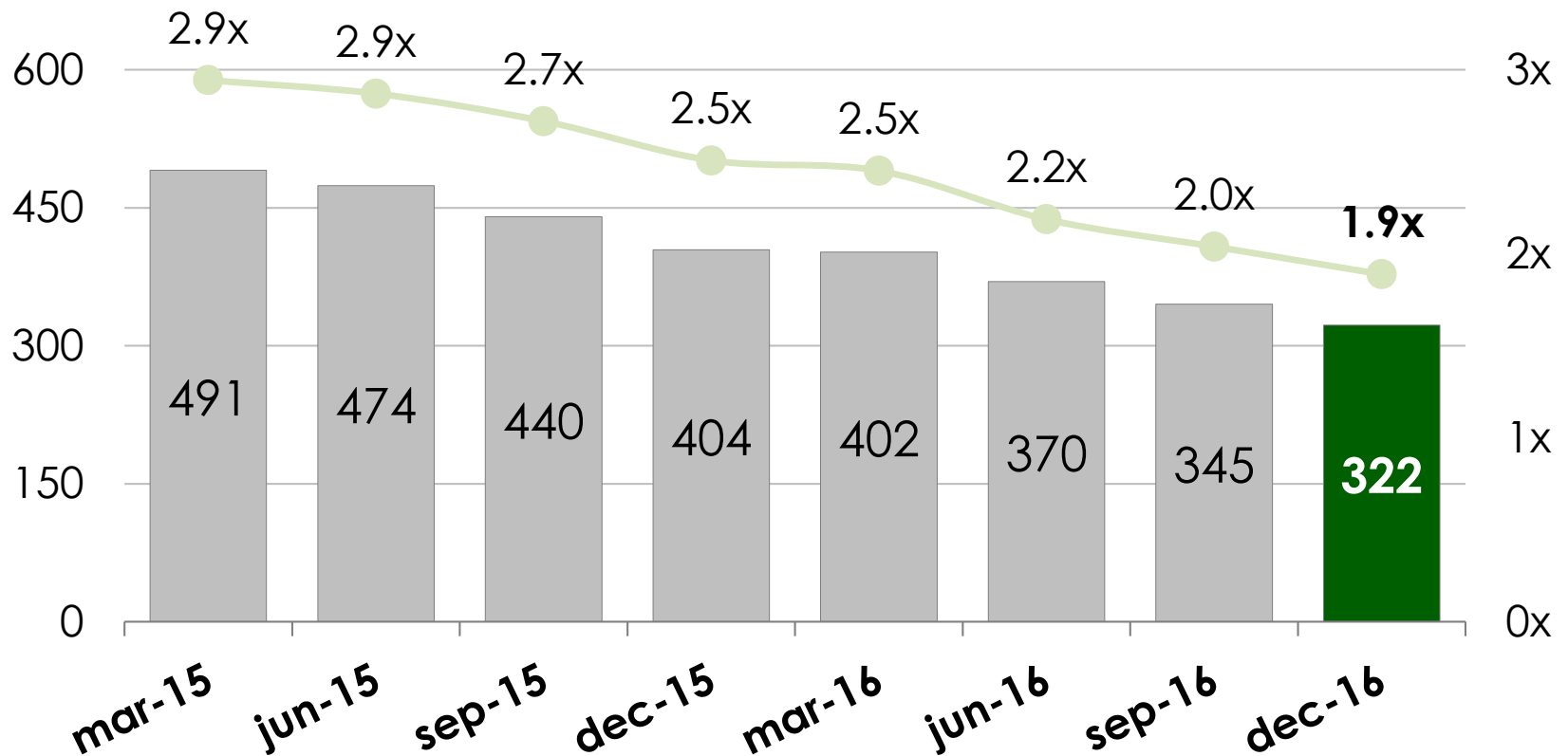


FY 2016 Results



Financial solvency. Debt evolution.

Since 2015, EUR in million and times EBITDA.



Targets

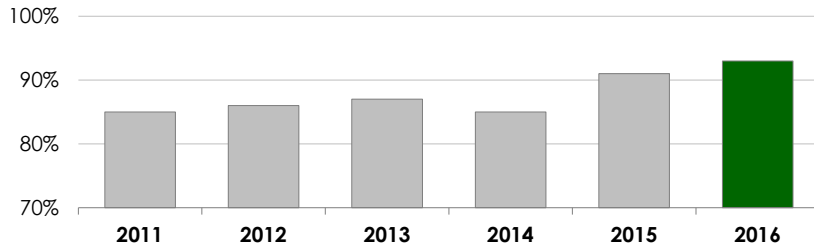


Development of operational performance

EBITDA margins



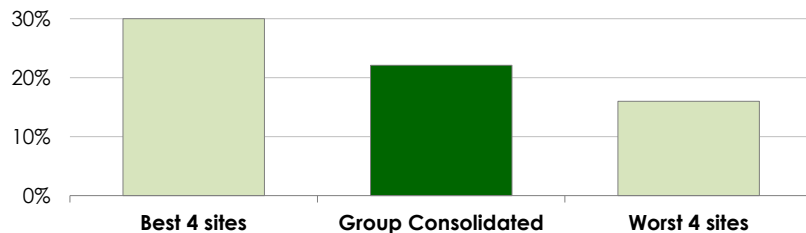
Capacity utilization.



Pack-to-melt ratio.



EBITDA margins.

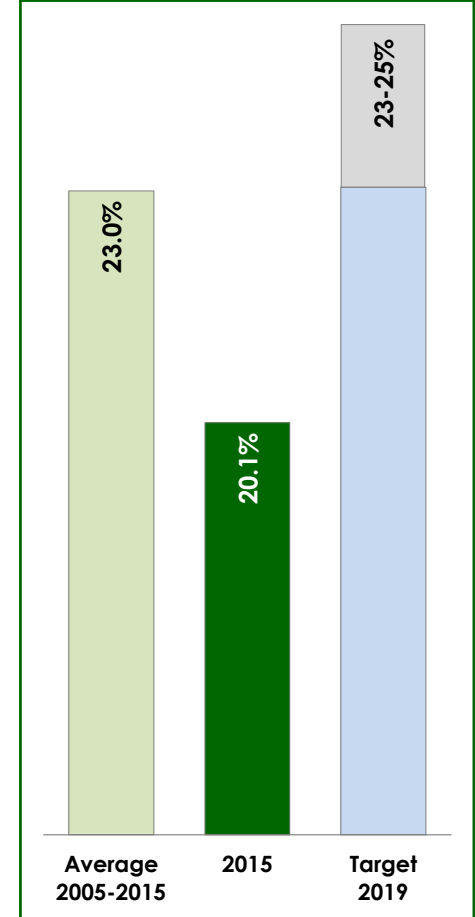


1. Operational leverage

2. Internal efficiency

3. Integration

EBITDA margin



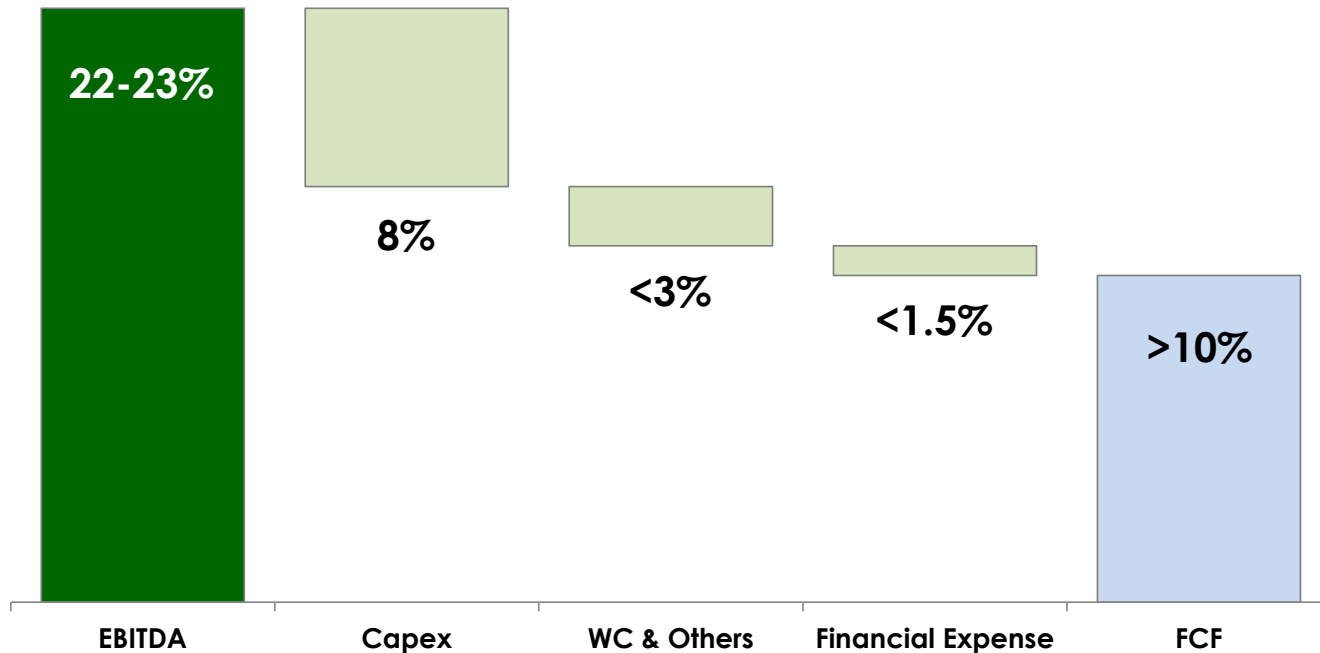
Materialization of value

Sustained cash generation



Cash generation origination rates.

5-year average rates (2015-2019), as percentage of sales.



>50%

**CASH CONVERSION
OF EBITDA 2015-2019**

Capex in 5 years

≈EUR 350 million, accumulated

2015-2019 capex plan

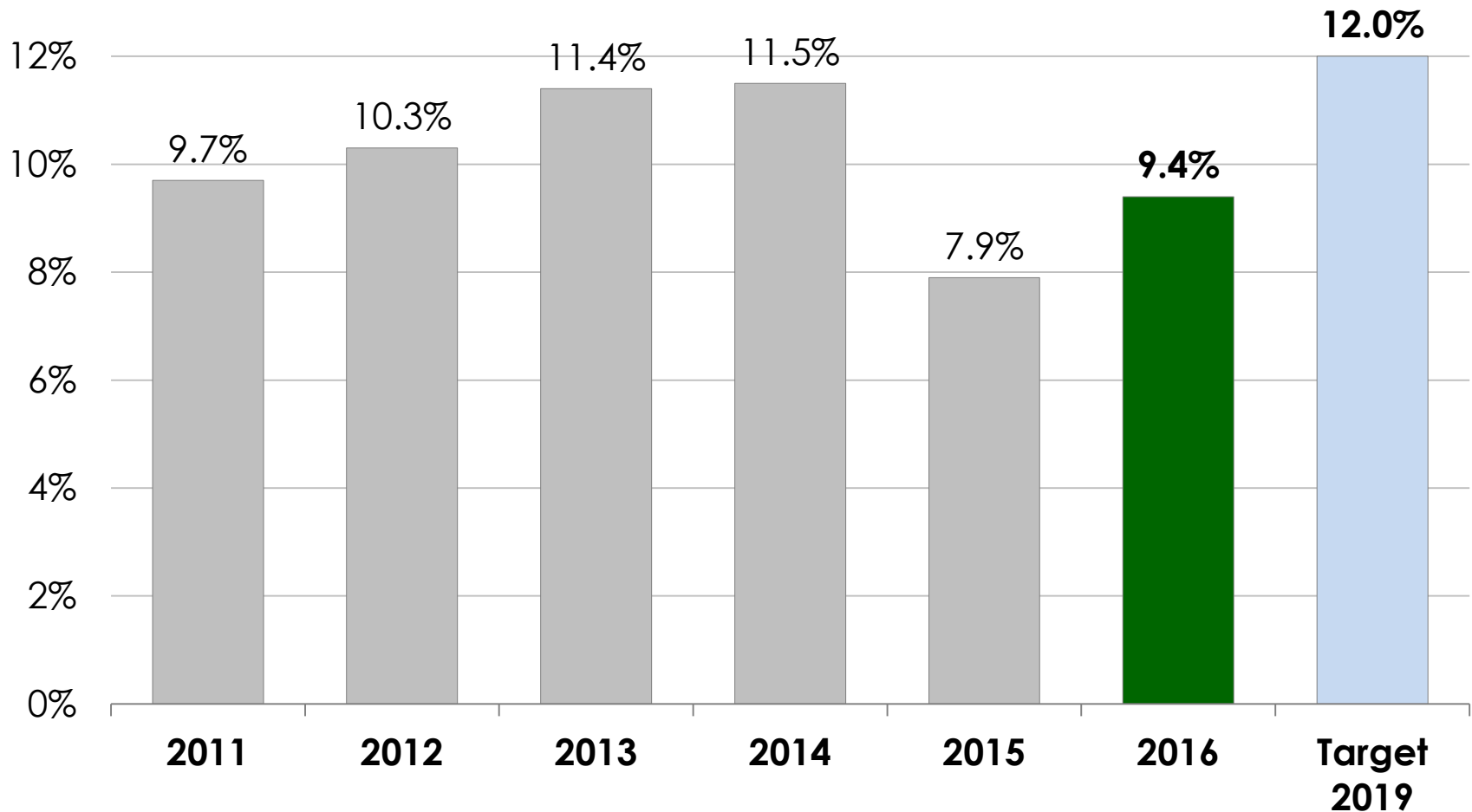
8% of sales, accumulated

Guarantee of the profitability of the business

Return on capital employed



Return on capital employed. ROCE.



Annexes



Annex. Aquisition of Encirc.



General Overview

✓ Encirc Glass is a **glass packaging manufacturer** for the food and beverage markets in UK and Ireland.

✓ It operates two sites:

DERRYLIN, Northern Ireland

- *County Fermanagh, UK*
- *Built in 1998*
- *The only glass container plant in Ireland*

ELTON, England

- *County Chesire, UK*
- *Built in 2005*
- *Largest glass container plant in Europe*
- *Includes filling and logistics facilities*

✓ It is the sole player in Ireland and the second player within the UK (roughly 27% market share).

Annex. Aquisition of Encirc.

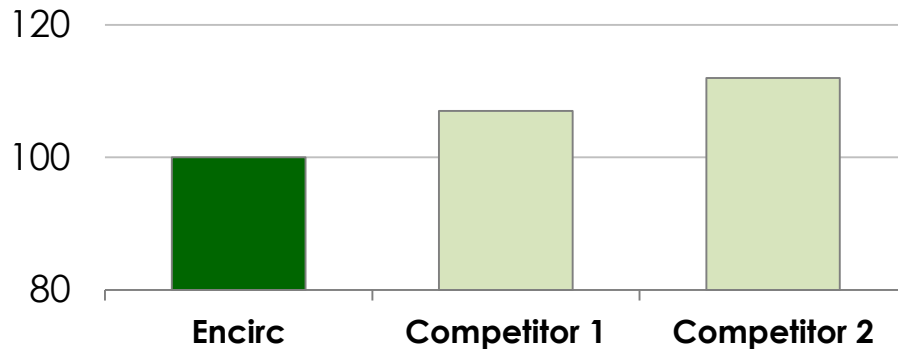
Quality of assets

- ✓ High-scale facilities, triple gob and quad gob flexibility
- ✓ Highly modern inspection machines
- ✓ Filling capabilities
- ✓ Fully automated warehouse

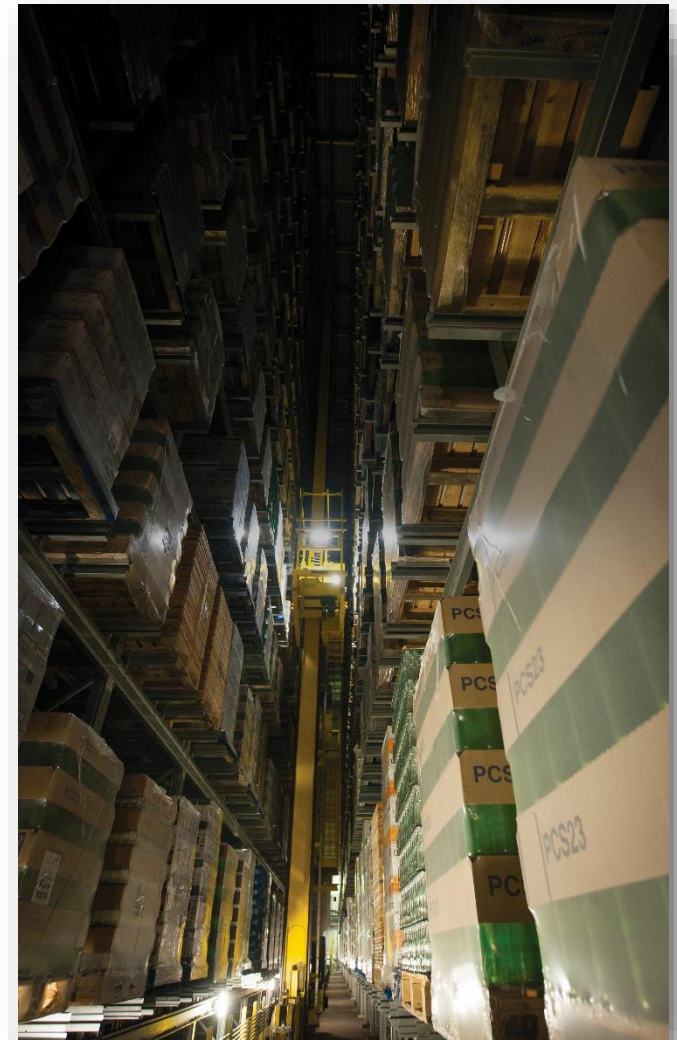
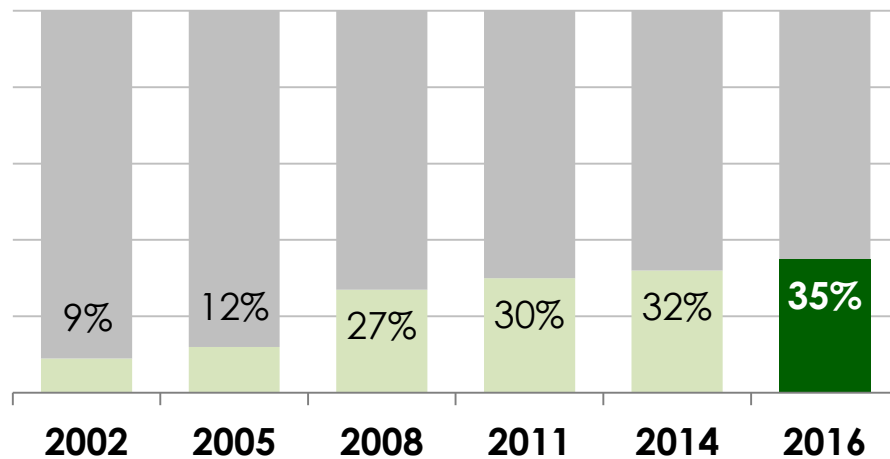


Annex. Aquisition of Encirc.

Estimated cost structure. *Encirc, in base 100.*



Evolution of Encirc's market share. *In percentage.*



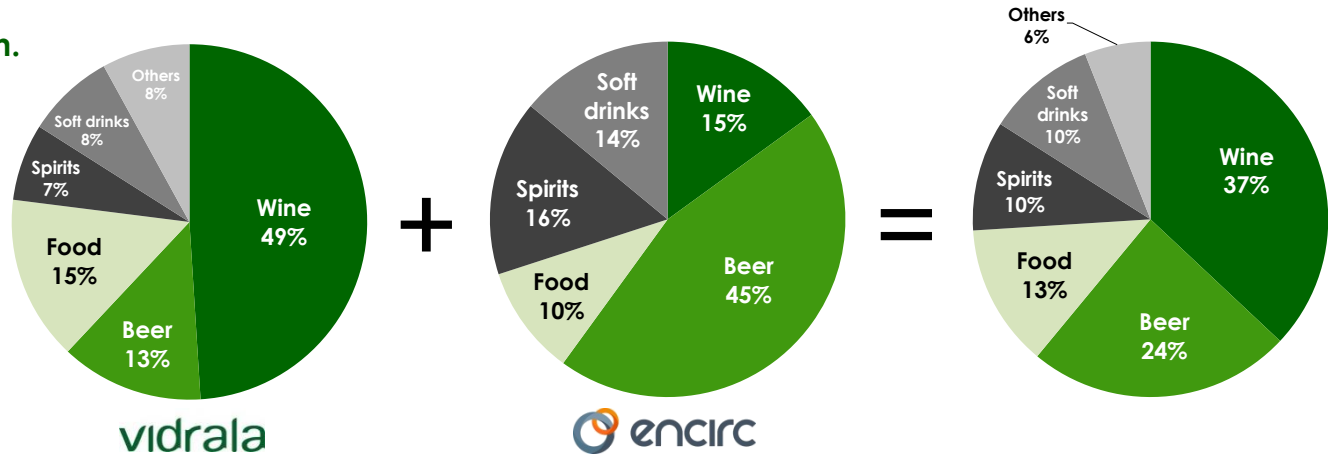
Annex. Aquisition of Encirc.



VIDRALA'S COMMERCIAL POSITIONING – TOWARDS A STRATEGIC DIVERSIFICATION

Product-mix breakdown.

Vidrala pre-Encirc,
Encirc and Vidrala
post-Encirc.



Vidrala Top Customers

Encirc Top Customers





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