



vidrala

Company Presentation

MARCH 2008

- *Introduction*

- General Overview
- Business Performance
- Objectives

vidrala :

- ✓ A leading manufacturer of glass containers in the South of Europe with **international projection** and a strategy focused on **growth, value creation and business specialisation**.
- ✓ The largest **independent company** in the Iberian Market with 27% market share.
- ✓ Supplier of glass containers for a **wide variety** of products in the beverages and food industry. Vidrala produces **more than 3 billion of bottles and jars** a year obtaining **annual revenues above EUR 350 Million**.
- ✓ The company is listed on the Spanish Stock Exchange with an **over EUR 450 Million** current market capitalization.



Highlights

- ✓ **South-European independent leading company in glass containers.**
- ✓ **Optimal productive structure and complementary geographical organization. Focused on strategic areas of sales.**
- ✓ **Balanced relationship between “blue chip” and small customers through a profitable product mix and well positioned commercial strategy.**
- ✓ **Strong financial position. Margin for further leveraging, potential for solid cash flow generation.**
- ✓ **Continuous focus on technological development and innovation.**
- ✓ **High improvement potential under the current process of integration of the recent acquisitions.**
- ✓ **Stable and sustainable dividend policy.**
- ✓ **Solid environmental commitment and strict focus on sustainable development.**



Brief History

ORGANIC GROWTH

1965

Establishment of **Vidrerías de Alava S.A.**

1969

2nd Furnace set up

1981

Industrial development and energy rationalization

1985

Vidrala goes public

1989

Subsidiary **CRISNOVA, S.A.** set up

1995

Vidrala: 3rd Furnace set up

1998

Crisnova: 2nd Furnace set up

2001

New Strategic Plan Definition

2003

Acquisition: Gallo Vidro (Portugal)

2005

Acquisitions:
Corsico (Milán, Italy), **Castellar** (Barcelona, Spain)

2007

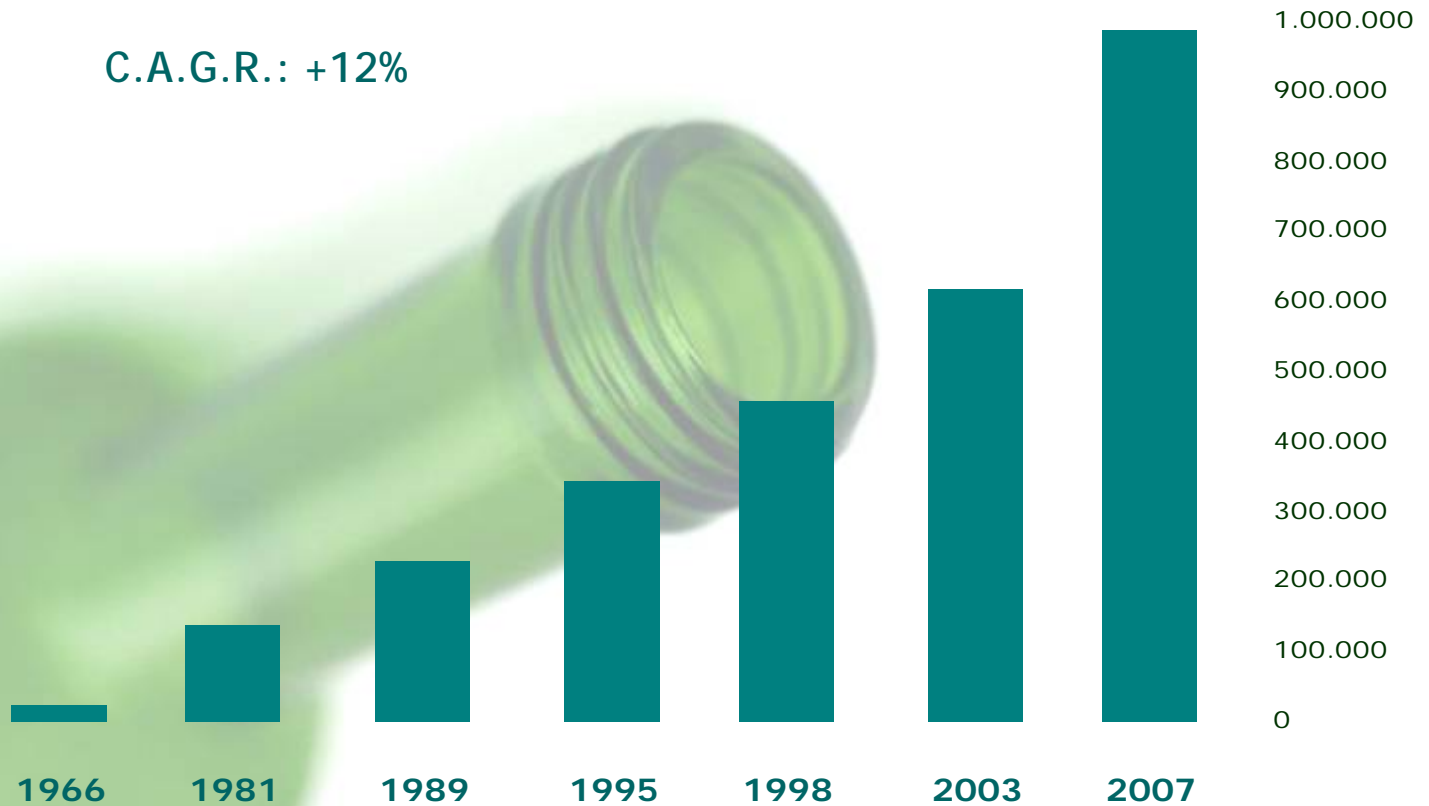
Acquisition: La Manufacture du Verre (Bélgica)

ACQUISITIONS

A History of Growth

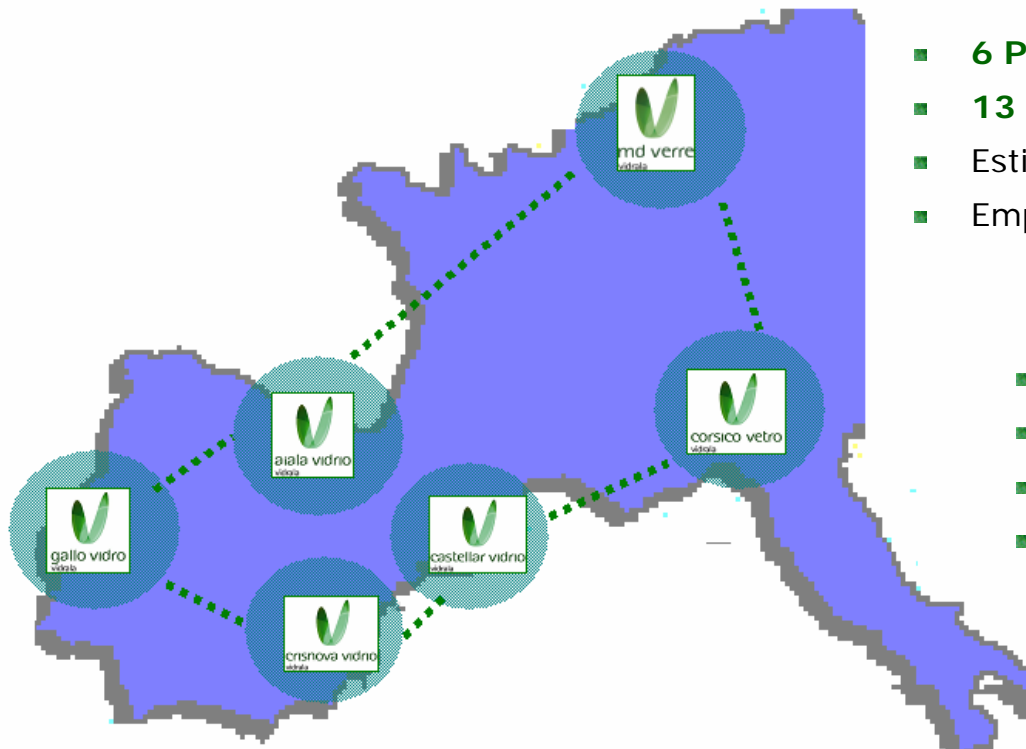
PRODUCTION (VOLUME IN TONS OF GLASS)

C.A.G.R.: +12%



PRODUCTIVE STRUCTURE: A COMPLEMENTARY NETWORK

- **6 Plants** en 4 countries.
- **13 Furnaces**, 40 production lines
- Estimated Capacity: **1,125,000 tons/year**
- Employing more than **1,800 people**



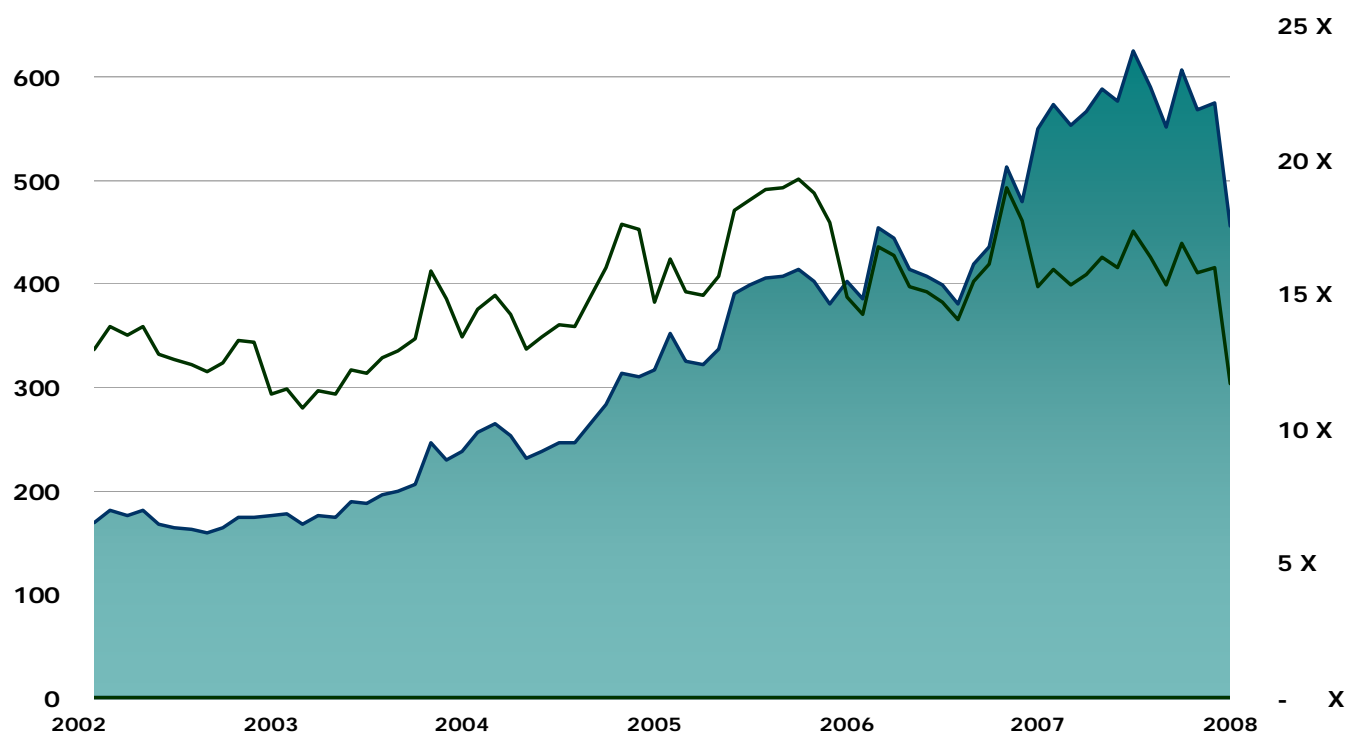
- Market share in Iberia: 27%
- Market share in France: 6%
- Market share in Italy: 4%
- Market share in W. Europe: 8%

Value Creation

VID – MARKET CAP - PER EUR MILLIONS

Left: market cap in eur millions

Right: PER



- Introduction

- ***General Overview***

- Business Performance

- Objectives

WE BELIEVE:

- ✓ **IN THE PRODUCT**
- ✓ **IN THE MARKET**
- ✓ **IN OUR INDUSTRY**
- ✓ **IN OUR PROJECT**



Glass is identified with the concepts of health (safety, purity, inert), convenience (flexibility, versatility), sustainability (respect to the environment) and premium image.



✓ **Quality:** Glass is natural, transparent, impermeable, nonporous, sanitary and completely inert. Safeguards against moisture and oxygen invasion. Is resistant, can be used to process foods and other products at high temperatures. It does not deteriorate, corrode, stain or fade maintaining the taste and quality of the original products.

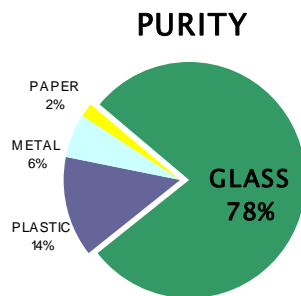
✓ **Image:** Glass is attractive, providing a image of quality for products. Can be labeled, colored and formed into various sizes and shapes enabling high product differentiation. More than 70% of consumers believe that glass packaging suggest quality.

✓ **Ecological:** Glass has intrinsic and unique features that make it **the only fully and infinitely recyclable packaging material**. A used bottle can be employed to make a new bottle again and again without any loss in quality or quantity. Glass recycling saves energy, reduces emissions and helps to preserve natural resources also extending furnace life and reducing manufacturing costs.

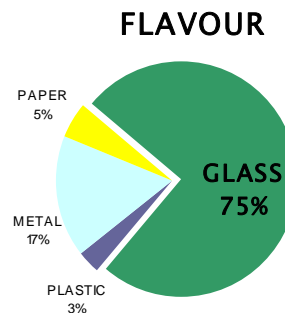
Glass, the preferred packaging material:

- Results of the "Consumer Preferences in Packaging Materials Survey 2006" (USA):

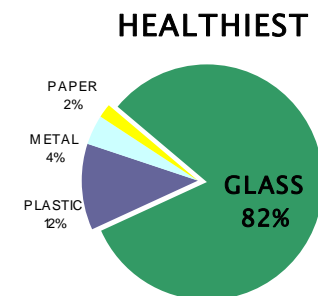
Summary: "Glass packaging is the overwhelming first choice of consumers for preserving quality, purity, and taste. It is also seen as the all around most healthy form of packaging. When it comes to the "organic consumers," the preference for glass packaging increases significantly. Respondents' preference for glass does not alter by age, sex, or income."



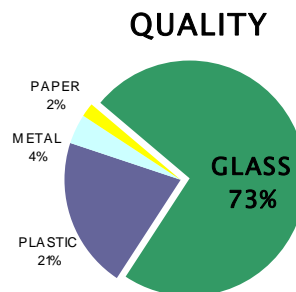
Preserves the purity of the product inside



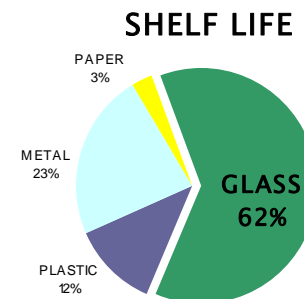
Presents the true flavour of the product



Keeps food in its healthiest form



Preserves the quality of the product inside



Increases the shelf life of a product

Glass, the preferred packaging material:

- **Study by Graz University of Technology and PAGO (Austria):** *“Glass is the best packaging material for fruit juices. A study co-financed by the Trade and Industry Research Fund and Pago, shows that glass remains the best packaging material for fruit juices. Regardless of the storage time involved, the natural fruit aromas change at a markedly slower rate in a glass bottle than in a composite container”*

- **Study by Instituto Perfiles (Spain):** *“Glass is the packaging material that best responds to consumer requirements. Characteristics like purity, transparency, preservation and its total recyclability enable it to be perceived as the most healthy form of packaging”*

COMPARISON OF ATTRIBUTES

	GLASS	PET	CAN
INSULATING QUALITIES	↑	↓	↑
TRANSPARENCY	↑	↑	↓
HOT PACKAGING CAPACITY	↑	↓	↑
RECYCLABILITY	↑	↓	↑
FLEXIBILITY AND VERSATILITY	↑	↑	↓
WEIGHT AND RESISTANCE	↓	↑	↑



OPTIMAL



ACCEPTABLE



DEFICIENT

The Product

... and more:

ITS UNIQUE CHARACTERISTICS IN IMAGE, TRANSPARENCY, ATTRACTIVE SHAPES AND COLOURS, VERSATILITY AND FLEXIBILITY HAVE BOOSTED GLASS AS A KEY MARKETING INSTRUMENT. GLASS PACKAGING IS PART OF MODERN LIFE.



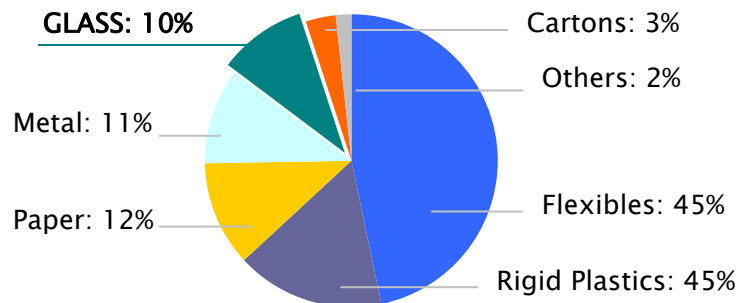
The Glass Packaging Industry: a mature and stable market

Forecasts indicate that GLOBAL demand for glass containers will remain stable, growing at annual rates close to 3%, extending the trend of the last decade

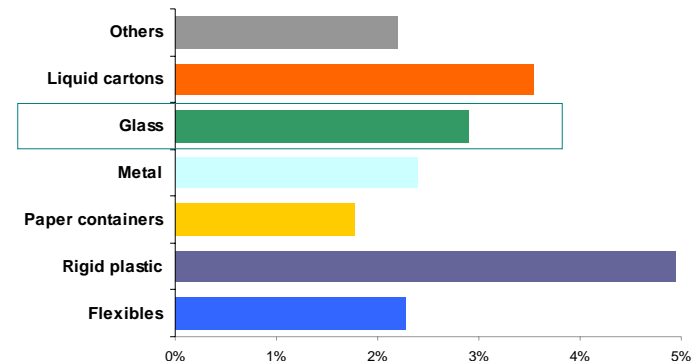
Global Packaging Market by Materials
Past and forecasted sales by materials

Millions of units	2003	Share 2003	2008	Share 2008	CAGR 03-08
Flexibles	1.485.658	47%	1.663.231	45%	2,3%
Rigid plastic	525.528	16%	669.024	18%	4,9%
Paper containers	371.282	12%	405.474	11%	1,8%
Metal	341.201	11%	384.001	10%	2,4%
Glass	306.190	10%	353.234	10%	2,9%
Liquid cartons	110.214	3%	131.178	4%	3,5%
Others	49.436	2%	55.116	2%	2,2%
Total	3.189.509	100%	3.661.258	100%	2,8%

Share by material



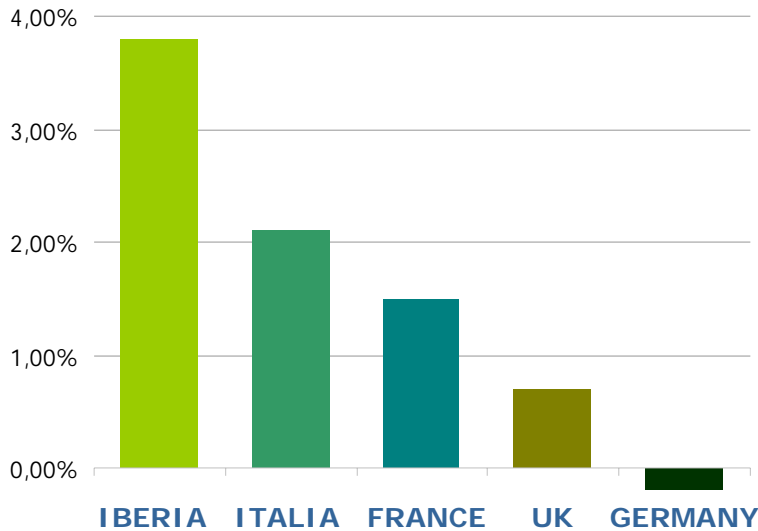
Growth 2003-2008e



Source: EUROMONITOR
Includes packages made of plastic, glass, metal, paper, carton and wood in the categories of food, beverages, pharma, healthcare and others.

Our Natural Markets: situation differs by regions and products

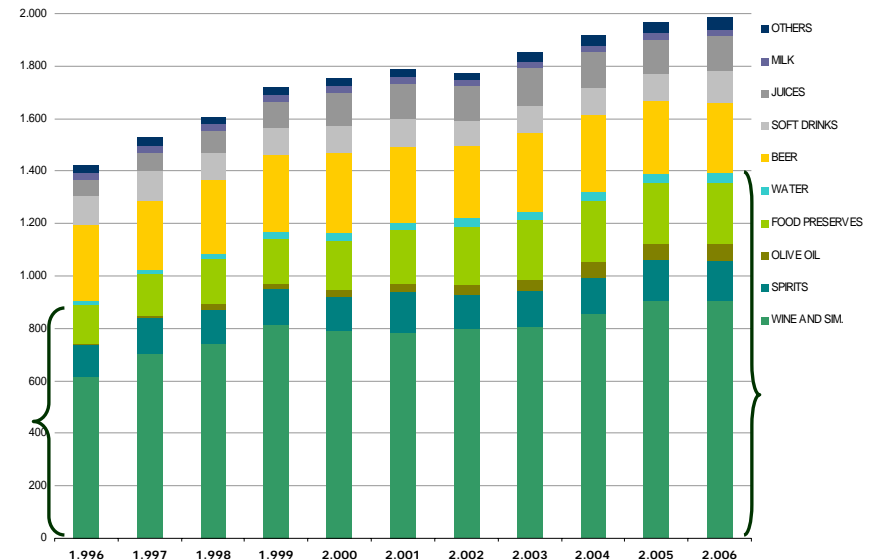
Main European markets. Annualised growth rates in glass packaging sales. 1996-2006



Source: FEVE

Spain is the fourth producer of glass containers in Europe, behind France, Germany and Italy. Wine and Cava (+4,3% annual growth rate since 1996) and more specialized products like olive oils (+29,9% annual growth since 1996) lead demand growth in a market performing above European averages.

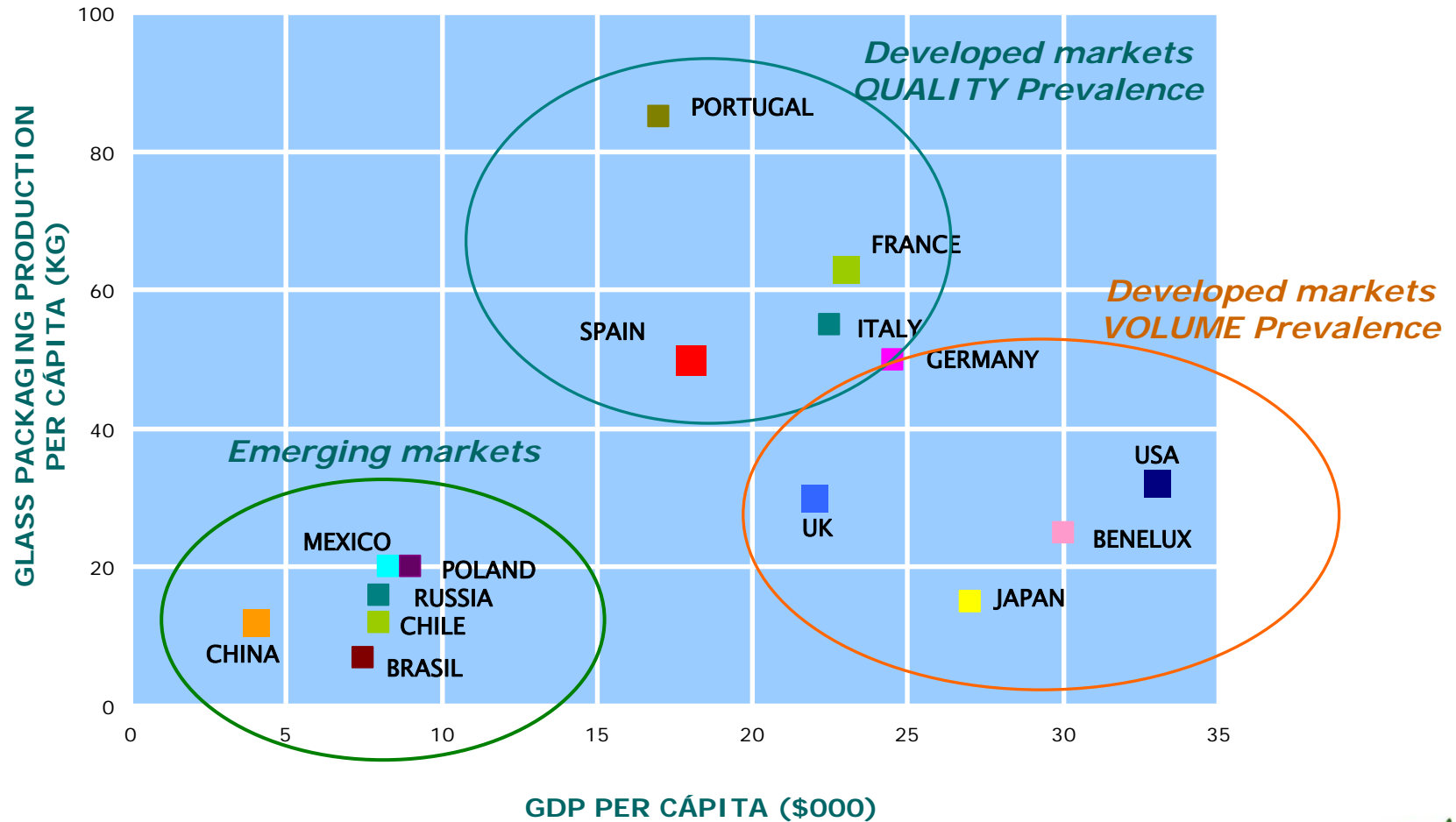
The Spanish glass containers market. Sales performance by segment in tons 96-05. Quality segments drive growth



Changes in demographics and consumer habits with rising preferences for quality, leisure, wellness and specialization (organic beverages) in lower volume packages forecast growing demands for glass containers. In the same way, the significant rise in UE's populations due to immigration should be reflected in consumption data.

OUR NATURAL MARKETS, OUR STRATEGIC MARKETS

GLASS PACKAGING PRODUCTION PER CÁPITA



INDUSTRY CHARACTERISTICS

Strengths:

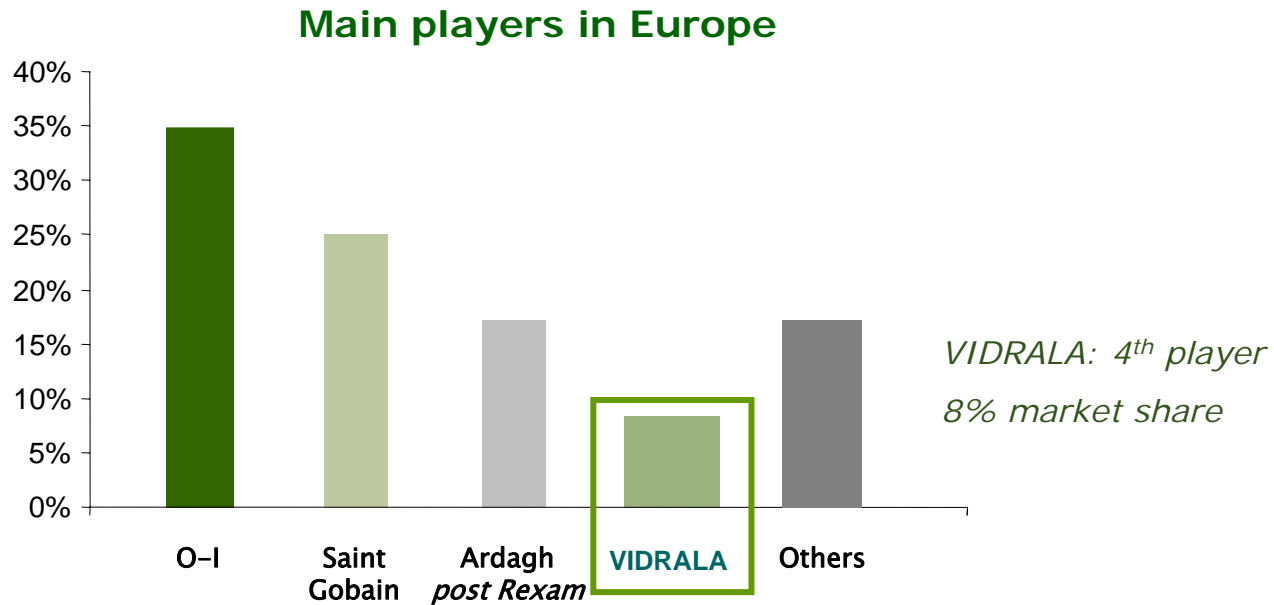
- ↑ Natural barriers to entry: local and highly capital intensive business. Plant locations are crucial.
- ↑ Stable Markets.
- ↑ Unique environmental commitment.
- ↑ Close to market needs. Flexibility and versatility.
- ↑ High technological development. Margin for further technological advances in both processes and products.
- ↑ Image and quality of glass against substitutive materials.

Weaknesses:

- ↓ Mature markets with moderate growth.
- ↓ Capital and cost intensive industry:
 - Implementation costs
 - Maintenance costs
- ↓ Small competitors relative to other sectors.
- ↓ High dependence on energy and transportation costs.
- ↓ Development of substitutive products.

The European sector:

4 groups concentrate 80% of the European market



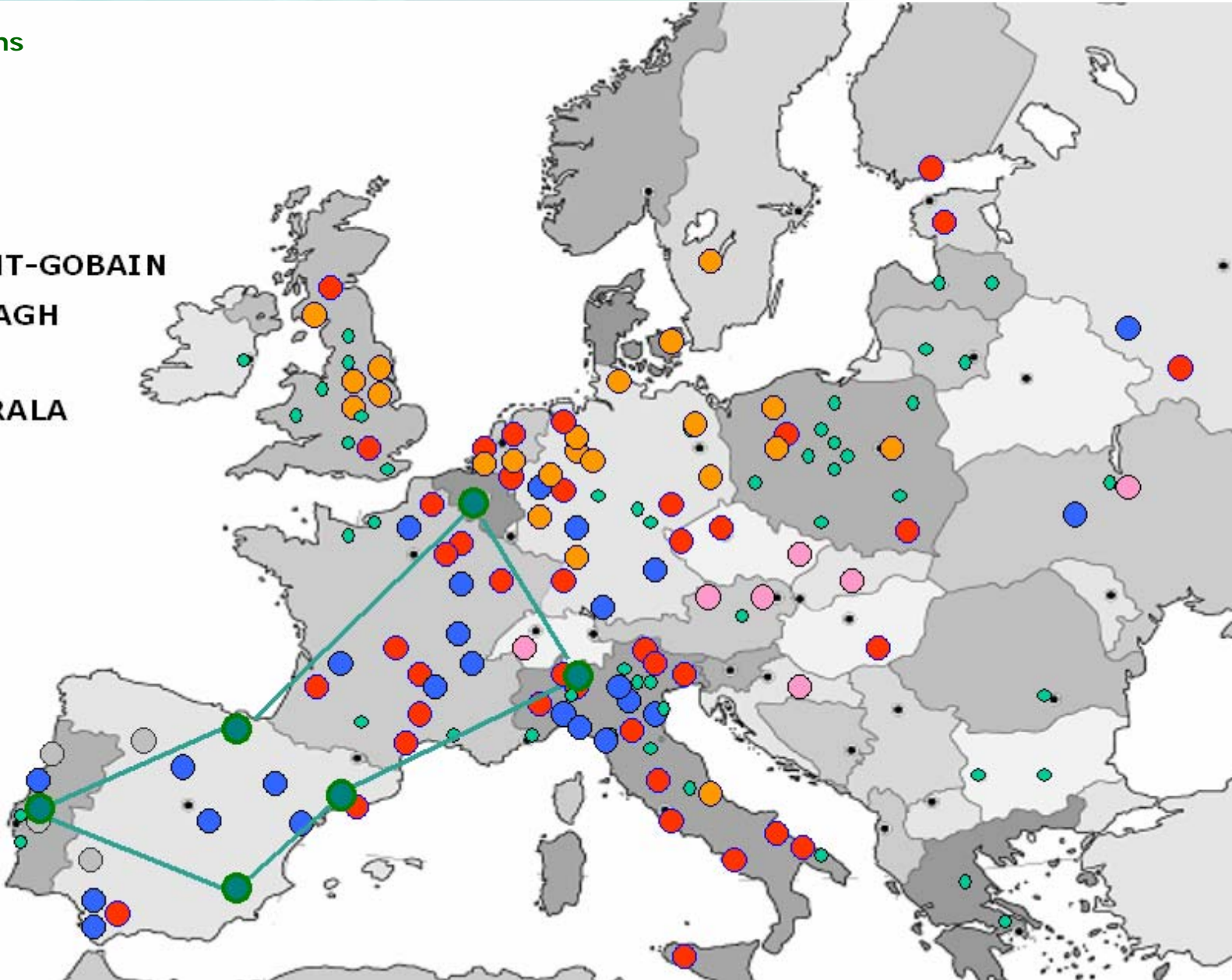
European market: EU15's + Switzerland + Turkey

Source: Vidrala

The European Industry

Plants locations

- O-I
- SAINT-GOBAIN
- ARDAGH
- VIDRALA

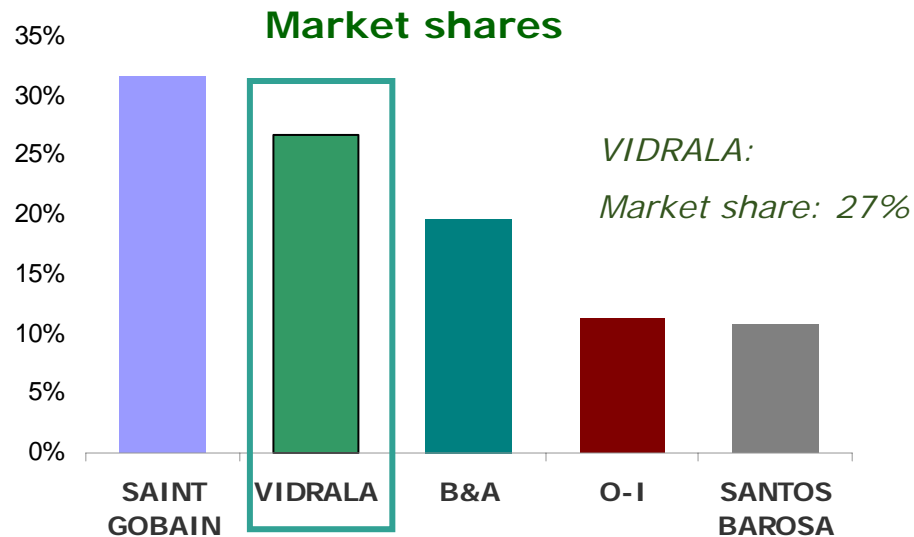


The Iberian Industry

The Iberian market, under a process of consolidation

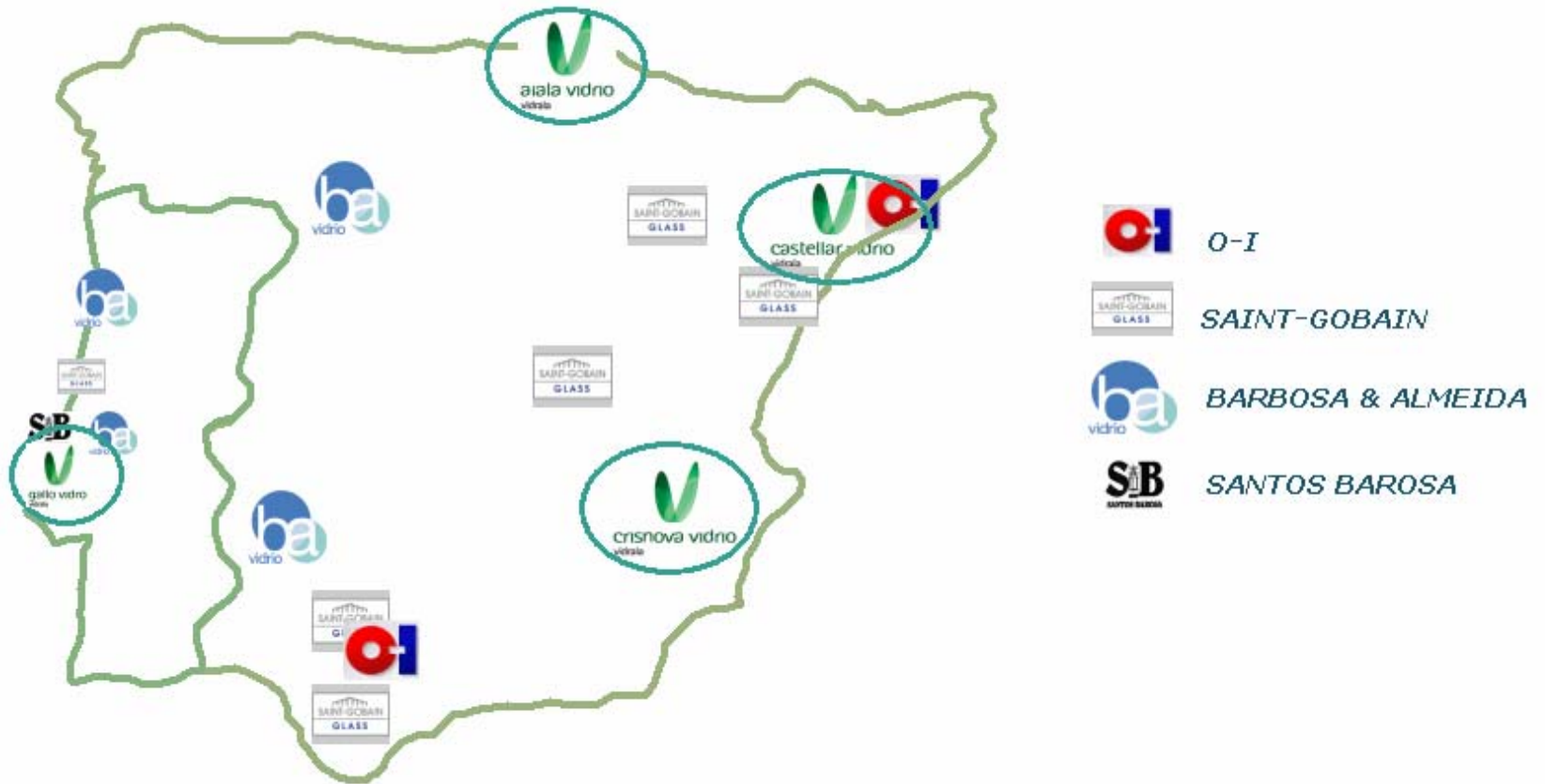
Vidrala, the independent leader

PRODUCTIVE STRUCTURE IN THE IBERIAN MARKET			
SAINT GOBAIN	7 PLANTS	1.005.000 ton	31,6%
VIDRALA	4 PLANTS	850.000 ton	26,7%
B&A	4 PLANTS	625.000 ton	19,7%
O-I	2 PLANTS	360.000 ton	11,3%
SANTOS BAROSA	1 PLANT	340.000 ton	10,7%
	18 PLANTS	3.180.000 ton	



Source: Vidrala

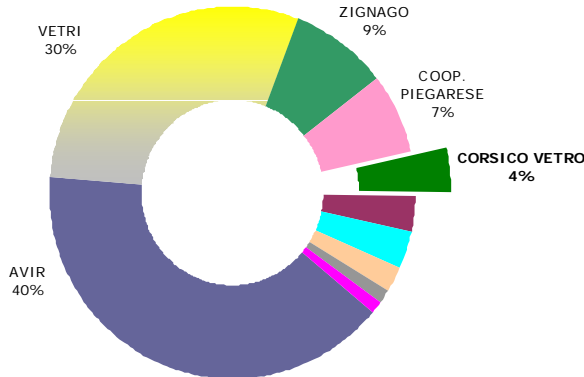
Plants locations:



Source: Vidrala

ITALY: A fragmented market

PRODUCTIVE STRUCTURE IN ITALY			
COMPAÑÍA	PARENT	PLANTS	aprox. EST. CAPACITY
AVIR	O-I	12 PLANTS	1.500.000 tons
VETRI	Saint Gobain	6 PLANTS	1.100.000 tons
ZIGNAGO	Indep.	2 PLANTS	320.000 tons
COOP. PIEGARESE	Indep.	2 PLANTS	260.000 tons
CORSICO VETRO	VIDRALA	1 PLANT	140.000 tons
VETRI SPECIALI	O-I & Zignago	3 PLANTS	120.000 tons
BORMIOLI	Indep.	1 PLANTS	120.000 tons
ABRUZZO VETRO	Ardagh	1 PLANT	80.000 tons
VETRERIA ETRUSCA	Indep.	2 PLANTS	45.000 tons
BALSAMO	Indep.	1 PLANT	40.000 tons
			3.725.000 tons



Plants locations:



AVIR - O-I



VETRI - Saint-Gobain



ZIGNAGO VETRO



COOP. PIEGARESE



ABRUZZO VETRO



VETRERIA ETRUSCA

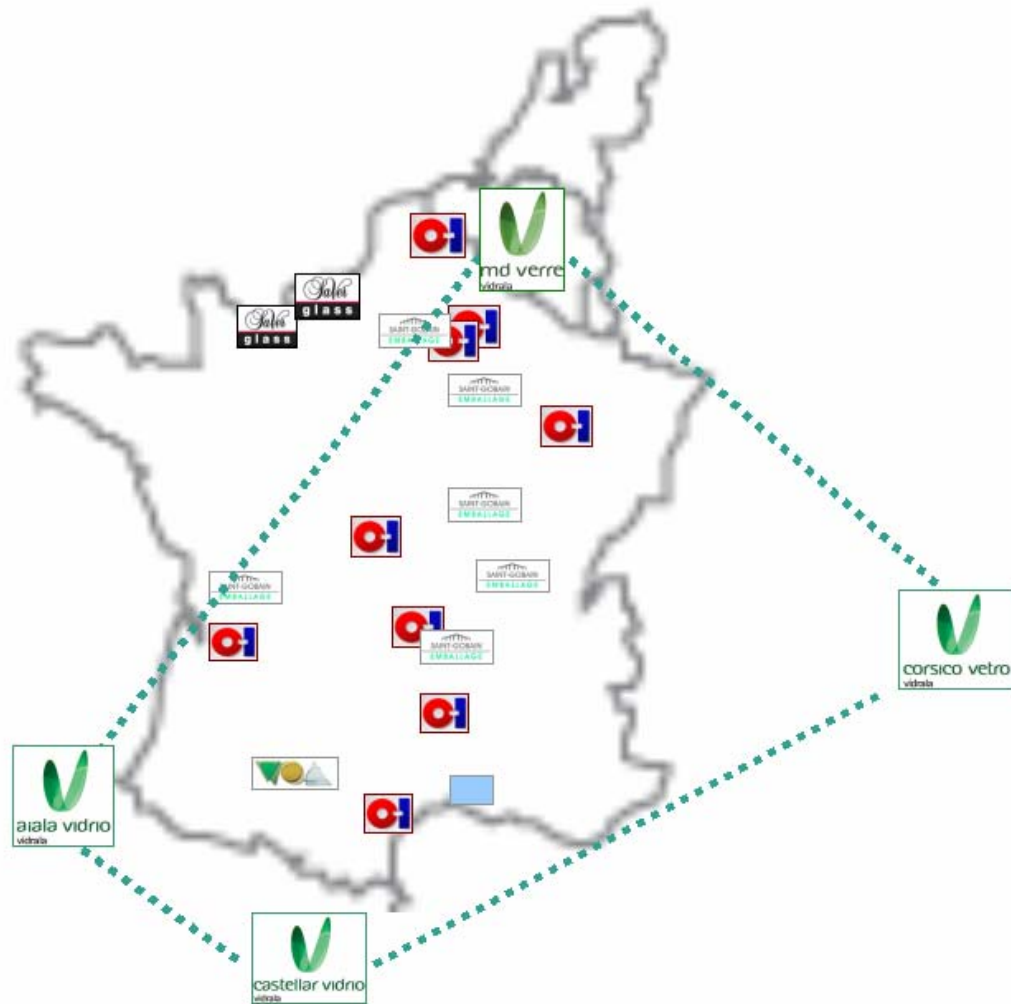


VETRI SPECIALI



BORMIOLI

Plants locations:

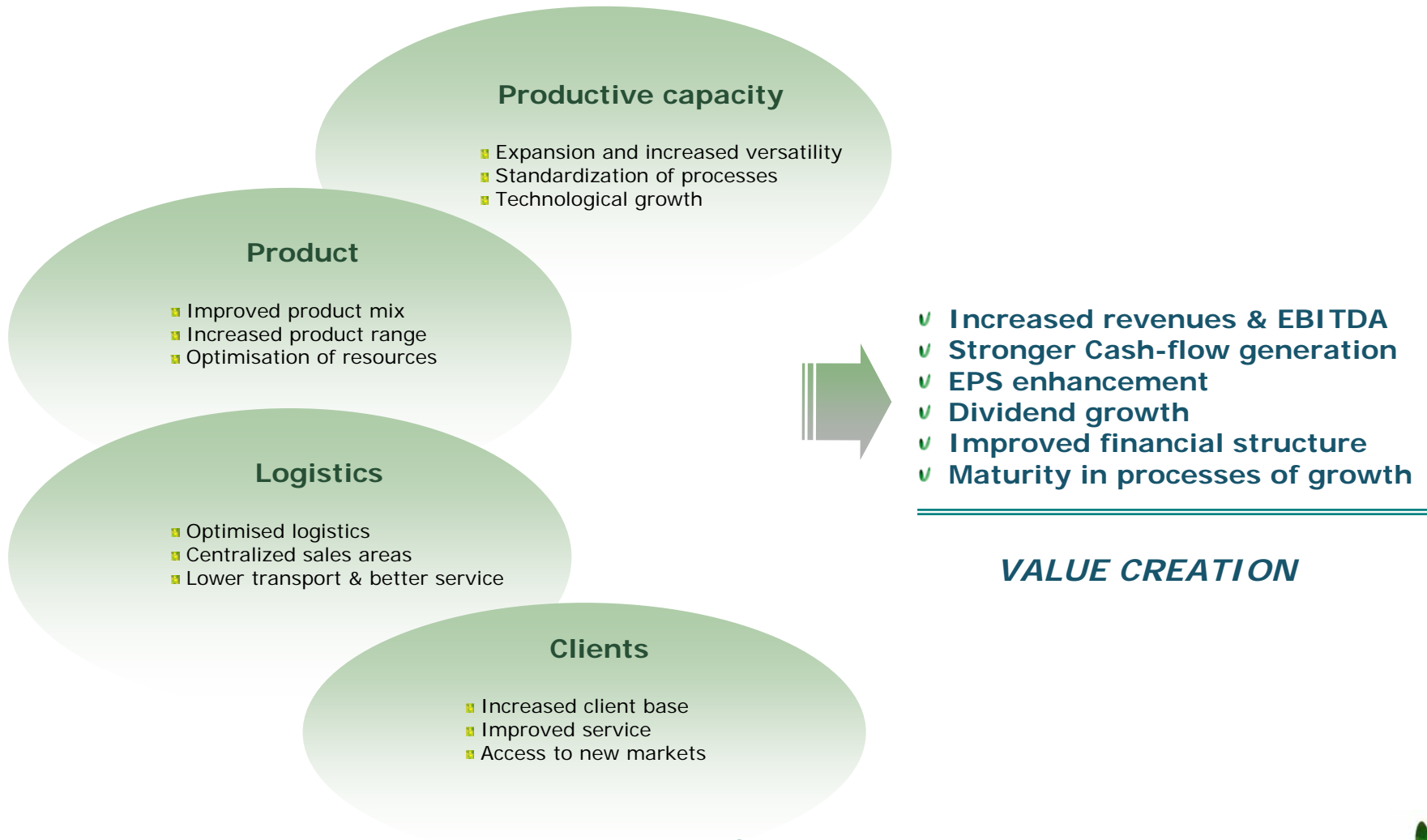


Our AIMS, Corporate Responsibility:

- ✓ TO CREATE WEALTH
- ✓ TO CREATE FUTURE
- ✓ TO BE ETHICAL



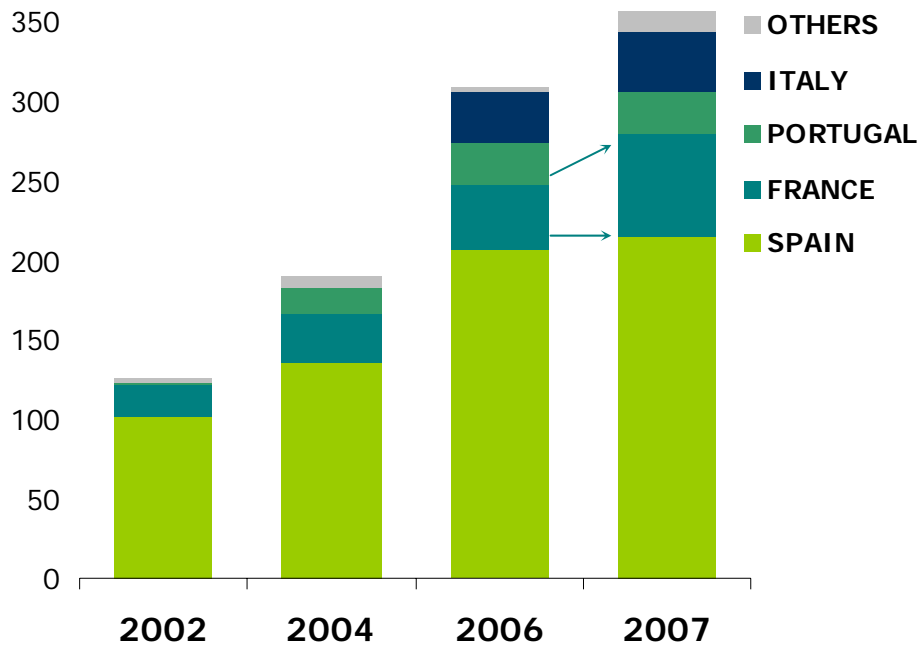
Rationale for Growth: Contribution of new plants



Rationale for Growth: Business Expansion

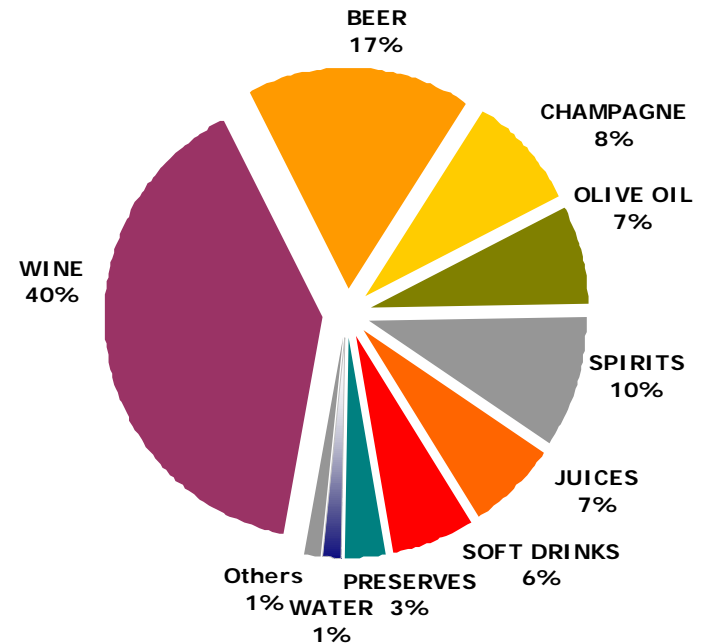
Toward an international projection....

SALES BREAKDOWN BY COUNTRY (IN EUR THOUSANDS)



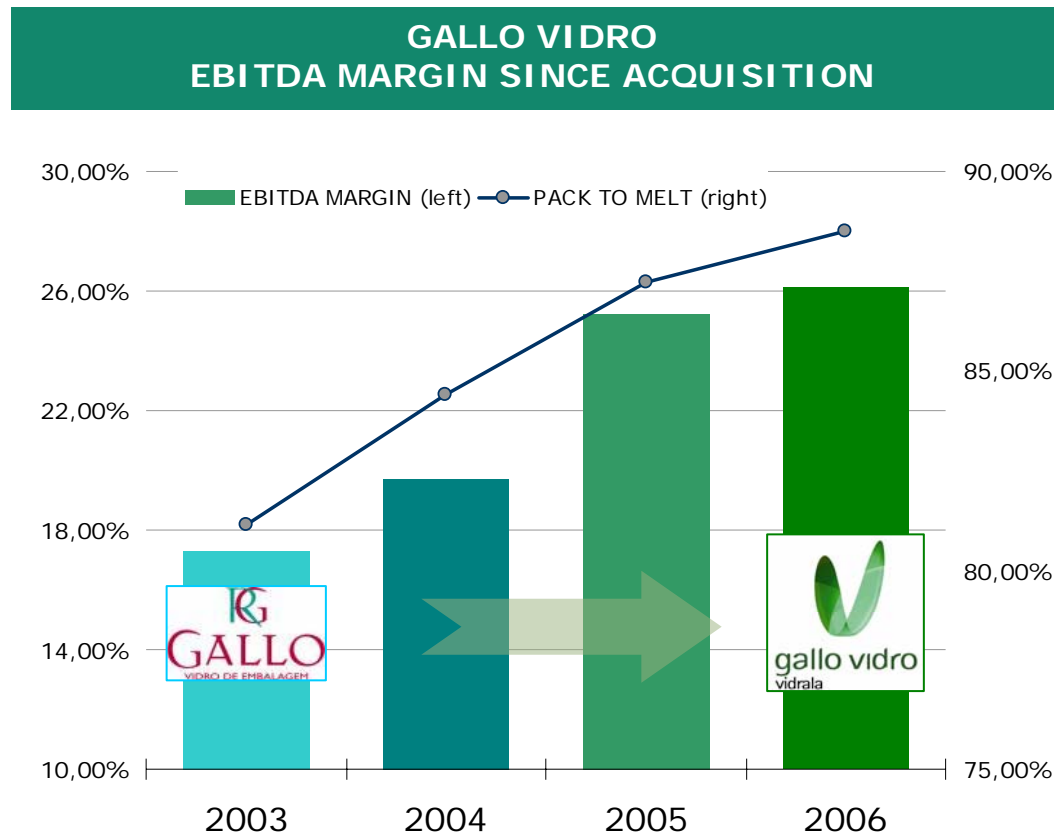
... optimizing the product mix

SALES BREAKDOWN BY PRODUCT



Rationale for Growth: The example of Gallo

The example of the first acquisition (made in 2003): success in the process of integration:

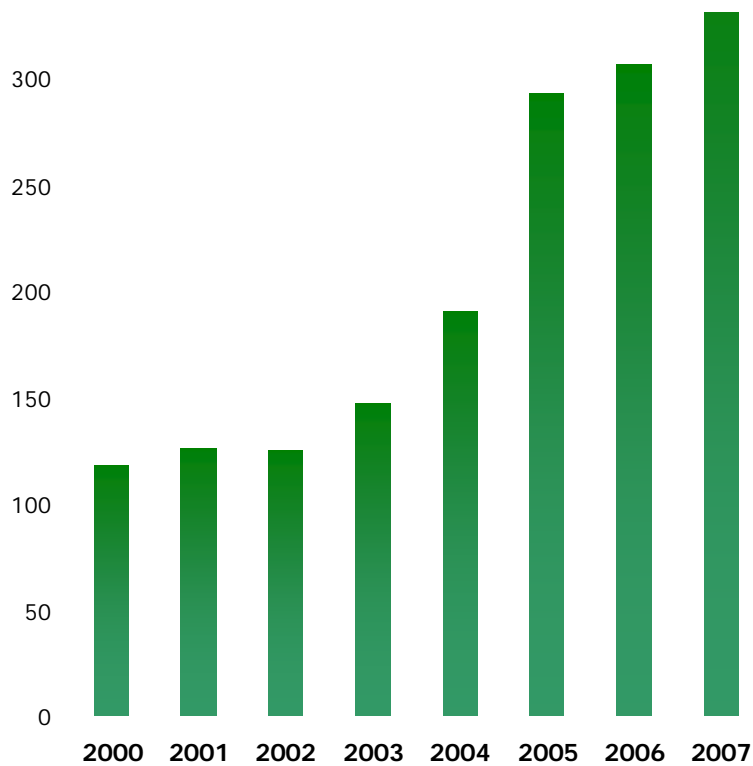


- Introduction
- General Overview
- ***Business Performance***
- Objectives

2002 – 2007: solid growth result of firm strategy

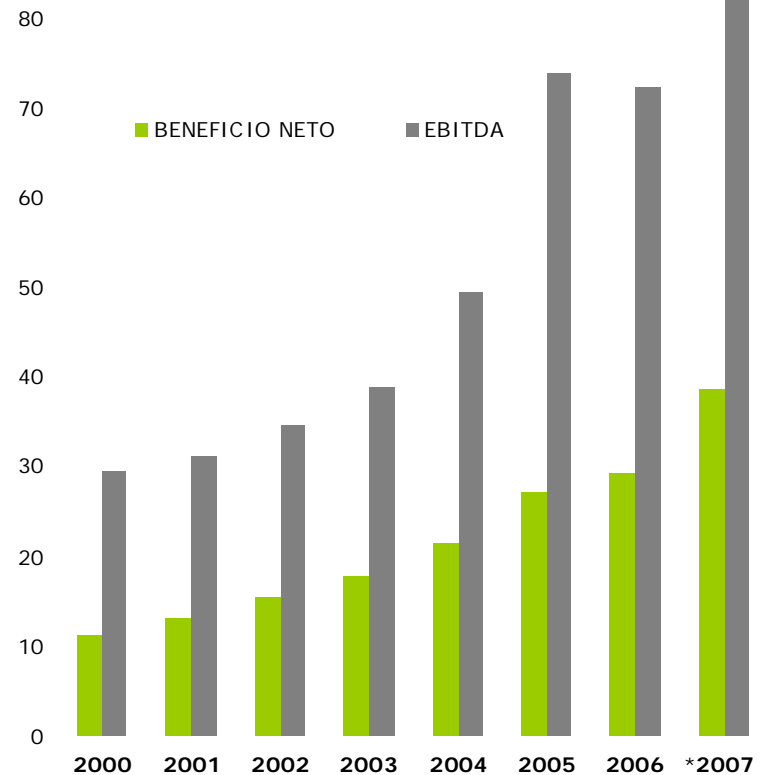
SALES

Eur millions



EBITDA, NET PROFIT

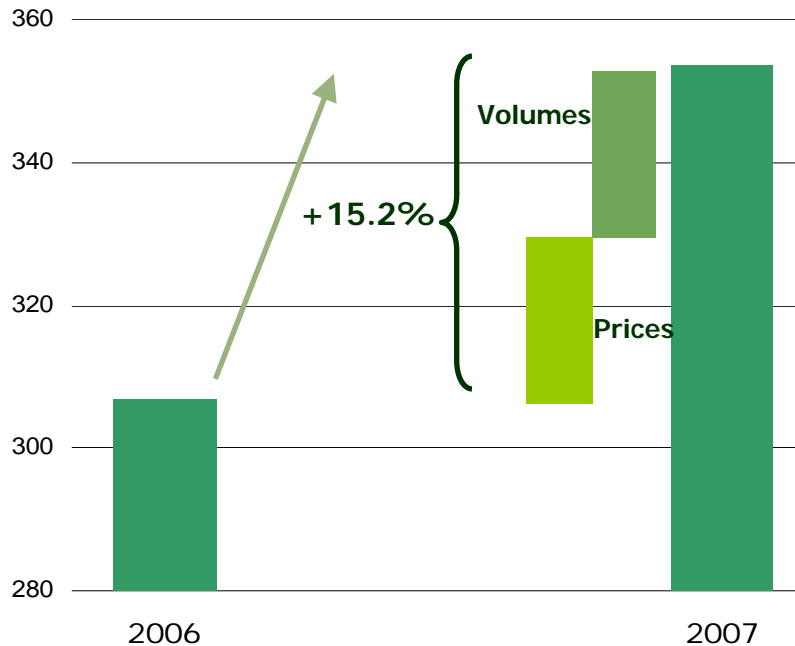
Eur millions



2007: A record year

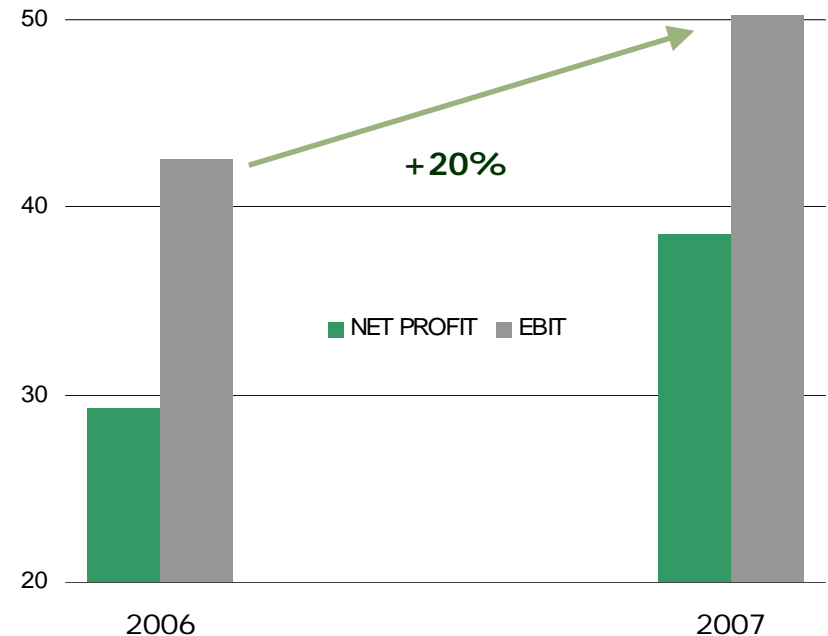
SALES

Eur millions



EBIT, NET PROFIT

Eur millions



2007, Business growth and margin expansion to historical record levels:

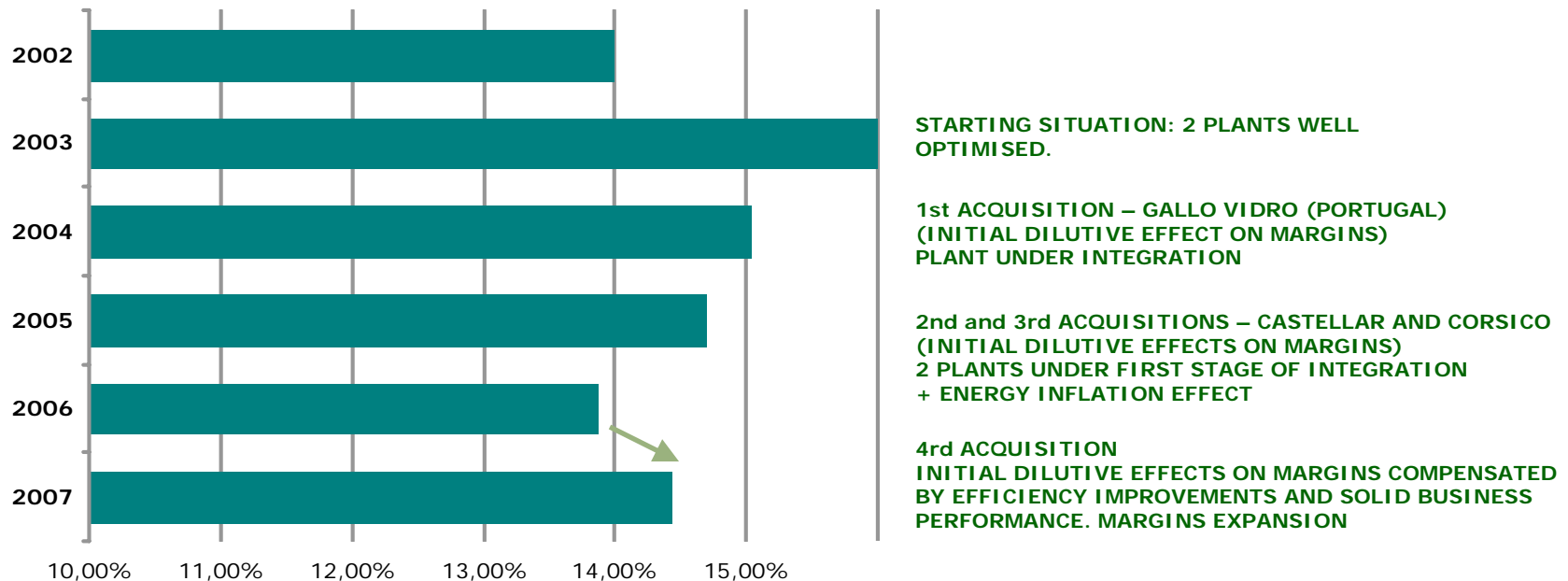
- ✓ Strong Net Sales growth of +15,28% (+11% like for like)
- ✓ Operating Profit rises +20% to EUR 51.03 million
- ✓ Net Profit increases to historical record level of 38.55 million

2007: maintaining our Strengths

**OUR STRATEGIC OBJECTIVE:
TO GROWTH WITHOUT OVERLAPING OUR EFFICIENCY ADVANTAGES**

HISTORICAL OPERATING MARGINS 2002 -2007

EBIT MARGINS SINCE THE INITIATION OF THE EXTERNAL GROWTH STRATEGY

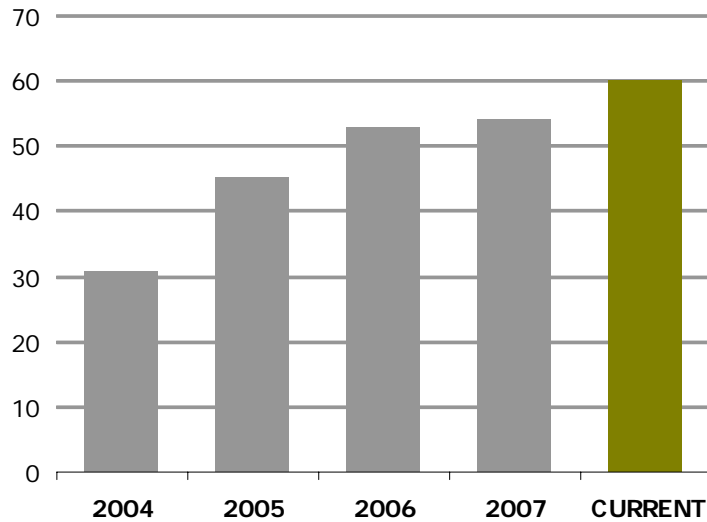


✓ **2007: Operating margins expands by 56bp to 14.43% from 13,87% even after the consolidation of plants under process of integration**

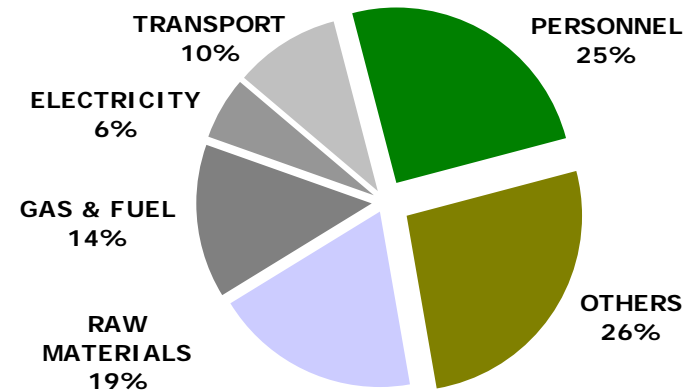
The challenge: To Offset Costs Inflation

ENERGY COSTS – Brent Prices in euros

Yearly averages



OPERATING COSTS BREAKDOWN



MANAGEMENT PRIORITIES:

- ✓ INCREASE SALES PROFITABILITY.
- ✓ ADVANCE IN THE PROCESSES OF INTEGRATION OF RECENTLY ACQUIRED PLANTS
- ✓ IMPROVE PRODUCTIVITY AND OPTIMISE SINERGIES

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A solid industrial project:

- ✓ Based on Clear Business and Market Definitions,
- ✓ with a vocation to customers service,
- ✓ supported by an optimal financial structure,
- ✓ and a strategy focused on our Shareholders interests.

We Know and understand:

- ✓ *The industry*
- ✓ *The packaging market*
- ✓ *The glass sector*
- ✓ *Our natural markets*
- ✓ *Our Competitors*
- ✓ *Our Customers*

1. PRODUCT

vidrala is Glass

RENEWED BET ON
R& D
to achieve a
NEW STEP IN
DIFFERENTIATION

OPTIMAL AND INTEGRATED
PRODUCTION PROCESSES

VIDRALA'S PRODUCT:

- WEIGHT, + RESISTANCE
- COSTS
- + QUALITY
- + DESIGN
- + MARKETING

Actions:

- ✓ **Focused on Glass:** The material imitated and to imitate.
- ✓ Strengthening **Marketing policies.**
- ✓ New advances in **Environmental advantages.**
- ✓ **Boosting** the Glass: costs reductions, advances in its natural advantages and getting closer to customer needs.
- ✓ **Defending** glass against alternative materials: active participation in glass associations (FEVE, ANFEVI, ASOVETRO y AIVE).

2. ORGANIZATION

vidrala An integrated Group

**INTEGRATION
of Growth
(recent acquisitions)**

Constant Integration
Advances in the sistematization
Sinergies optimization

EXTENDING
"VIDRALA CULTURE"
CREATING
"VIDRALA SCHOOL"

Actions:

✓ Productive Efficiency:

- Improvements in facilities and production processes
- Optimized productive capacity

✓ Vidrala Know-How = Differentiation:

- Products and processes Knowledge
- Customer needs Knowledge
- Differentiation against competitors and substitutive materials

✓ VIDRALA CULTURE:

- Developing the "Vidrala´s success model"
- Multidirectional culture, as a group, as an action

3. MARKET (I)

vidrala a Growth Company

**PROGRESSIVE
REALIGNMENT**

- Toward most-**FAVORABLE SEGMENTS** for GLASS (profitable and with future)
- Toward **LOYAL CUSTOMERS**

**ATTENTION TO
MARKET OPPORTUNITIES**

**ANALYSIS OF OPPORTUNITIES
AND DEFINITION OF
"ENTRY MODEL"**

Strengthening the position
in our **NATURAL MARKETS**

Prospective entry in
POTENTIAL MARKETS

3. MARKET (II)

vidrala a Growth Company

Actions:

✓ Focused by segments:

- Segments profitable and with future
- Segments faithful to Glass
- Vidrala: vocation of leadership in these segments

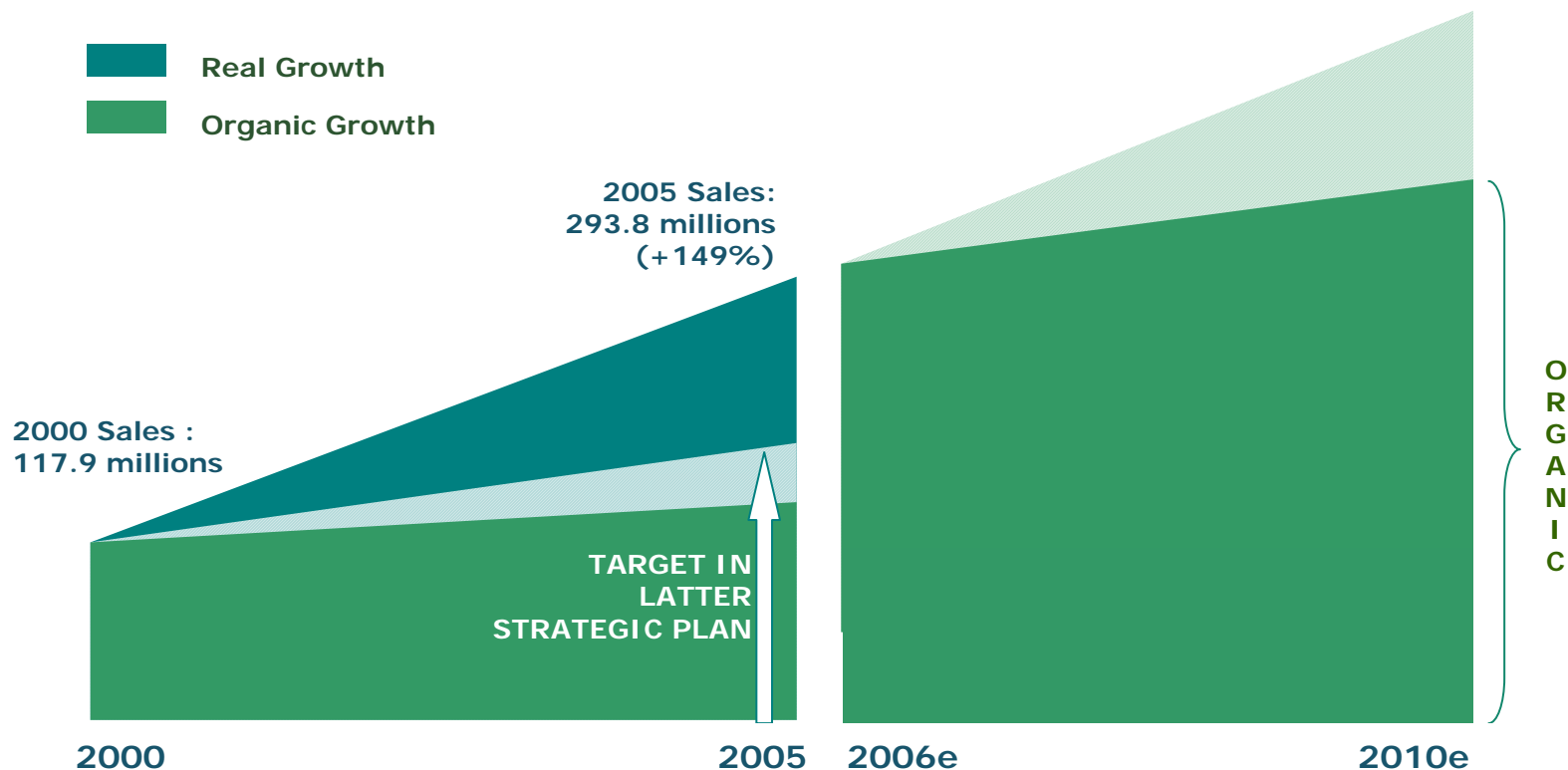
✓ Interesting Markets:

- Priority: To strength the position in our natural markets
- Interesting markets: growth markets in our target segments
- Interesting markets: markets compatible with our strengths

OBJECTIVES

Sales Growth:

- Real Growth
- Organic Growth



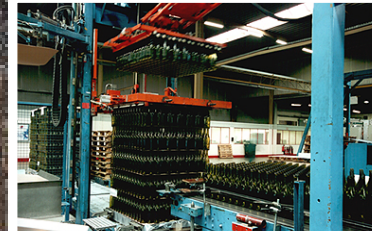
Total Growth of sales 2005/2000: +149%, CAGR: + 20%

Organic Growth of sales 2005/2000: +5% CAGR.

-ANNEX: Recent news



MD VERRE (LA MANUFACTURE DE VERRE)

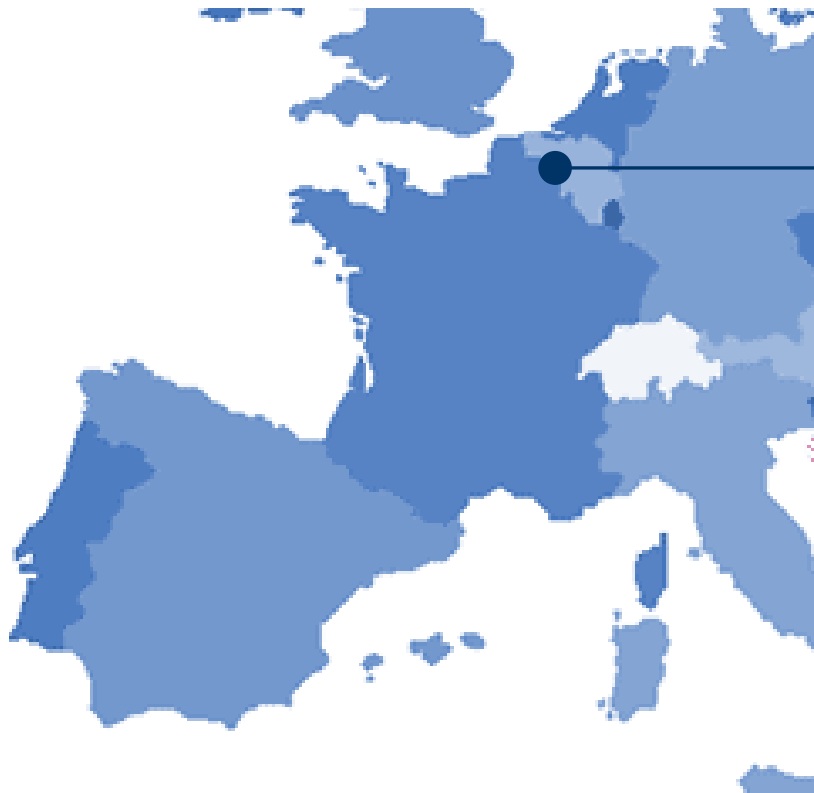


MD Verre (formerly La Manufacture du Verre SA) is a belgian glass container manufacturer that operates one productive plant located in the south of the country.

Through its two glass melting furnaces produces aprox. 135,000 tons of glass per year obtaining a turnover of aprox. EUR 50 millions.

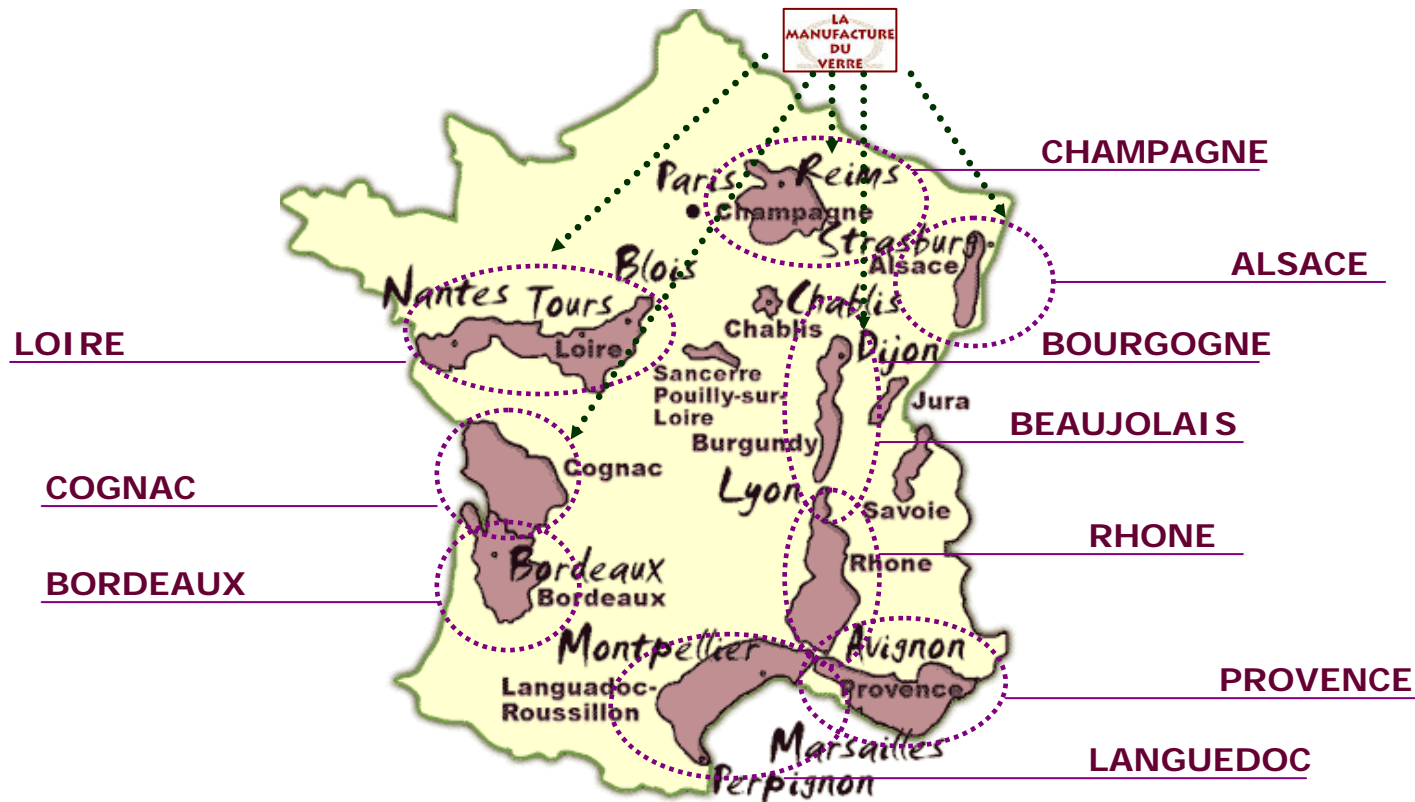
LOCATION:

In Ghlin, Mons, Belgium; at 9 kms from the french border.



STRATEGIC LOCATION – NATURAL MARKETS: The example of the french wine market

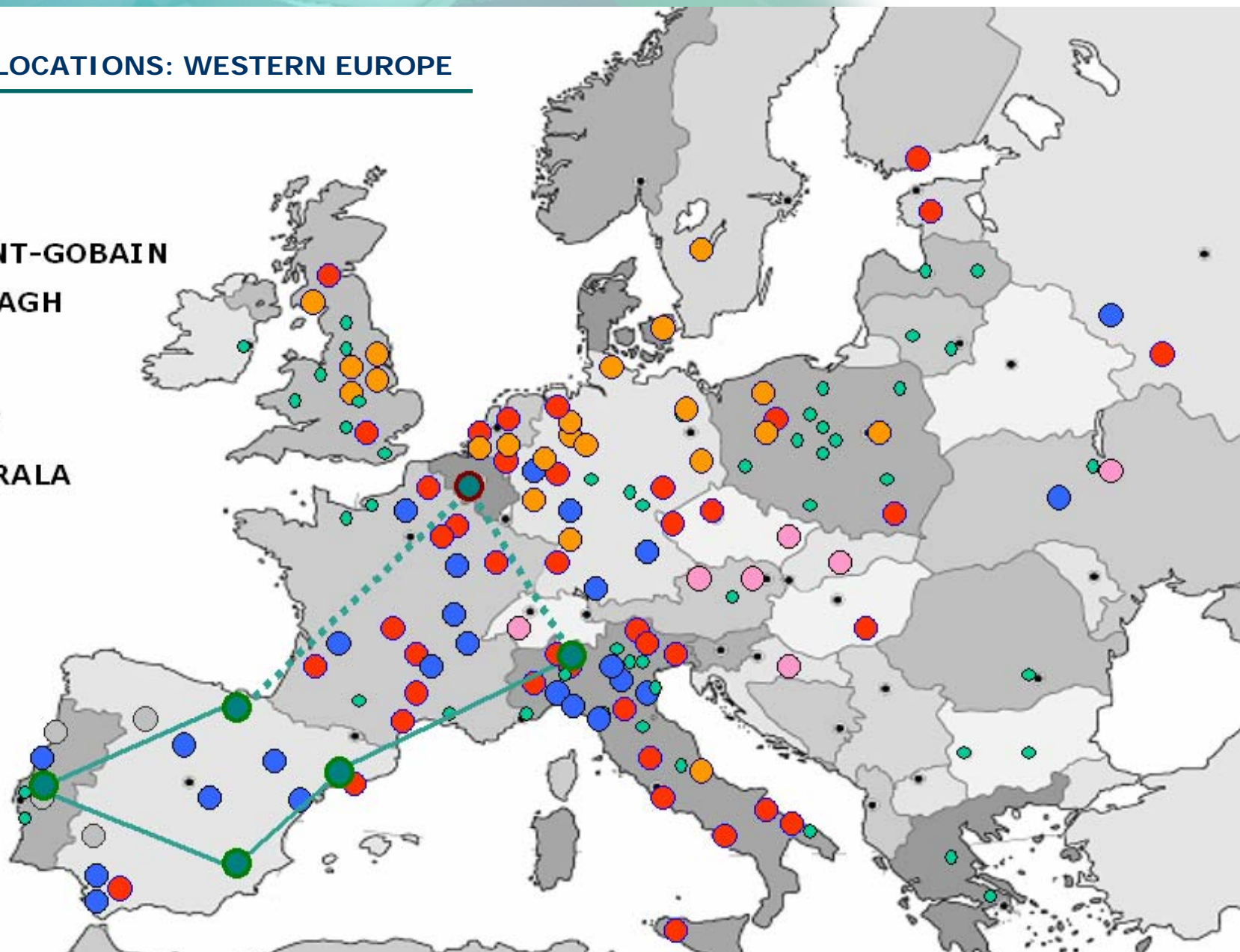
THE FRENCH WINE MARKET – MAIN AREAS



PLANTS LOCATIONS: WESTERN EUROPE

- O-I
- SAINT-GOBAIN
- ARDAGH

- MDV
- VIDRALA





vidrala

www.vidrala.com