

## VIDRALA, S.A. FULL YEAR 2017 RESULTS

### MAIN FIGURES

	Full Year 2017	Full Year 2016	Change	Change on a like-for-like and constant currency basis
<b>Sales</b> (EUR million)	<b>822.7</b>	773.1	+6.4%	+5.1%
<b>EBITDA</b> (EUR million)	<b>195.4</b>	170.7	+14.5%	+13.0%
<b>Earnings per share</b> (EUR)	<b>3.61</b>	2.73	+31.9%	
<b>Debt / EBITDA</b> (multiple)	<b>2.2x</b>	1.9x	+0.3x	

**Important:** The acquired company Santos Barosa is consolidated from October 1<sup>st</sup>, 2017. For comparability purposes, variations are reported on a like-for-like basis. Debt/EBITDA ratio for 2017 refers to proforma year-end figures.

- ✓ Sales for the full year 2017 amounted to EUR 822.7 million, showing an organic growth of 5.1% on a like-for-like and constant currency basis.
- ✓ Operating profit, EBITDA, was EUR 195.4 million representing an operating margin of 23.8%.
- ✓ Earnings per share grew 32% over the same period last year.
- ✓ Debt at year end stood at 2.2 times last twelve months pro forma EBITDA.



## Introduction

### **A consumer's world**

*The global population is growing. The United Nations predicts that almost 10 billion people will live on our planet by 2050. Across the globe, more people will increasingly require healthy food and beverages products, safely preserved and globally available through an efficient supply chain. Packaging plays a crucial role in this progress. Without packaging, it would be impossible to distribute food and beverages products from the origin of production to the destiny of consumption. Modern day living, and the wide availability of products we enjoy today, is grounded, in part, on the existence of an efficient packaging supply chain.*



In developed regions, like Europe, as modern retail and urbanisation grow, consumers demand more safe and quality food and beverages products, properly preserved and efficiently supplied. As a result, the use of packaging turns out to be more necessary. And consumer trends evolve. It is not simply what we eat and drink, but also where we do it and what we expect the packaging to deliver above traditional experiences. Demand for quality, premiumisation, rising middle classes, more and smaller households, growing interest for sustainability and increasing efforts to reduce waste, eating and drinking more out of home or online retailing are just examples of developments that support future demand for packaging. And glass, as a packaging material, has a key part to play in this evolving consumer world.

### **Sustainability**

Packaging can be produced from different materials, in a variety of shapes, sizes and characteristics. Each has a different effect on the environment as a result of the material used to produce, the process of manufacturing and, especially, whether or not it can be recycled. The packaging industry, in particular in developed regions, is constantly working on improving the environmental influence of its products. Glass has unique benefits in this area. It is a product from nature that can be recycled, 100%, an unlimited number of times, without any loss in quantity or quality. Glass has an eternal life. Recycling glass helps the environment, protecting the use of natural resources, saving energy consumption, reducing carbon emissions and eliminating wastes.



And even more. Today, roughly one third of total food and beverages produced globally are not consumed, wasted somewhere across the supply chain. Proper packaging can help reduce this waste and products packaged in glass have a longer shelf life than products packaged in alternative materials.

## Glass

Surveys show that consumers and packagers along the world increasingly prefer glass as the packaging material of choice. Glass packaging is safe, healthy, inert, appealing and can be recycled forever. It protects, preserves and enables efficient distribution of products that require to be consumed in optimal conditions.

Glass also help our customers and brand owners to connect with end consumers, identifying and promoting their goods, acting as a basic marketing tool and an iconic representation of the product inside.

## Our market

Under this context, more than 50 billion glass containers for food and beverages were sold in Western Europe during 2017. It represents an increase of approximately 3% compared to the previous year. Sustained growth to the stimulus of the economic dynamism, favorable consumption trends, tourism in southern regions or the increase of the imports of products in bulk and of the activities of domestic packaging in the United Kingdom.

Vidrala has answered to the challenge of this growing demand. On the basis of a firm focus on customer service, we have progressed in our vision to consolidate ourselves as a reference glass container supplier, whose mission is to consolidate long-term and sustainable commercial relationships with customers that are our main value.

### THE RIGID PACKAGING MARKET FOR FOOD AND BEVERAGES PRODUCTS

*Glass market share in Western Europe, 2017*



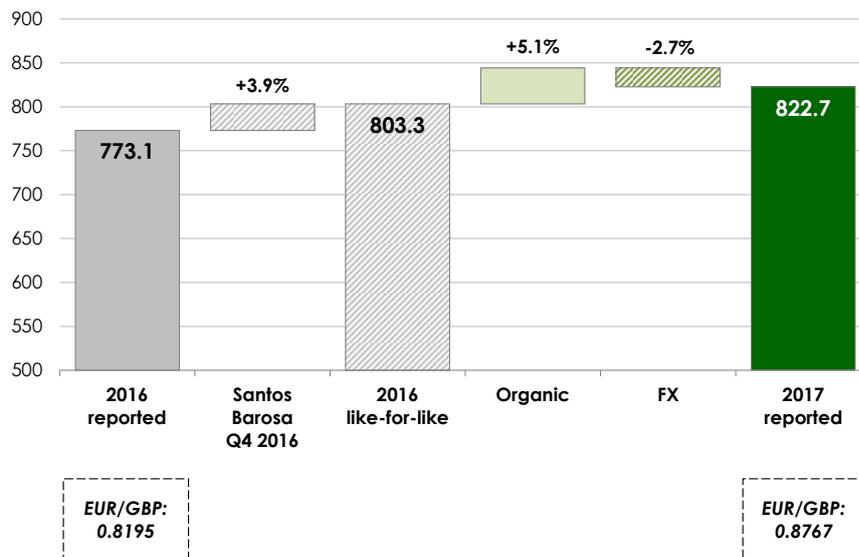
**Earnings performance**

**Sales**

Sales reported by Vidrala during the full year 2017 amounted to EUR 822.7 million, an increase of 6.4% over the previous year. On a constant currency and like-for-like basis, sales reflected an organic growth of 5.1%. See below detailed variations.

**SALES  
YEAR OVER YEAR CHANGE**

EUR million



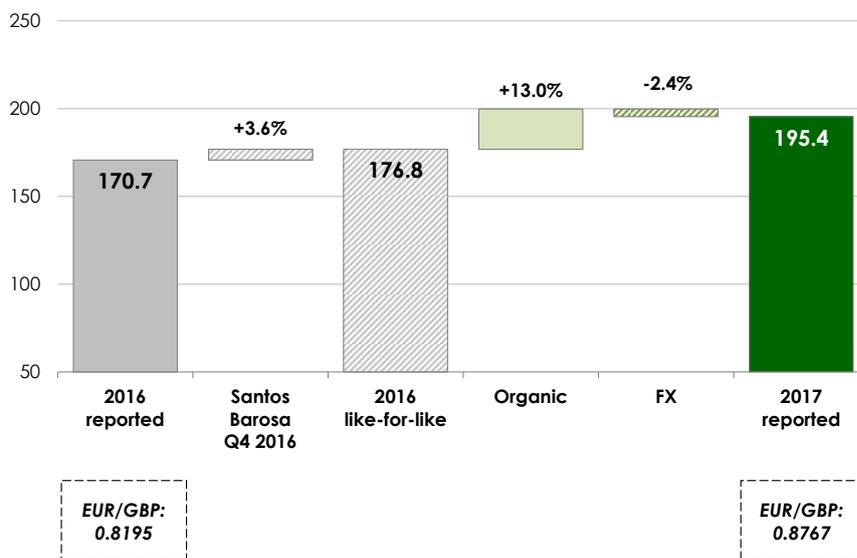
## Operating results

Operating profit –EBITDA– obtained in 2017 reached EUR 195.4 million, an increase of 14.5% over the figure reported last year. Organic growth, on a like-for-like and constant currency basis, was 13.0%.

EBITDA margins stood at 23.8%, expanded 170 basis points in comparison with the prior year.

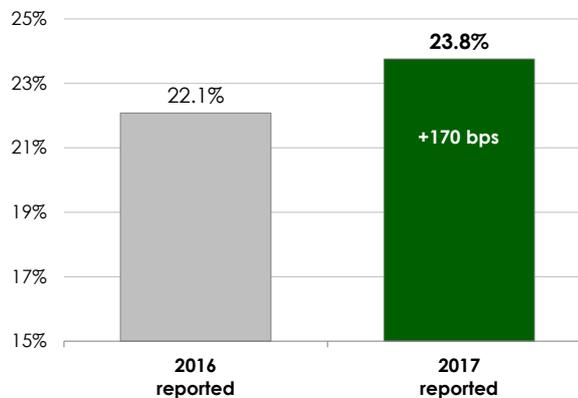
### EBITDA YEAR OVER YEAR CHANGE

EUR million



### OPERATING MARGINS EBITDA YEAR OVER YEAR CHANGE

As percentage of sales



## Results and financial position

Net profit for the full year 2017 was EUR 89.1 million, after recording net financial expenses equivalent to 0.9% over sales and an effective tax rate of 18.8% over profits.

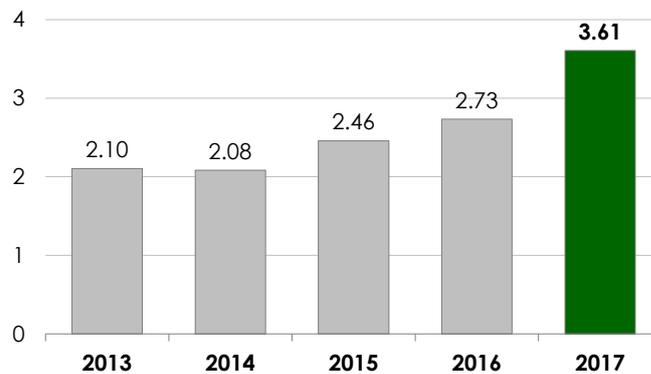
As a result, earnings for 2017 reached EUR 3.61 per share, an increase of 31.9% over the previous year.

Net debt at year-end stood at EUR 487.3 million, reflecting a leverage ratio of 2.2 times last twelve months pro forma EBITDA.

Free cash flow generated during the year, prior to the disbursement of funds for the acquisition of Santos Barosa, amounted to EUR 108.5 million.

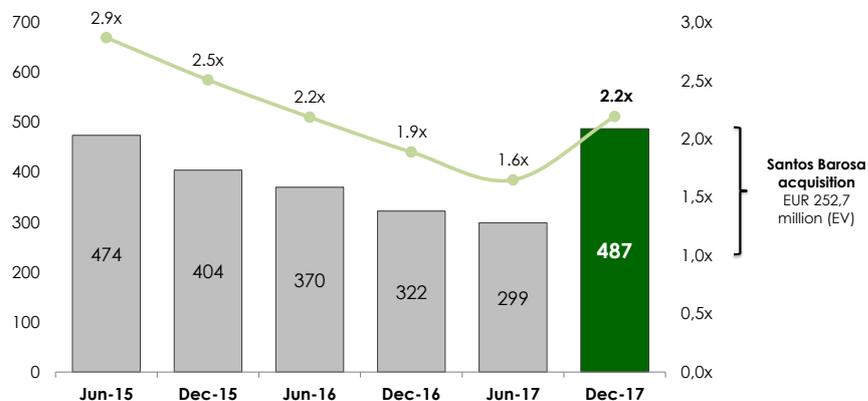
### EARNINGS PER SHARE SINCE 2013

EUR per share



### DEBT SIX-MONTHLY EVOLUTION SINCE 2015

Debt in EUR million and times EBITDA



## Key figures

	Full Year 2017	Full Year 2016
<b>Sales</b> (EUR million)	822.7	773.1
<b>EBITDA</b> (EUR million)	195.4	170.7
<b>EBITDA margin</b> (as a percentage of sales)	23.8%	22.1%
<b>EBIT</b> (EUR million)	117.2	93.0
<b>Net profit</b> (EUR million)	89.1	67.7
<b>Free cash flow*</b> (EUR million)	108.5	102.6
<b>Debt</b> (EUR million)	487.3	322.3
<b>Debt / EBITDA**</b> (multiple)	2.2x	1.9x
<b>Debt / shareholders' equity</b> (multiple)	0.9x	0.7x
<b>EBITDA** / net financial expenses</b> (multiple)	28.8x	17.8x
<b>Total assets</b> (EUR million)	1,404.9	1,096.2
<b>Shareholders' equity</b> (EUR million)	528.1	474.9

\*Free cash flow before disbursements of funds for the acquisition of Santos Barosa, completed on October 13, 2017 for an enterprise value of EUR 252.7 million.

\*\*EBITDA last twelve months proforma.

## Conclusions

During 2017, Vidrala has advanced on its long-term business strategy. Beyond the organic improvement of the business evidenced in the reported figures, the Group took a strategic step with the acquisition of Santos Barosa.

The overall growth in results exhibited in 2017 reflected a development of the business consistent with the strategic guidelines and a positive contribution of the immediately accretive acquisition of Santos Barosa.



Santos Barosa manufactures and sells glass containers through a major production facility located in Marinha Grande, Portugal. The company produces more than 1.6 billion of glass containers. The deal, completed on October 13, 2017, implied an enterprise value of EUR 252.7 million.

Vidrala's board of directors and its management team have long admired Santos Barosa's business, founded on outstanding manufacturing facilities and strong commercial relationships in the attractive Iberian glass packaging market. Vidrala has proven capabilities in the integration of acquisitions within the Group, fostering their respective positioning, promoting customer satisfaction and contributing to their futures through its expertise in the packaging industry. Adding this complementary business to our footprint will make Vidrala the leader in the strategic Iberian market resulting in compelling benefits to customers, employees and shareholders.

All in, Vidrala progresses, consolidating itself as a larger multinational company, supported by strongly competitive positions along strategic regions that are grounded in a firm focus on strengthening customer relationships, the "raison d'être" of the business.

## Business outlook

The food and beverages market is large and growing. This progress is consistent with global expanding sociodemographics and consumer trends that are evolving in accordance with modern lifestyles.

Demand for glass containers in our areas of activity is playing its part in that growth. This responds to the above mentioned global consumer trends, expanding regional economies and, more relevant, the growing preferences of packers and consumers towards glass, a packaging material of choice.

Under this context, Vidrala's turnover for 2018 should remain stable supported, in part, in the broadly positive macroeconomic estimates in our regions of activity. At an operational level, management priorities inside Vidrala will remain focused on internal actions aimed at improving customer service, progressing in manufacturing efficiency, materializing the synergies expected from the recent acquisition and, as a result, reinforcing operating margins. Consequently, considering the effect from a full year contribution of the acquiree Santos Barosa, earnings should be expected to grow in 2018.

In any case, the long-term strategic guidelines will remain intact. This means managing the balance between customer focus, competitiveness, industrial investments and, as an unwaiving guarantee for the future, optimal cash generation and efficient capital structures. We are strengthening today the foundations of our business, creating a solid platform for the future.

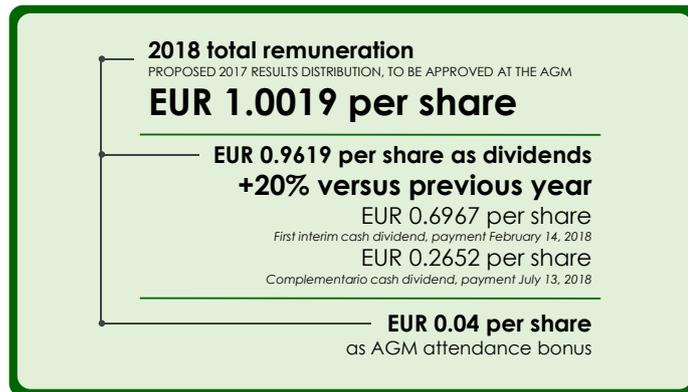


**Relevant information for shareholders**

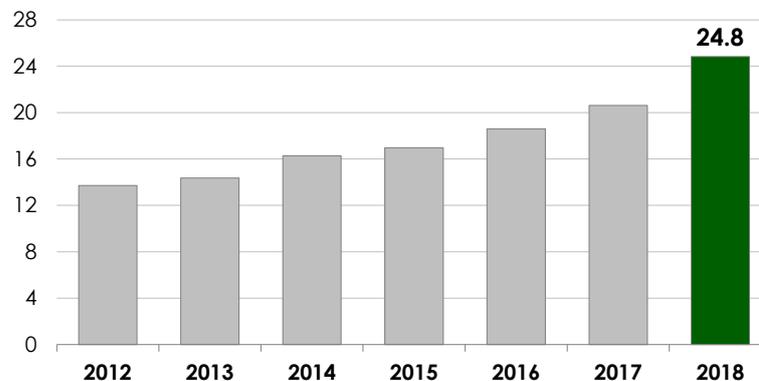
The shareholder remuneration policy implemented by Vidrala is based on the gradual growth in cash dividends as the main way of distributing benefits. Annual payments are typically increased by attendance bonuses to the shareholders' annual general meeting.

Consistent with that policy, cash dividends distributed during the year 2017 amounted to EUR 80.16 cents per share. This represents an increase of 11.3% over the prior year. In addition, EUR 3.00 cents per share were offered as attendance bonus to the general meeting, accumulating an annual cash distribution of EUR 83.16 cents per share.

Regarding the dividend payments for 2018, Vidrala has proposed a results distribution that represents an increase in the annual dividend of 20%. The first interim payment was paid on February 14, 2018 for EUR 69.67 cents per share. A second complementary payment is proposed to be paid on July 13, 2018 for an amount EUR 26.52 cents per share. Additionally, EUR 4.00 cents per share will be offered as attendance bonus to the general meeting. Overall, cash remuneration during 2018 will accumulate EUR 1.0019 per share.



**SHAREHOLDERS' REMUNERATION**  
**CASH DIVIDENDS AND AGM ATTENDANCE BONUSES**  
EUR million, since 2012

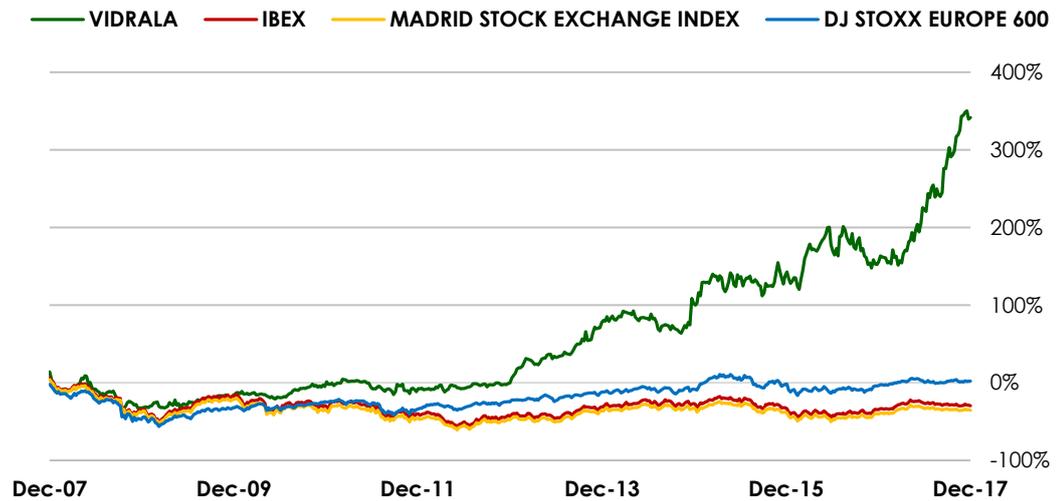


**Share performance**

The share price closed 2017 at EUR 84.65, equivalent to a market capitalisation at the end of the year of EUR 2,099 million.

**SHARE PRICE PERFORMANCE**

Comparative performance in percentage terms, base 2008



	<b>Full Year 2017</b>
Price at the end of the period (EUR)	84.65
Market capitalisation (EUR million)	2,099
Cash remuneration (EUR per share)	0.8316
<i>Interim (14/02/2017)</i>	0.5806
<i>Complementary (14/07/2017)</i>	0.2210
<i>AGM attendance bonus (14/07/2017)</i>	0.0300



**Annex. 2018 events calendar.****Past events**

February 14, 2018

Payment of a first interim cash dividend from 2017 results

February 27, 2018

FY 2017 Earnings Release (8:00h CET)

**Upcoming events**

April 27, 2018

Q1 2018 Earnings Release (8:00h CET)

May 29, 2018

Annual General Meeting (12:00h CET)

July 13, 2018

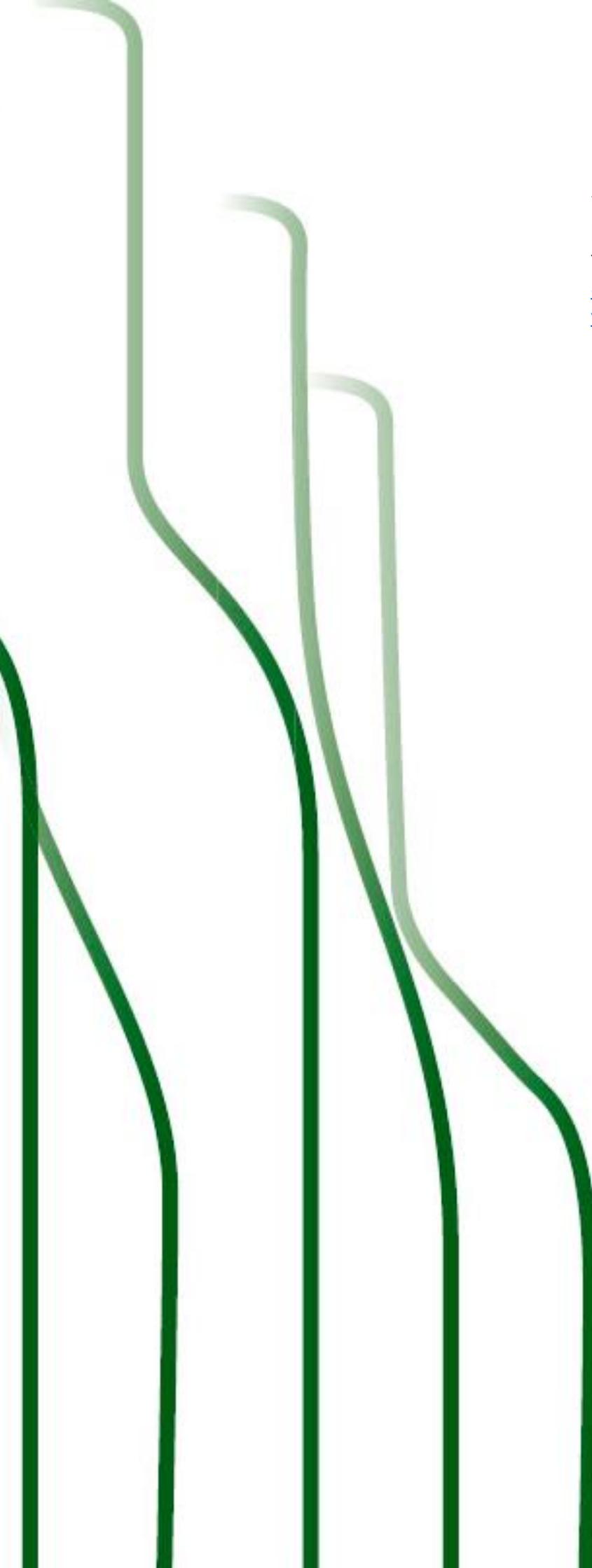
Payment of a complementary cash dividend from 2017 results

July 23, 2018

Q2 2018 Earnings Release (8:00h CET)

October 26, 2018

Q3 2018 Earnings Release (8:00h CET)



**VIDRALA, S.A.**

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