

## VIDRALA, S.A. BUSINESS PERFORMANCE 2018

### ACCUMULATED FIGURES

	Full Year 2018	Full Year 2017	Reported change	Change on a like-for-like and constant currency basis
<b>Sales</b> (EUR million)	<b>955.4</b>	822.7	+16.1%	+3.8%
<b>EBITDA</b> (EUR million)	<b>239.4</b>	195.4	+22.5%	+7.9%
<b>Earnings per share</b> (EUR)	<b>4.47</b>	3.43	+30.0%	
<b>Debt / EBITDA</b> (multiple)	<b>1.7x</b>	2.2x	-0.5x	

**Important:** In order to improve comparability, 2017 earnings per share has been adjusted for the effect of the bonus share issue carried out in December 2018.

- ✓ Sales in the year 2018 amounted to EUR 955.4 million, showing an organic growth of 3.8%.
- ✓ Operating profit, EBITDA, amounted to EUR 239.4 million representing an operating margin of 25.1%.
- ✓ Earnings per share rose 30% over the same period last year, to EUR 4.47 per share.
- ✓ Debt at year end stood at EUR 411.1 million, equivalent to 1.7 times last twelve months EBITDA.



## Introduction

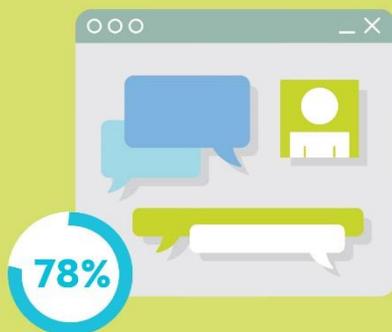
Vidrala is a consumer packaging company. We make glass containers for food and beverages products and offer a wide range of packaging services that include logistic solutions and beverages filling activities. Our industrial knowledge, growing geographical presence, glass manufacturing expertise, level of service and understanding of customers' processes make us a business partner for many of the main food and beverages brands. Our products and our services contribute to maintain our customers' reputation and values and play a role in their strategies, helping to develop their consumers' brand experiences.

### **A world for a new consumer**

Packaging is an essential part of modern day living. It protects and preserves, contributes to a sustainable economy helping reduce wastes and enables efficient distribution of products. The lifestyles we experience today in our daily consumption habits are founded, in part, in the availability of a sustainable packaging supply chain.

The global food and beverages market is large and growing. The use of primary packaging for these products increases proportionally. According to market researches, in 2018 the global packaging market for food and beverages grew by 3%. Population, gross domestic products and urbanisation rates remain the key factors for long term growth, while some additional drivers are reshaping the use of packaging nowadays. These drivers refer, mainly, to evolving demographics, changing consumer trends and the increasing importance of sustainability.

78% of Europeans have noticed a change in their own behaviour based on the recent social conversation on ocean pollution.



Source: FEVE.

72% of Europeans take their impact on the oceans into account when shopping.



Source: FEVE.

## Demographics and modern lifestyles

As geographies progress, urbanisation grows and middle classes evolve worldwide, demand for packaging rises. The retail industry requires more packaging to solve distances between producers and consumers, provide preservation, protect the product and secure longer shelf-lives. Simultaneously, in developed regions like Europe, the rise of big cities and the growth of smaller households, creates demand for more units of products, in individual containers. The modern consumer, living in urban areas, is refocusing its behaviour and preferences towards quality, health, convenience, premiumisation and on-the-go purchasing. New distribution channels, as online sales, are simply accelerating the process. Quality products are well informed, easily accessible and rapidly supplied without time wastes, in convenient packs. Equally, ageing populations are nothing but fueling demand for healthy and easy to use packaging with a traditional look and feel.

### CONSUMER PACKAGING DEMAND DRIVERS



## Packaging for a sustainable society

Globally, new regulations are progressively driving transition to a sustainable, resource efficient and competitive economy. Beyond these legal frameworks, consumers are becoming more aware, increasingly demanding sustainable packaging solutions and sustainability across the complete supply chain. Unavoidably, environmental concerns in materials like plastic packaging are growing in relevance. Therefore, brand owners and packagers are developing initiatives to improve their packaging footprint and a relevant amount on global brands in both food, beverages and other consumer related industries are publishing strategic plans based on sustainable packaging systems. The majority of these policies are being materialised in specific targets for using packaging that is made from recycled materials.

## Glass for the future

Under this changing consumer world, glass arises as the optimal packaging choice. Glass secures the highest protection and the most optimal preservation enabling efficient distribution of products that require to be consumed in optimal conditions. Glass packaging is safe, healthy and inert. Glass is appealing and helps brand owners to connect with end consumers, identifying and promoting their goods, acting as a marketing tool and an iconic representation of the product inside. More important, glass can be recycled forever. It's the ultimate sustainable packaging. Surveys across the developed world show that consumers and packagers increasingly prefer glass as the packaging material of choice.



Source: FEVE.

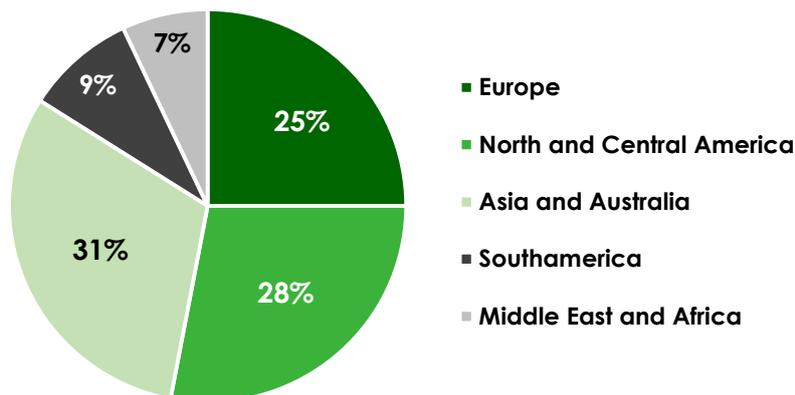


Source: FEVE.

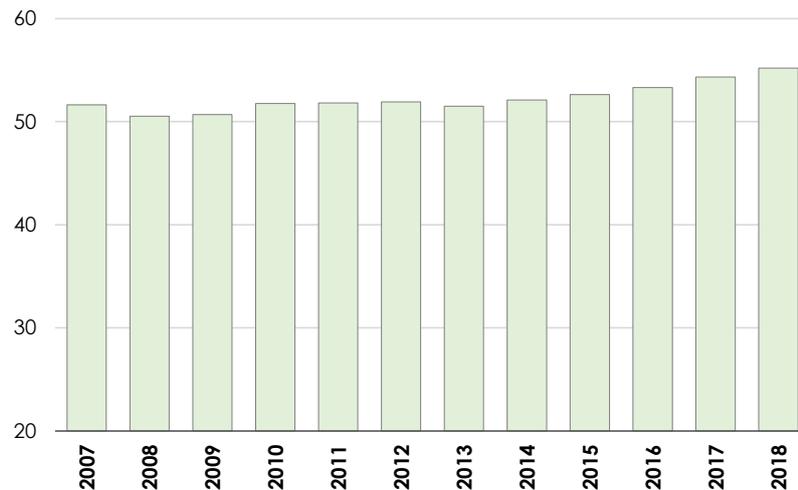
## Our market

### Global consumer rigid packaging market.

Share by regions.



More than 55 billion glass containers for food and beverages were sold in Western Europe during 2018. It represents an increase of approximately 2% compared to the previous year. Vidrala served approximately 15% of the market, with more 8.3 billion units sold during the year.

**Western Europe. Sales of glass containers for food and beverages.***In billion units, per year.*

Sources: FEVE and internal estimations. Figures include domestic demand for glass containers in France, Italy, Germany, Spain, Portugal, the United Kingdom, Ireland and Benelux.

This organic growth was supported by broadly stable consumption rates across the different regions, consumers and packers dynamics that are favourable to glass versus alternative materials and growing imports of bulks that create glass bottling demand in the United Kingdom.

Vidrala's business structure met the challenge of this demand context. On the basis of a firm focus on customer service, we have progressed in our strategic vision to become a glass packaging supplier of reference, whose mission is to consolidate long-term and sustainable commercial relationships with customers that are our main value.

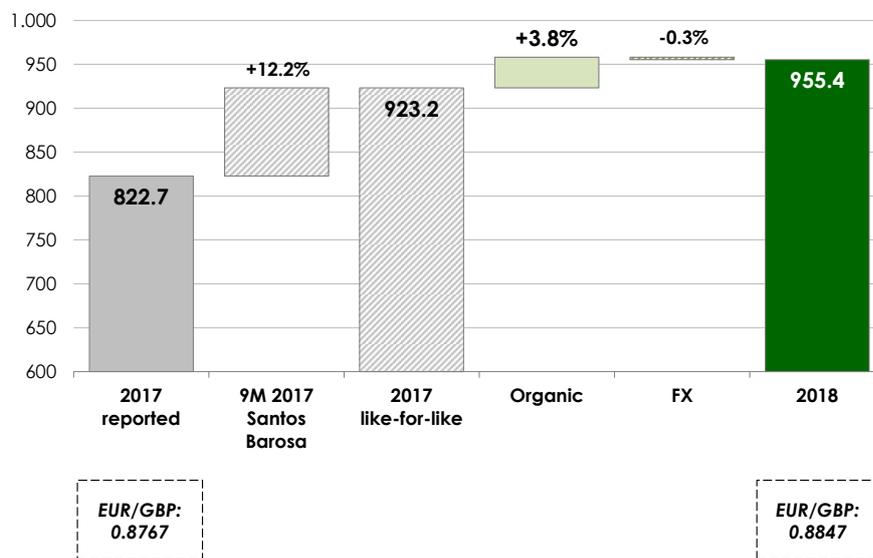
**Earnings performance**

**Sales**

Net sales registered by Vidrala during the FY 2018 amounted to EUR 955.4 million, representing an increase of 16.1% over the previous year. On a like-for-like –that is, including the contribution of Santos Barosa for the full year 2017– and constant currency basis, sales grew organically 3.8%.

**SALES  
YEAR OVER YEAR CHANGE**

EUR million



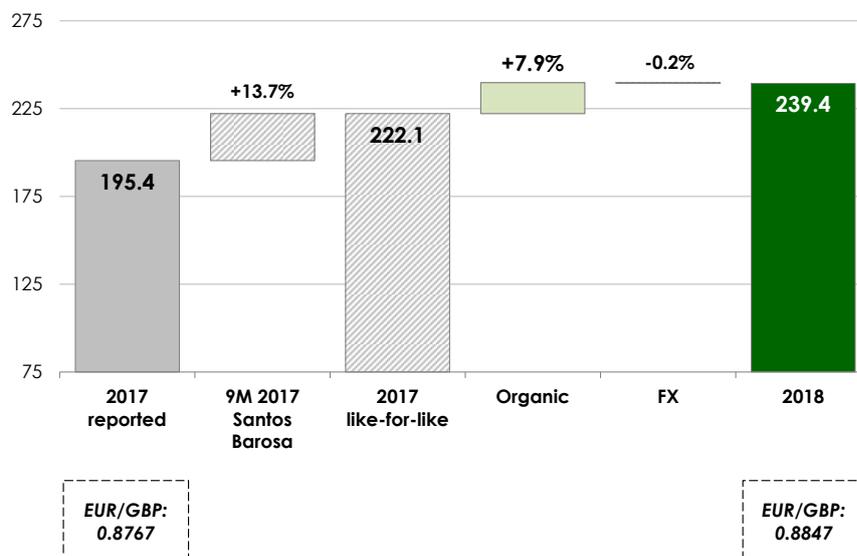
## Operating results

Operating profit –EBITDA– obtained over 2018 reached EUR 239.4 million. This represents an increase of 22.5% over the figure reported last year reflecting an organic growth, on a like-for-like and constant currency basis, of 7.9%.

EBITDA margins reached 25.1% representing an expansion of 130 basis points over the previous year.

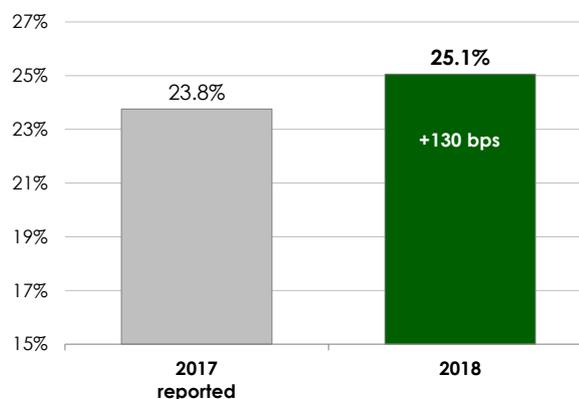
### EBITDA YEAR OVER YEAR CHANGE

EUR million



### OPERATING MARGINS EBITDA YEAR OVER YEAR CHANGE

As percentage of sales



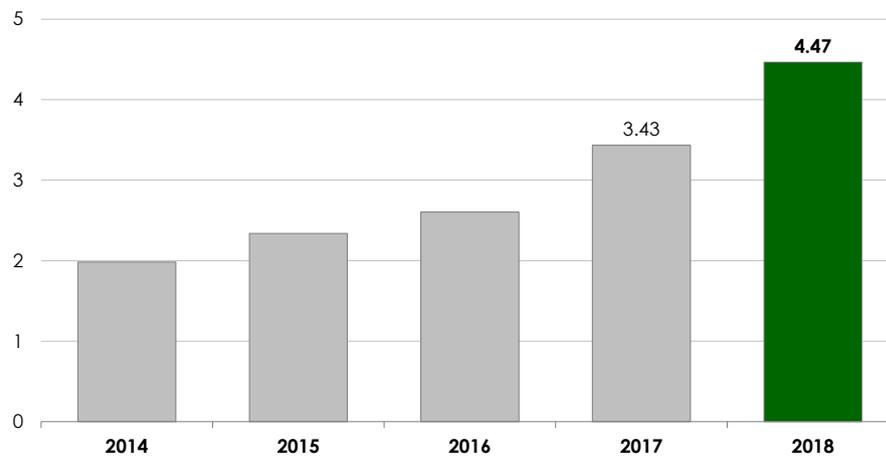
## Results and financial position

Net profit for the full year 2018 amounted to EUR 116.0 million, after recording net financial expenses equivalent to 0.7% over sales and an effective tax rate of 17.4% over profits. As a result, earnings per share during the period reached EUR 4.47 per share. This represents an increase of 30.0% over the previous period.

Net debt at December 31, 2018 stood at EUR 411.1 million. Leverage ratio stood at 1.7 times twelve months EBITDA.

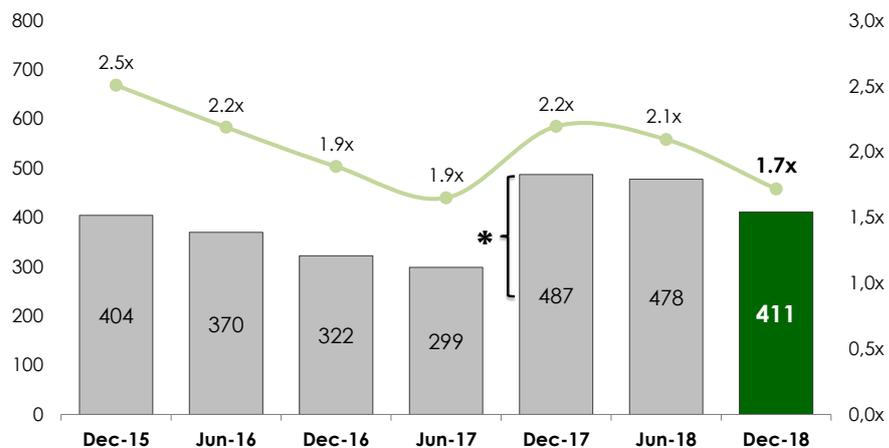
### EARNINGS PER SHARE SINCE 2014

EUR per share



### DEBT SIX-MONTHLY EVOLUTION SINCE 2015

Debt in EUR million and times EBITDA



\*The increase is due to the acquisition of Santos Barosa, whose enterprise value (EV) amounted to EUR 252.7 million.

## Key figures

	Full Year 2018	Full Year 2017
<b>Sales</b> (EUR million)	955.4	822.7
<b>EBITDA</b> (EUR million)	239.4	195.4
<b>EBITDA margin</b> (as percentage of sales)	25.1%	23.8%
<b>EBIT</b> (EUR million)	147.1	117.2
<b>Net profit</b> (EUR million)	116.0	89.1
<b>Free cash flow*</b> (EUR million)	101.3	108.5
<b>Debt</b> (EUR million)	411.1	487.3
<b>Debt / EBITDA**</b> (multiple)	1.7x	2.2x
<b>Debt / shareholders' equity</b> (multiple)	0.7x	0.9x
<b>EBITDA** / net financial expenses</b> (multiple)	35.8x	28.8x
<b>Total assets</b> (EUR million)	1,407.3	1,404.9
<b>Shareholders' equity</b> (EUR million)	610.0	528.1

*\*Free cash flow 2017 excludes the payment for the acquisition of Santos Barosa on October 13, 2017, for an enterprise value of EUR 252.7 million.*

*\*\*EBITDA 2017 proforma; it includes accumulated last twelve months EBITDA of Santos Barosa.*

## Business outlook

Consumption of products packed in glass progresses at the pace of evolving demographics, developing modern lifestyles and growing preferences of consumers and packers towards glass versus alternative packaging materials.

Under this context, demand in our areas of activity remains stable, proving a resilience that will be consistent with the different regional economic frameworks and the above mentioned consumption patterns.

In this business environment, management priorities inside Vidrala during 2019 will remain focused on internal actions aimed at securing customer service, investing in our industrial facilities with forward-looking ambition, and managing cost inflation with the goal of strengthening the operating margins.

In any case, the long-term strategic guidelines will remain intact, firmly directed towards the customer, the cost competitiveness and the efficient capital structure as unwavering commitments for the business. Accordingly, 2019 should be a year of increased cash generation resulting in a consequent debt reduction. We are building today the business platform for the future.



## Relevant information for shareholders

The shareholder remuneration policy implemented by Vidrala is based on the gradual growth in cash dividends as the main way of distributing benefits. 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, Vidrala tries to define complementary tools for shareholder remuneration that are considered efficient and consistent with prevailing business conditions.

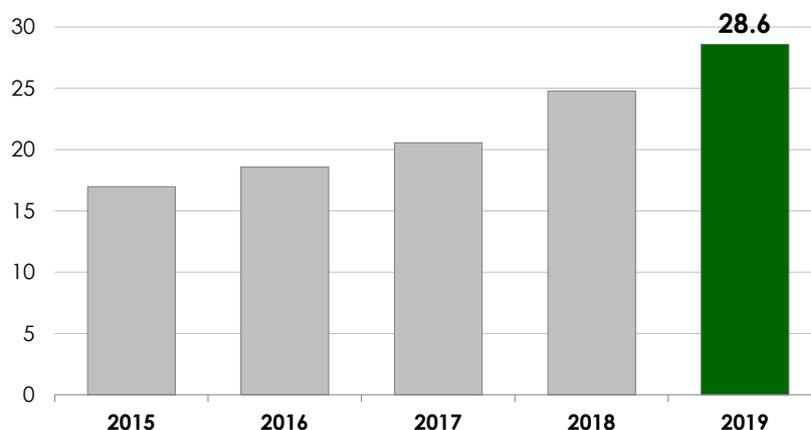
Consistent with that policy, cash dividends distributed during the year 2018 amounted to EUR 96.19 cents per share, and EUR 4.00 cents per share were offered as attendance bonus to the general meeting, accumulating an annual cash distribution of EUR 1.0019 per share. This represents an increase of 20.5% over the prior year.

Likewise, during November 2018, Vidrala executed a free share capital increase in a proportion of one new share for every twenty existing shares to be freely allocated between all shareholders. All outstanding company shares, without distinction, were fully granted for this 5% bonus share issue.

Regarding the dividend payments for 2019, Vidrala has proposed a results distribution that represents –considering the effect of the new shares assigned free of charge after the bonus share issue completed in December 2018– an increase in the annual dividend of 15%. The first interim payment was paid on February 14, 2019 for EUR 76.64 cents per share. A second complementary payment is proposed to be paid on July 12, 2019 for an amount EUR 29.17 cents per share. Additionally, EUR 4.00 cents per share will be offered as attendance bonus to the general meeting. Overall, cash remuneration during 2019 would accumulate EUR 1.0981 per share.

### **SHAREHOLDERS' REMUNERATION CASH DIVIDENDS AND AGM ATTENDANCE BONUSES**

*EUR million, since 2015*



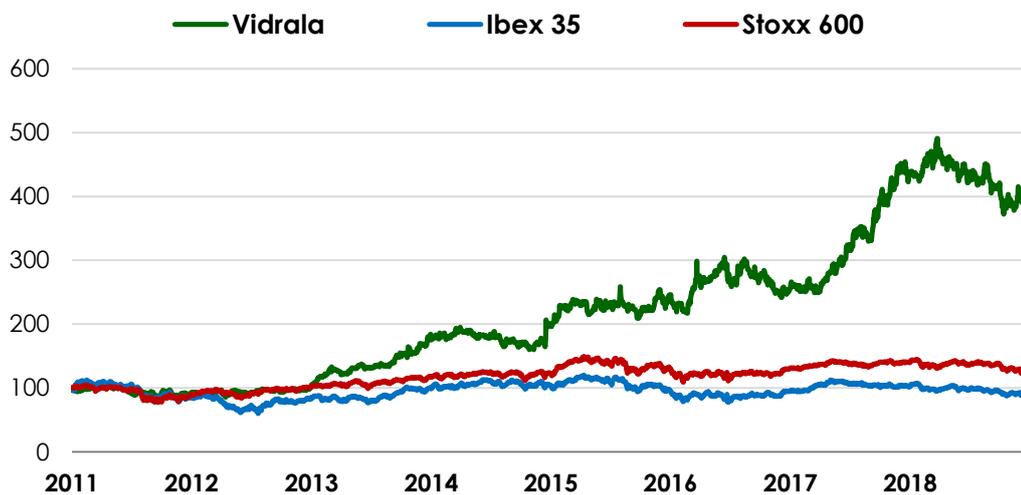
As an additional extraordinary measure, on December 20, 2018, the Company announced a share buy-back program, through which up to a maximum of 192,000 shares will be acquired for a maximum cash amount of EUR 16 million. The purpose of the programme is to reduce the share capital of Vidrala by the redemption of own shares, with the aim of contributing to the shareholders' remuneration policy through the increase in earnings per share.

### Share performance

The share price closed 2018 at EUR 73.90, equivalent to a market capitalisation at the end of the year of EUR 1,924 million.

#### SHARE PRICE PERFORMANCE

Comparative performance in percentage terms, base 2011



	Full Year 2018
Price at the end of the period (EUR)	73.90
Market capitalisation (EUR million)	1,924
Cash remuneration (EUR per share)	1.0019
Interim (14/02/2018)	0.6967
Complementary (13/07/2018)	0.2652
AGM attendace bonus (11/06/2018)	0.0400



## Annex I. Alternative Performance Measures (APM).

Vidrala publishes this information in order to promote comparability and interpretation of its financial information and in compliance with the Directive of the European Securities and Markets Authority (ESMA) on Alternative Performance Measures (APM).

See below, the alternative performance measures used by Vidrala, as well as its basis of calculation. For further detail, please check the reference document published on the corporate website ([link](#)).

**EBITDA.** Vidrala calculates EBITDA as earnings before interest, taxes, depreciation and amortization (as reported in the consolidated income statement).

**Consolidated net debt.** Vidrala calculates consolidated net debt as the sum of all long-term liabilities and short-term obligations, and then subtracting cash and cash equivalents (as reported in the consolidated balance sheet).

**Free cash flow.** Vidrala calculates free cash flow by adding –to the real variation in net debt balances (as reported in the consolidated balance sheet)– payments during the period dedicated to dividends and net treasury stock purchases (as reported in the consolidated statement of cash flows).

*Other magnitudes referred to in this report:*

- **EBITDA margin** is calculated as accumulated EBITDA during the reported period divided by net sales.
- **Organic** refers to the variation on a like-for-like (comparable perimeter) and constant currency basis.
- **Debt/EBITDA** ratio is calculated as consolidated net debt at the end of the reported period divided by EBITDA obtained in the last 12 months.

**Annex II. 2019 events calendar.****Past events**

February 14, 2019

Payment of a first interim cash dividend from 2018 results

February 27, 2019

FY 2018 Earnings Release (8:00h CET)

**Upcoming events**

April 17, 2019

Q1 2019 Earnings Release (8:00h CET)

May 28, 2019

Annual General Meeting (12:00h CET)

July 12, 2019

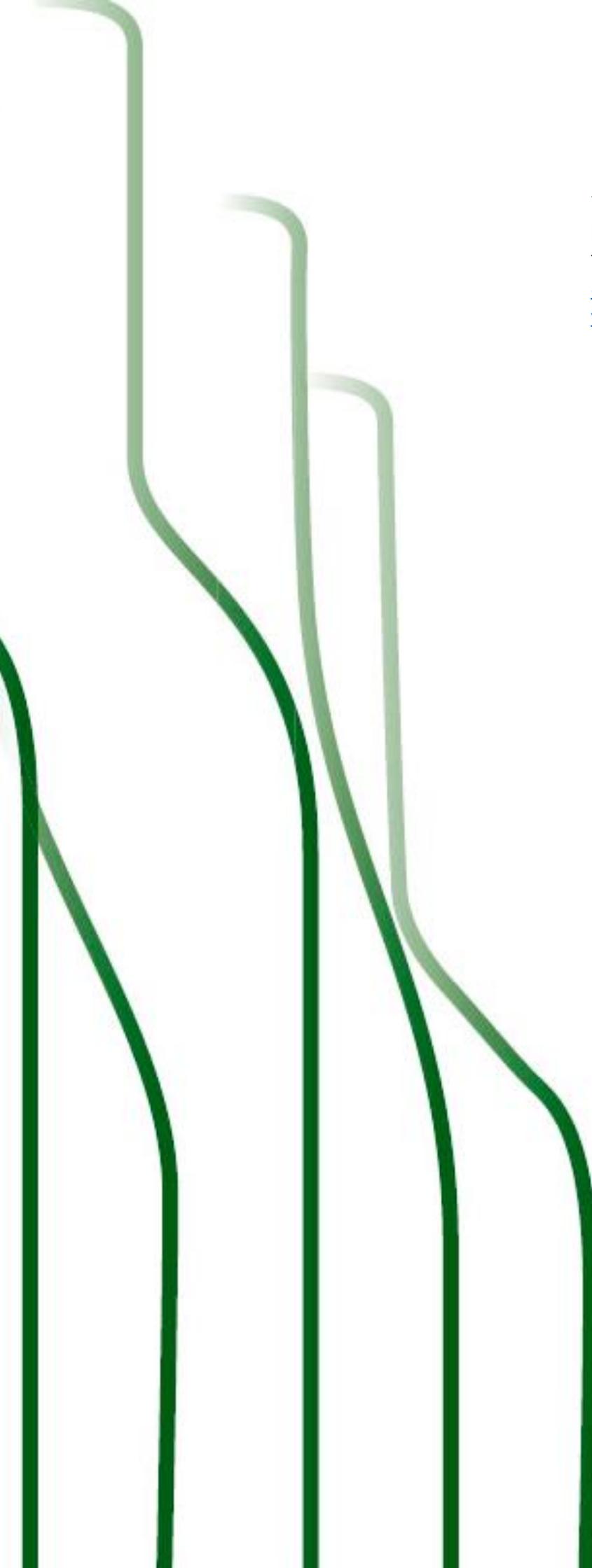
Payment of a complementary cash dividend from 2018 results

July 24, 2019

Q2 2019 Earnings Release (8:00h CET)

October 25, 2019

Q3 2019 Earnings Release (8:00h CET)



**VIDRALA, S.A.**

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