

Company Presentation

FEBRUARY 2006





1. Introduction

2. General Overview

3. Sector Overview

4. Business Performance

5. Objectives

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1. Introduction

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 second manufacturer, and the largest **independent company**, within the Iberian Market with a 27% market share.
- ✓ Supplier of glass containers for a **wide variety** of wine, food, beer, liquors and other beverage products.
- ✓ The stock is listed on Spanish Stock Exchanges of Madrid and Bilbao. VIDRALA is among the companies included in the IBEX SMALL CAP Index with an over **EUR 400 Million** current market capitalization.

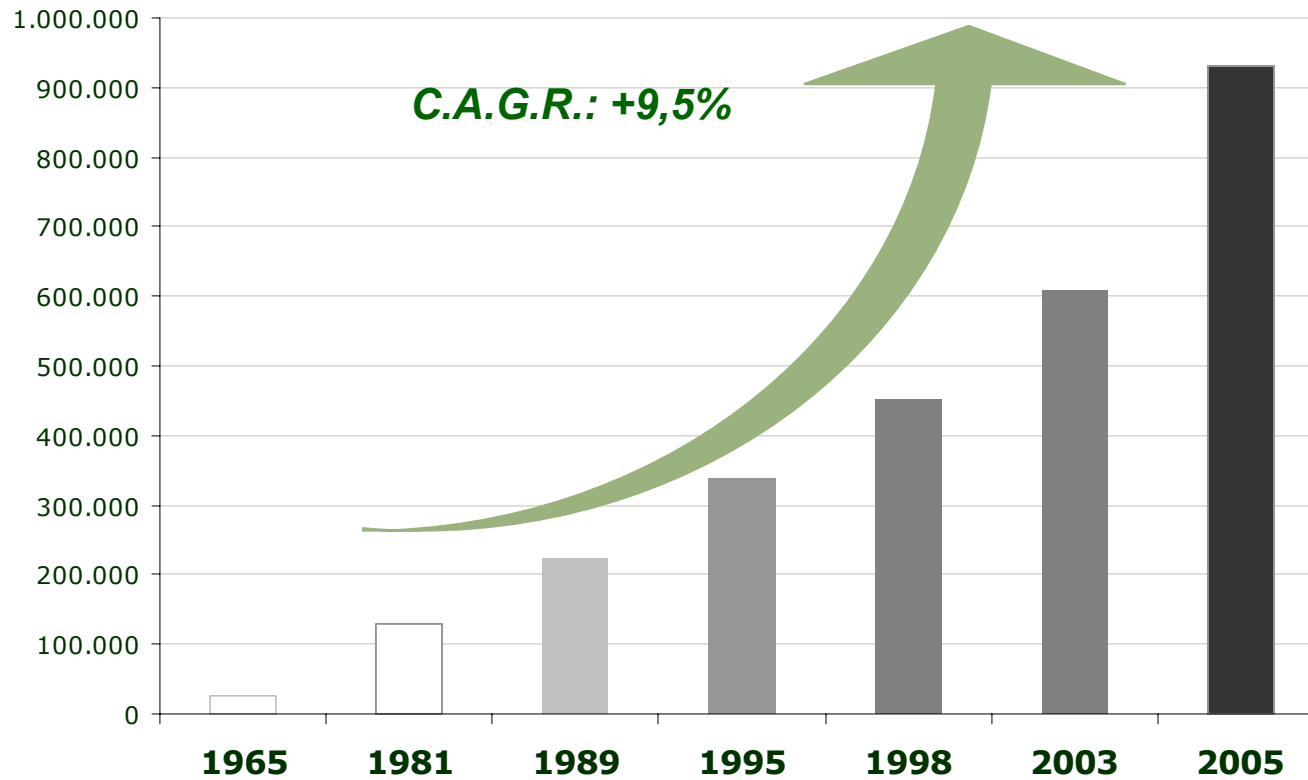
Investment Highlights

- ✓ **South-European independent leading company in glass containers.**
- ✓ **Most efficient producer within the sector.**
- ✓ **Optimal productive structure and geographical organization.**
- ✓ **Balanced relationship between “blue chip” and small customers through a well-diversified product mix.**
- ✓ **Strong financial position. Margin for further leveraging and strong cash flow generation.**
- ✓ **Strong focus on technological development.**
- ✓ **Attractive improvement potential under current integration process of the recent acquisitions.**
- ✓ **Strong and sustainable dividend policy.**



A History of Growth

PRODUCTION (TONS)



Productive Structure



PRODUCTIVE STRUCTURE:

- **5 Plants** in three countries
- **11 Furnaces**, 32 lines of production
- Estimated Capacity: **960.000 tons/year**
- Employing more than **1,500 people**

- Market share in Iberia: 27%
- Market share in Italy: 4%

Our growth in figures

EUR MM	2000	2001	2002	2003	2004	3Q2005*	05e/00	CAGR 05e/00
NET SALES	117,89	125,97	125,01	147,17	190,11	227,296	149%	20%
EBITDA	29,45	31,07	34,53	38,72	49,35	53,193	138%	19%
EBITDA MARGIN %	25%	25%	28%	26%	26%			
NET PROFIT	11,32	13,12	15,52	17,78	21,51	20,64	130%	18%
TOTAL ASSETS	186	155	161	232	231			
SHAREHOLDERS EQUITY	124	124	130	140	151			
BANK DEBT	31	1	0	37	28			
SHARES No.	22.044	21.100	20.900	20.900	20.650			
EPS	0,51	0,62	0,74	0,85	1,04			
DIVIDENDS	7,06	7,56	7,96	8,44	8,88			
PAYOUT	62,4%	57,6%	51,3%	47,5%	41,3%			

* Under IFRS

2005 / 2000: NET SALES, EBITDA and NET PROFIT to rise by aprox. **150%**, **140%** and **130%** respectively.

2. General Overview

Quality of Glass:

✓ **Quality:** Glass is transparent, impermeable, nonporous, sanitary and odorless. 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.

✓ **Ecological:** Glass is 100% recyclable and made from abundant natural raw materials. Glass recycling helps to preserve natural resources, extends furnace life and reduces energy costs.

Glass is identified with the concepts of health (safety, purity, inertity), convenience (flexibility, versatility), sustainability (respect to the environment) and premium image. We consider glass as the most appreciated packaging system for beverages and food products*



* According to studies published by Burnham Research and Owens-Illinois about consumer preferences for types of packaging systems between different categories of products: In Wine, 97% of consumers declare a preference for glass, in spirits 91%, in baby food 79%, in beer 71%, in juices 34%, in soft drinks 25%, in milk 18% and in water 13%. 85% of Vidrala's sales come from wine, spirits, beer and olive oils. Key characteristics associated to glass are: Taste (68% association), Transparency (58%), Optimal Preservation (58%), Premium Image (55%),

Industry Characteristics

Strengths:

- ↑ Natural barriers to entry: Glass is a local and a highly capital intensive business. Plant locations are crucial.
- ↑ Stable Markets.
- ↑ Strong environmental commitment.
- ↑ Close to market needs. Flexibility and versatility.
- ↑ Margin for technological improvement in both processes and products.
- ↑ Product's image of quality.

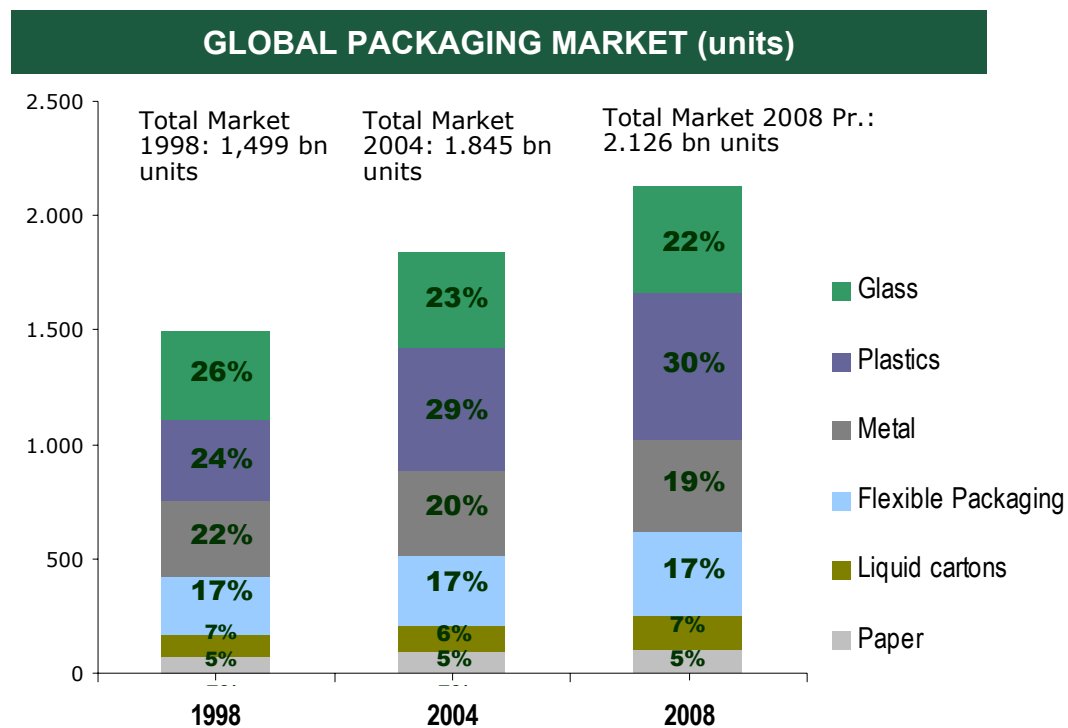
Weaknesses:

- ↓ Mature markets with moderate growth
- ↓ Capital and cost intensive industry:
 - Implementation costs
 - Maintenance costs
- ↓ Small competitors relative to other sectors.
- ↓ Highly dependent on energy and transportation costs.
- ↓ Threats of substitute products.

The Glass Container Market

The Glass Packaging Industry: a mature and stable market

Forecasts indicate that demand for glass containers will remain globally stable growing at moderate rates (2% annual):

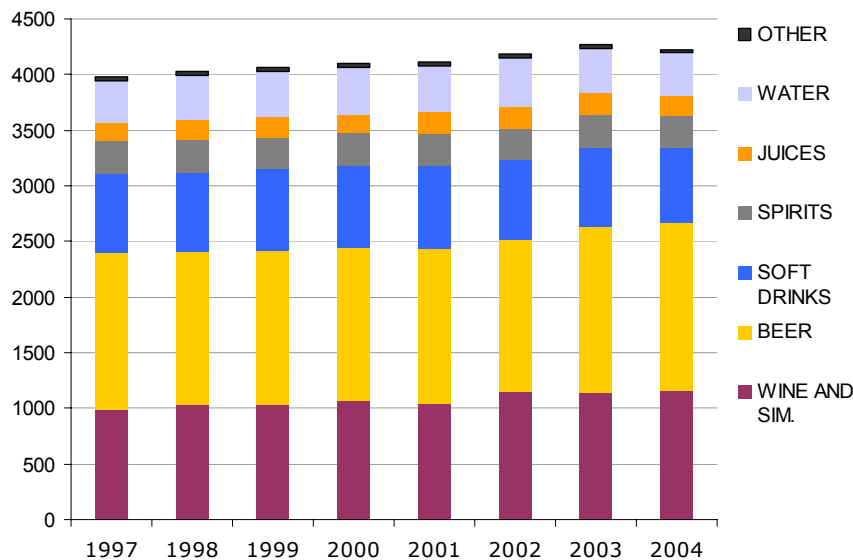


Source: Euromonitor. The categories included are: Wine, Spirits, Beer, CSD, Other NAB (Fruit/vegetable juice, Bottled water, Functional drinks, RTD Coffee/Tea), FAB, Food (Dairy products, Ready meals, Soup, Canned food, Oils, Sauces, dressings and condiments, Baby food and Spreads), Hot drinks, Cosmetics, OTC Healthcare.

The Glass Container Market

However, situation differs by regions and products:

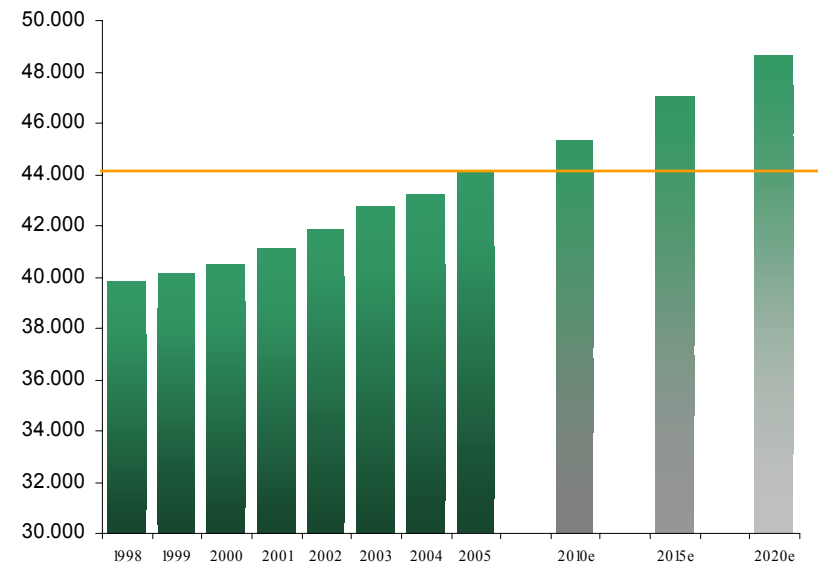
The Spanish Market: consumption data of glass containers
(litres millions)



Source: ANFEVI

Spain is the fourth producer of glass containers in Europe, behind France, Germany and Italy. Wine and Cava (+2,5% annual growth rate since 1997), beer (+2%) and more specialized products like olive oils (+48% annual growth since 1997) lead demand growth in a market performing above European averages.

Spanish Population data
(thousands)



Source: I.N.E.

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.

Glass vs. substitute products

- Alternative packaging materials, specially PET and other plastic derivatives, have experienced relevant growths in segments like water and soft drinks over the last 15 years replacing glass and cans.
- However, initial forecasts in favour of PET in other products more sensitive to bottling conditions (as the case of beer) have been moderated under difficulties found in terms of quality of the bottle, in the case of standard PET, and cost, in the case of more developed PET with barrier.

ADVANTAGES AND DISADVANTAGES OF GLASS vs PET

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



OPTIMAL



ACCEPTABLE



DEFICIENT

Source: Vidrala

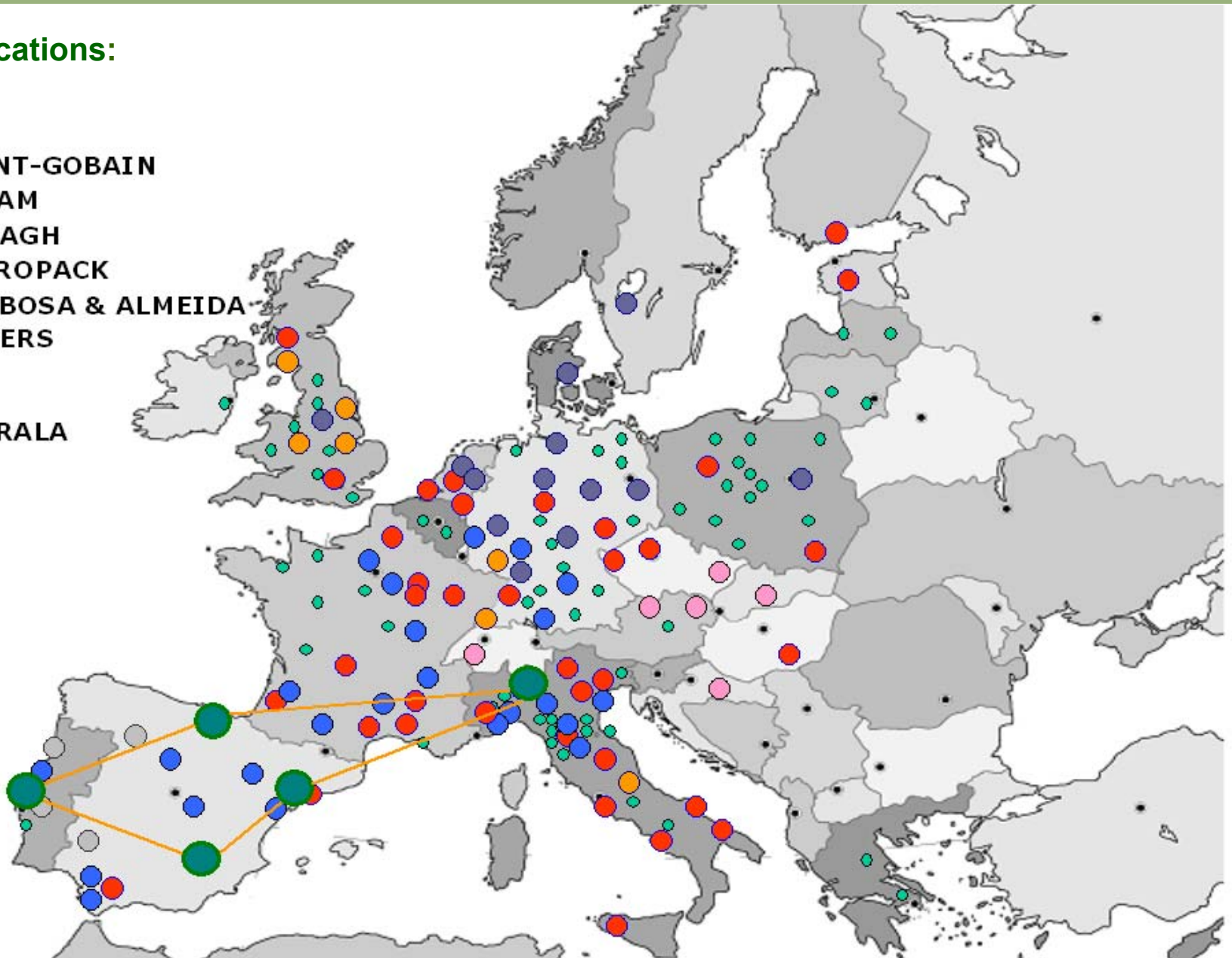
3. Sector Overview

The European Market

Plant locations:

- O-I
- SAINT-GOBAIN
- REXAM
- ARDAGH
- VETROPACK
- BARBOSA & ALMEIDA
- OTHERS

- VIDRALA

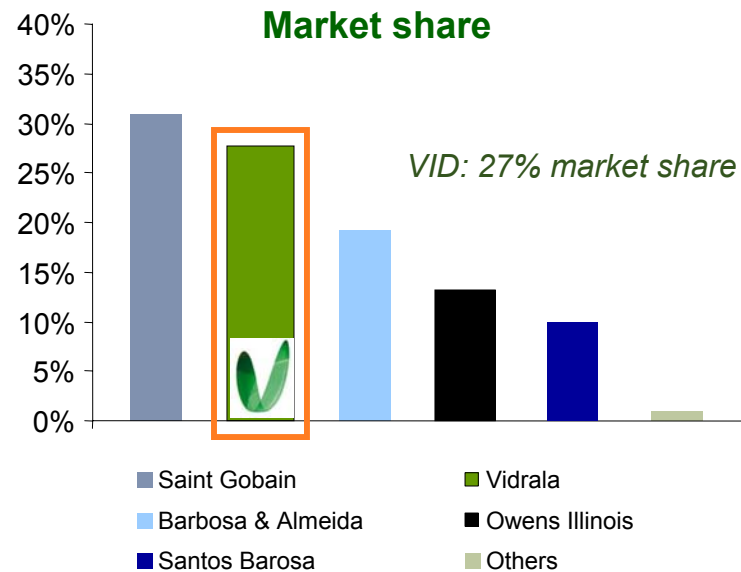


The Iberian Market

Our natural market, under a consolidation process

- 4 companies concentrate 90% of the market

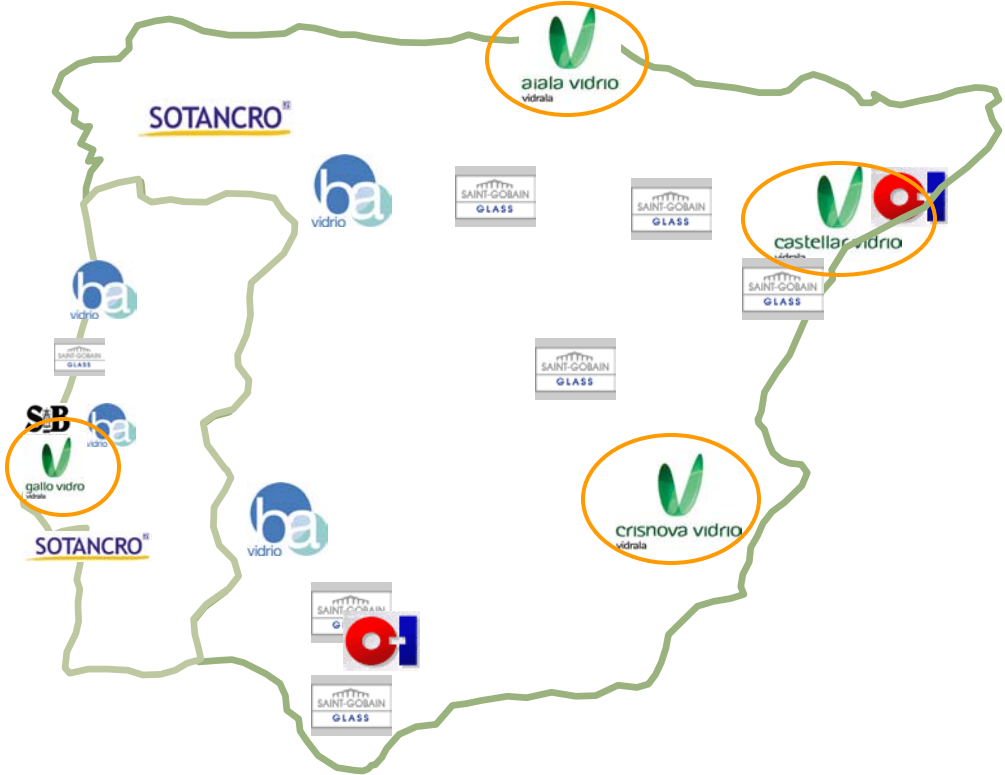
PRODUCTIVE STRUCTURE IN THE IBERIAN MARKET			
SAINT GOBAIN	7 PLANTS	930.000 ton	31,1%
VIDRALA	4 PLANTS	830.000 ton	27,8%
B&A	4 PLANTS	570.000 ton	19,1%
O-I	2 PLANTS	375.000 ton	12,5%
SANTOS BAROSA	1 PLANT	285.000 ton	9,5%
		<hr/>	
		18 PLANTS	2.990.000 ton



Source: Vidrala

The Iberian Market

Plant locations:

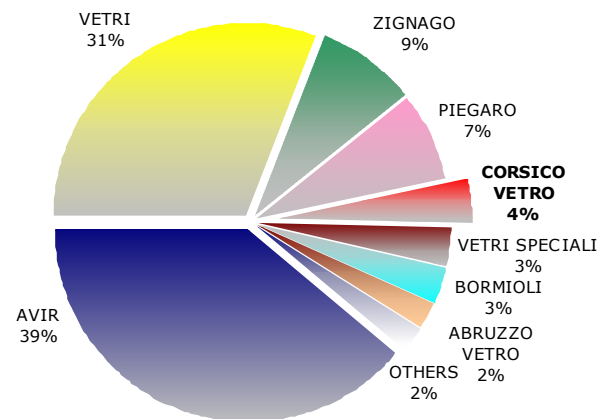


Source: Vidrala, Anfevi

The Italian Market

Italy, a fragmented market:

PRODUCTIVE STRUCTURE IN ITALY			
MANUFACTURERS	PLANTS	CAPACITY	PARENT
AVIR	12 PLANTS	1.378.557 tons	O-I
VETRI	6 PLANTS	1.087.482 tons	Saint Gobain
ZIGNAGO	2 PLANTS	303.028 tons	Indep.
PIEGARO	2 PLANTS	256.668 tons	Indep.
CORSICO VETRO	1 PLANT	130.000 tons	Grupo VIDRALA
VETRI SPECIALI	3 PLANTS	118.662 tons	O-I & ZIGNAGO
BORMIOLI	4 PLANTS	109.340 tons	Indep.
ABRUZZO VETRO	1 PLANTS	74.976 tons	Ardagh
OTHERS	3 PLANTS	83.488 tons	
	34 PLANTS	3.542.201 tons	

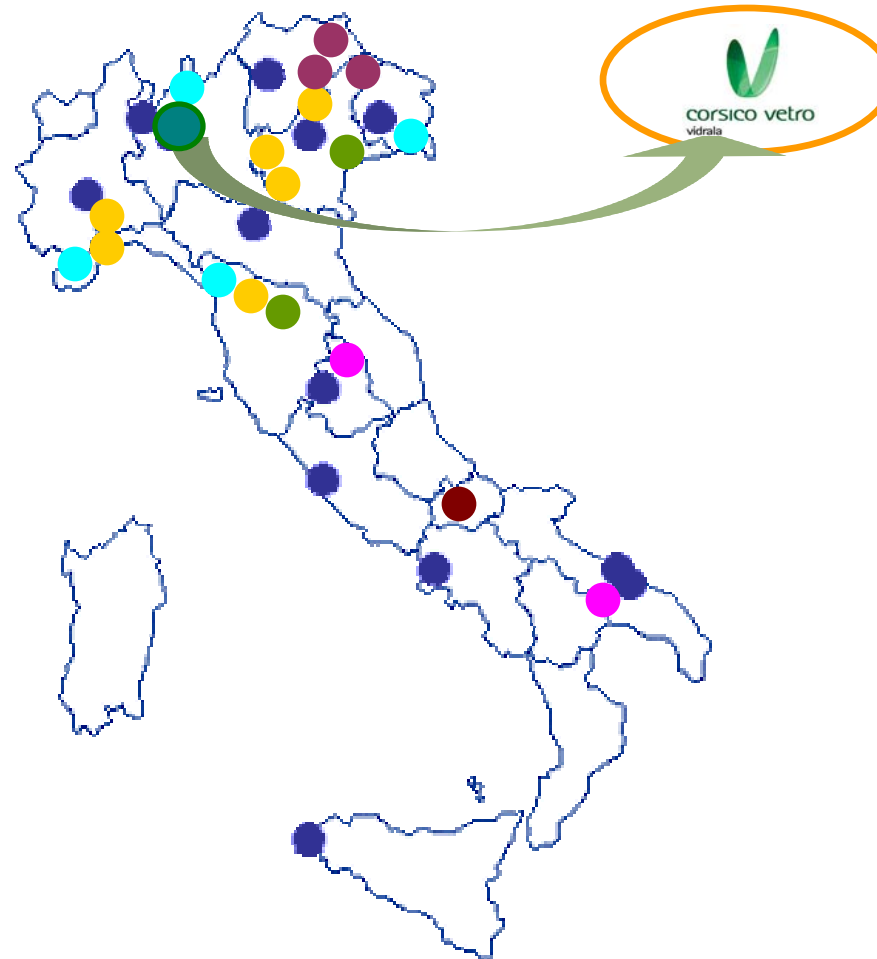


Source: Vidrala

The Italian Market

PLANTS:

- AVIR
- VETRI
- ZIGNAGO VETRO
- PIEGARO
- VETRI ESPECIALI
- BORMIOLI
- ABRUZZO VETRO



4.

Business
Performance

2005, reflecting the New Dimension

In a challenging environment, strong growth during 9M 2005 boosted by the incorporation of the new plants.

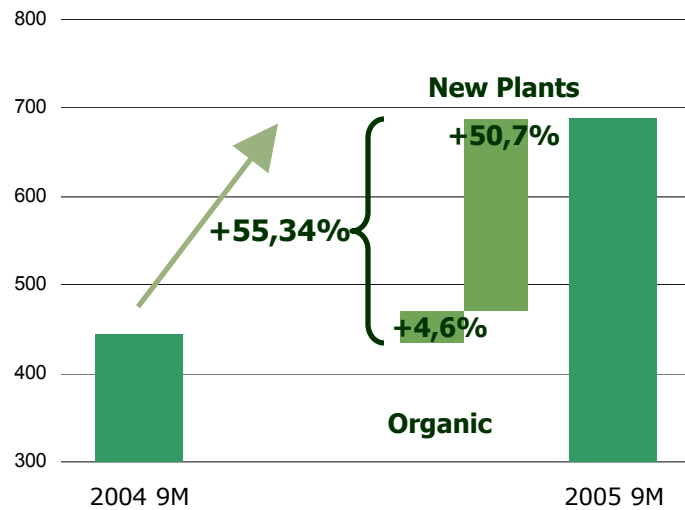
EUR million	9M 2005	9M 2004	%
NET TURNOVER	227.29	145.27	56,46%
EBITDA	53.19	37.29	42,65%
EBIT	32.52	23.61	37,70%
NET PROFIT	20.63	16.00	28,96%

- ✓ Report under IFRS.
- ✓ New plants of Castellar and Corsico consolidated since January, 19th.
- ✓ Production rose by **55%**, sales by **56%** and EBITDA and Net Profit by **+42%** and **+29%** respectively.

2005, reflecting the New Dimension

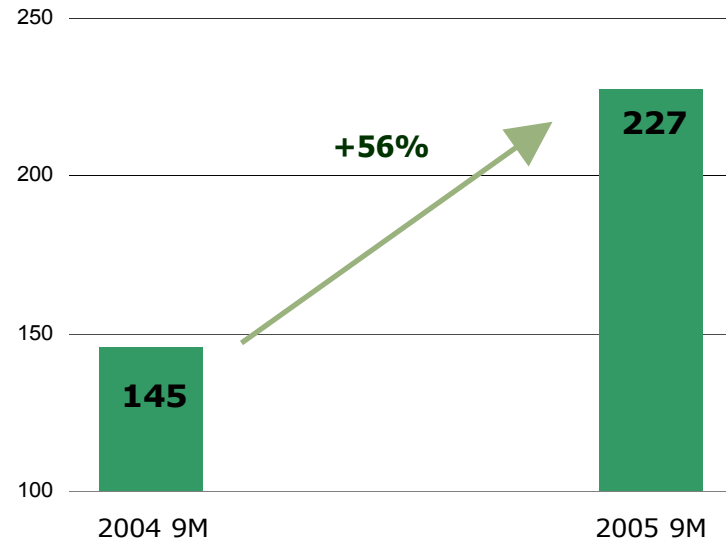
PRODUCTION

Tons '000



SALES

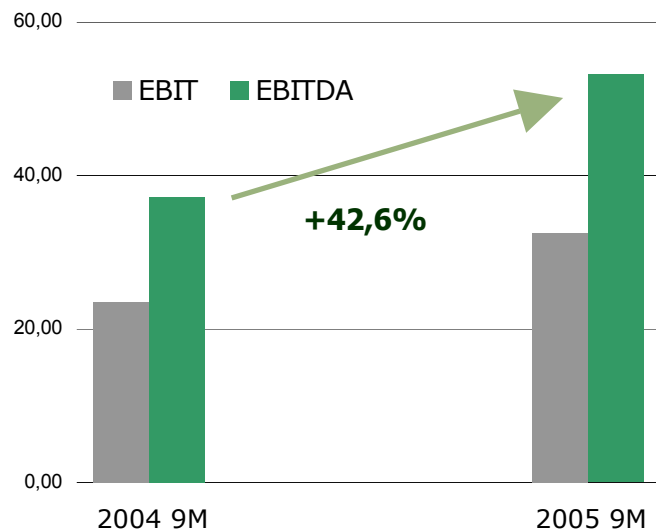
EUR millions



2005, reflecting the New Dimension

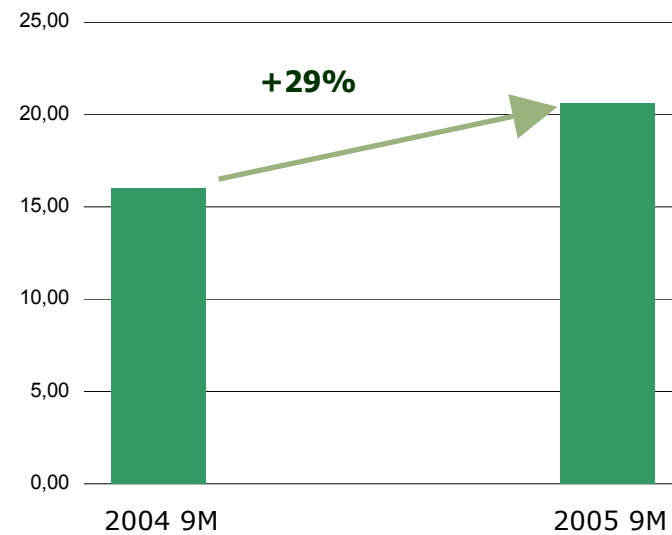
EBITDA / EBIT

Eur million (under IFRS)



NET PROFIT

Eur million (under IFRS)

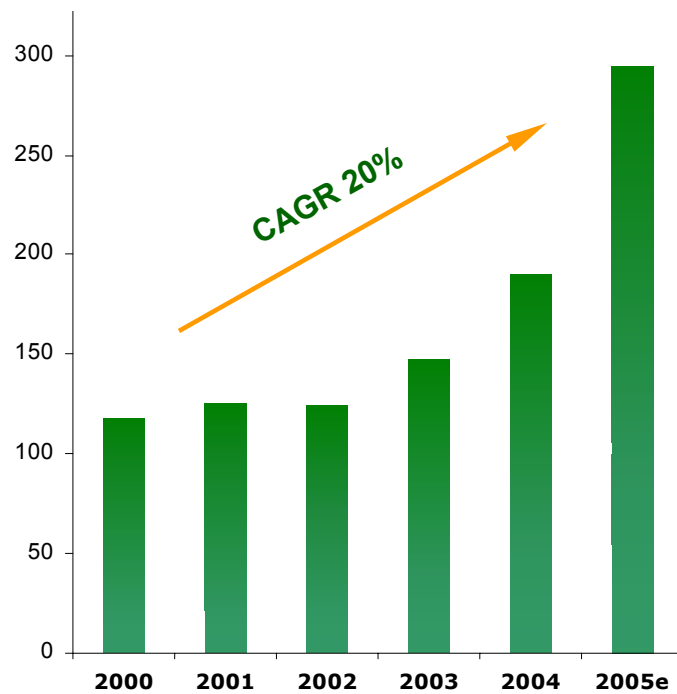


2005 / 2000 Years of solid performance

Continuous growth through years of solid performance:

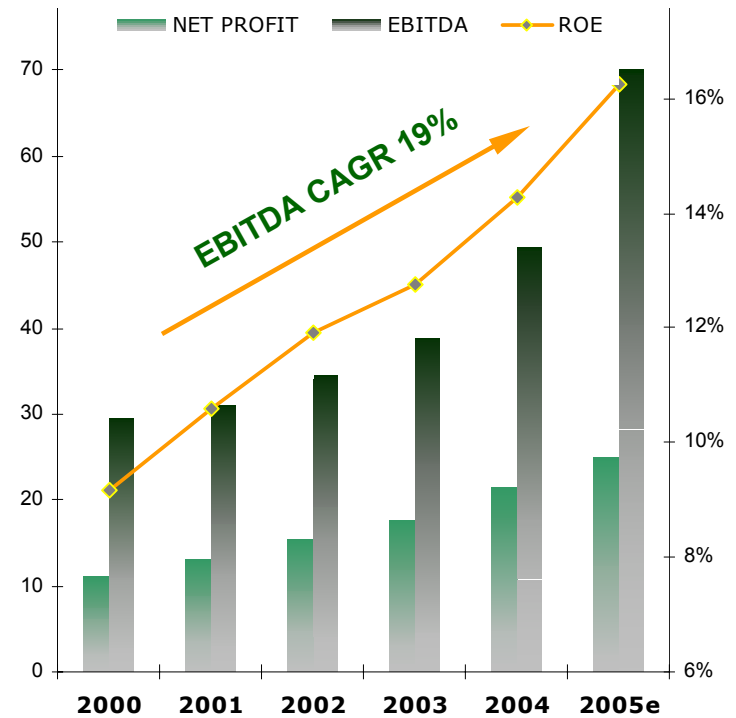
SALES

Eur millions



EBITDA, NET PROFIT

Eur millions

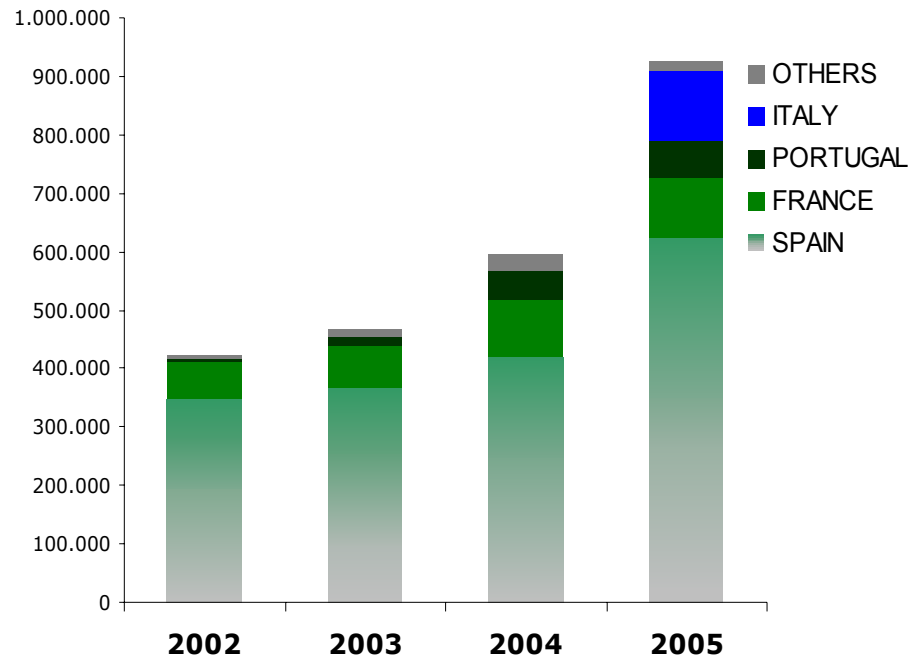


Sales Breakdown

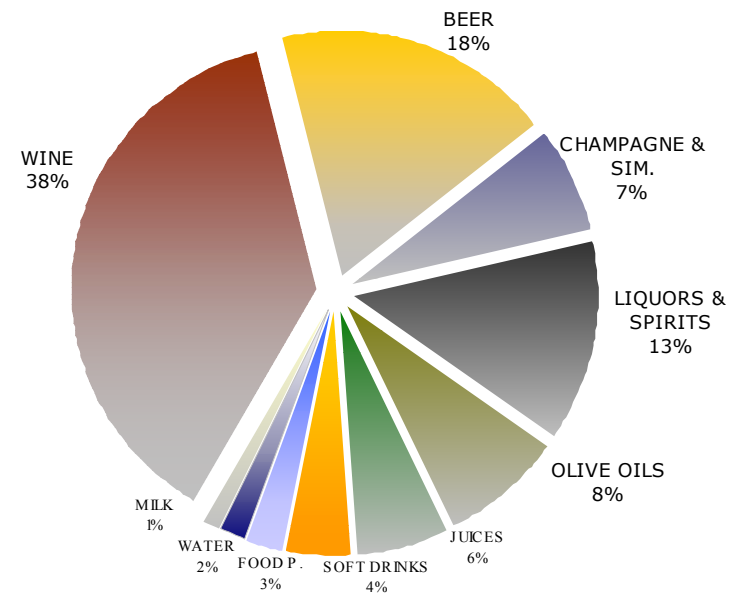
Toward an international projection....

... diversifying the product mix

SALES BREAKDOWN BY COUNTRY (IN TONS SOLD)

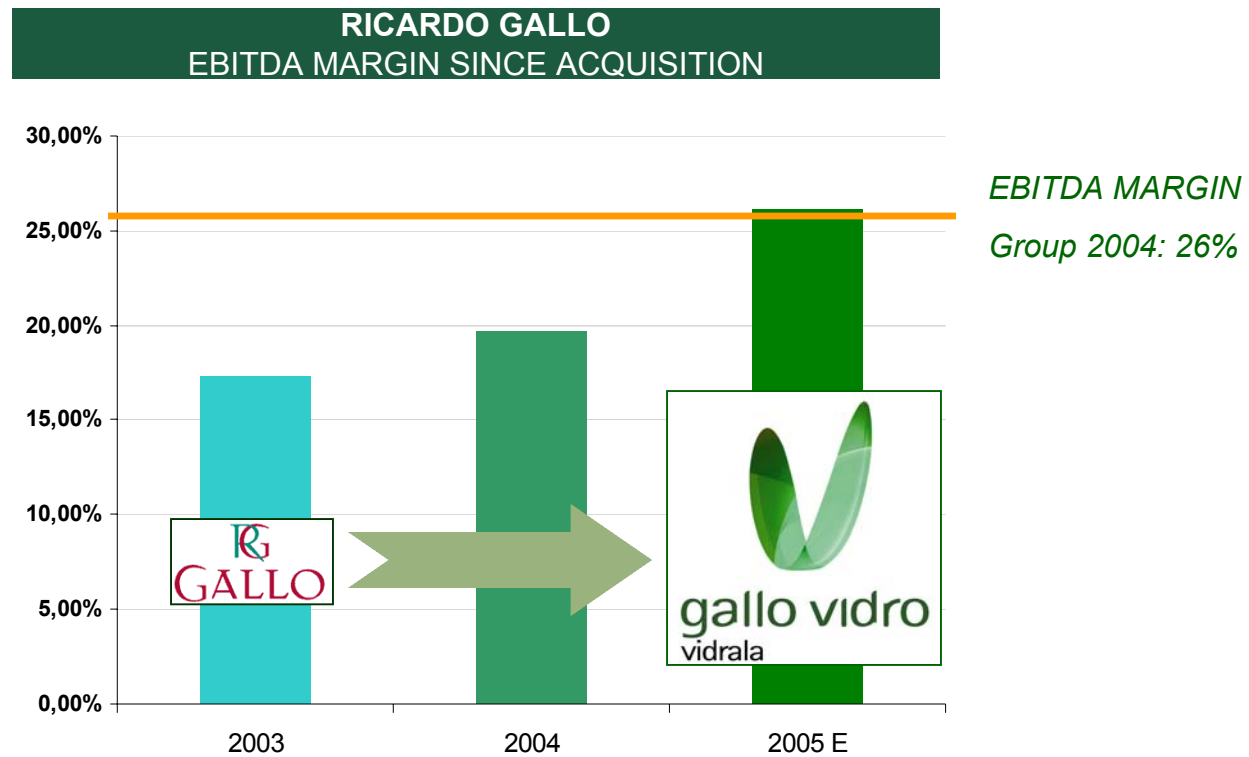


2005e SALES BREAKDOWN BY PRODUCT



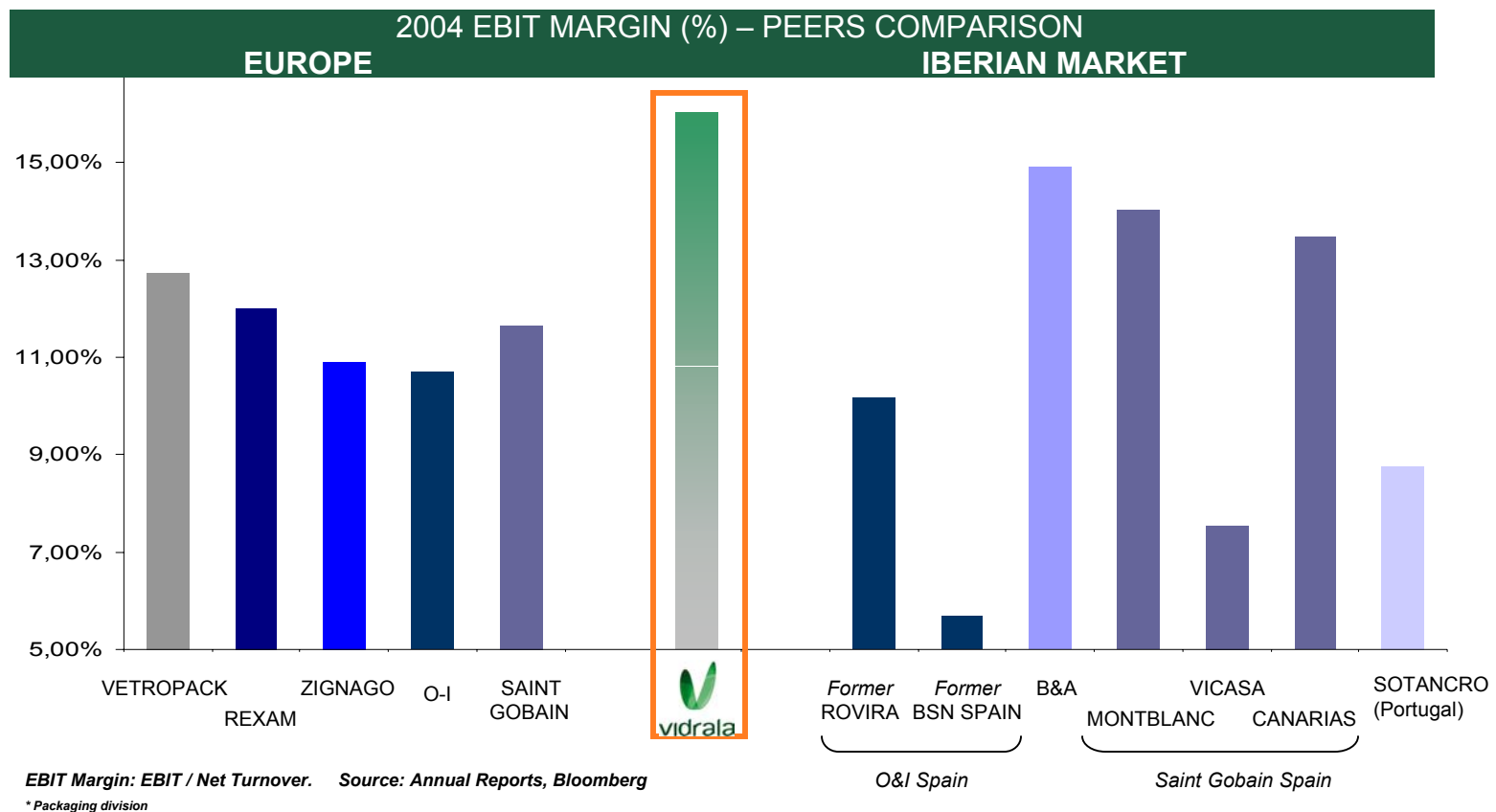
Successful integration

The example of Ricardo Gallo (acquired in 2003): success in the process of integration



Efficiency

growing without overlapping our advantages, which has enabled us to obtain the highest efficiency levels within the sector:



VIDRALA 2004: EBITDA Margin %: 26%, EBIT Margin %: 16%, Net Profit Margin: 11%



5. Objectives

- ✓ Development of the new Corporate Structure
- ✓ Synergies Optimisation
- ✓ Offset of inflationary pressures
- ✓ Implementation of innovations in productive processes
- ✓ Definition of New Strategic Plan

Synergies

Productive capacity

- Expansion and increased versatility
- Standardization of processes
- Technological growth

Product

- Improved product mix
- Increased product range
- Optimisation of resources

Logistics

- Optimised logistics
- Centralized sales areas
- Lower transport & better service

Clients

- Increased client base
- Improved service
- Access to new markets

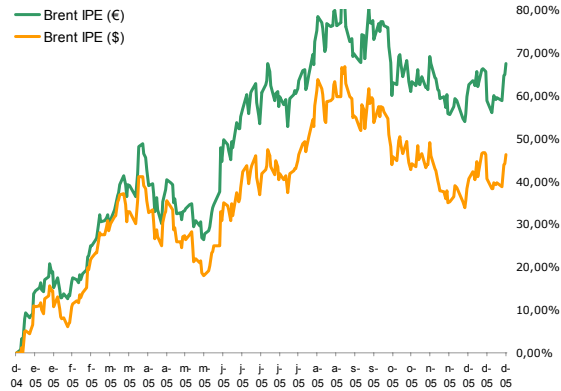


Value Creation

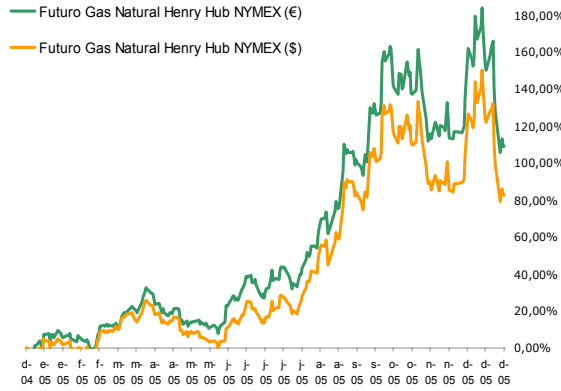
- ✓ Increased revenues & EBITDA
- ✓ Stronger Cash-flow generation
- ✓ EPS enhancement
- ✓ Dividend growth
- ✓ Improved financial structure
- ✓ Maturity in processes of growth

Inflation

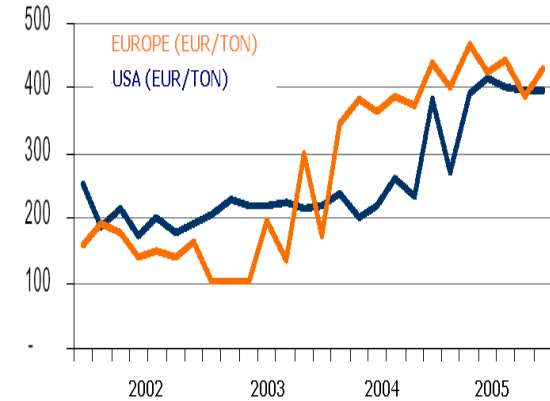
Brent (% 2005)



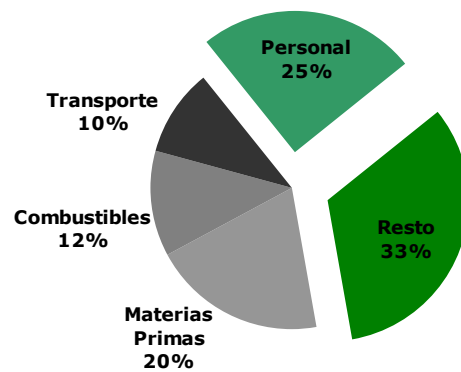
Natural Gas NYMEX (% 2005)



Soda Ash



OPERATIONAL COSTS BREAKDOWN



PRIORITIES:

- ✓ Increase prices near term to offset cost pressures
- ✓ Accelerate the integration process
- ✓ Implement cost cutting programs

6.

Conclusions

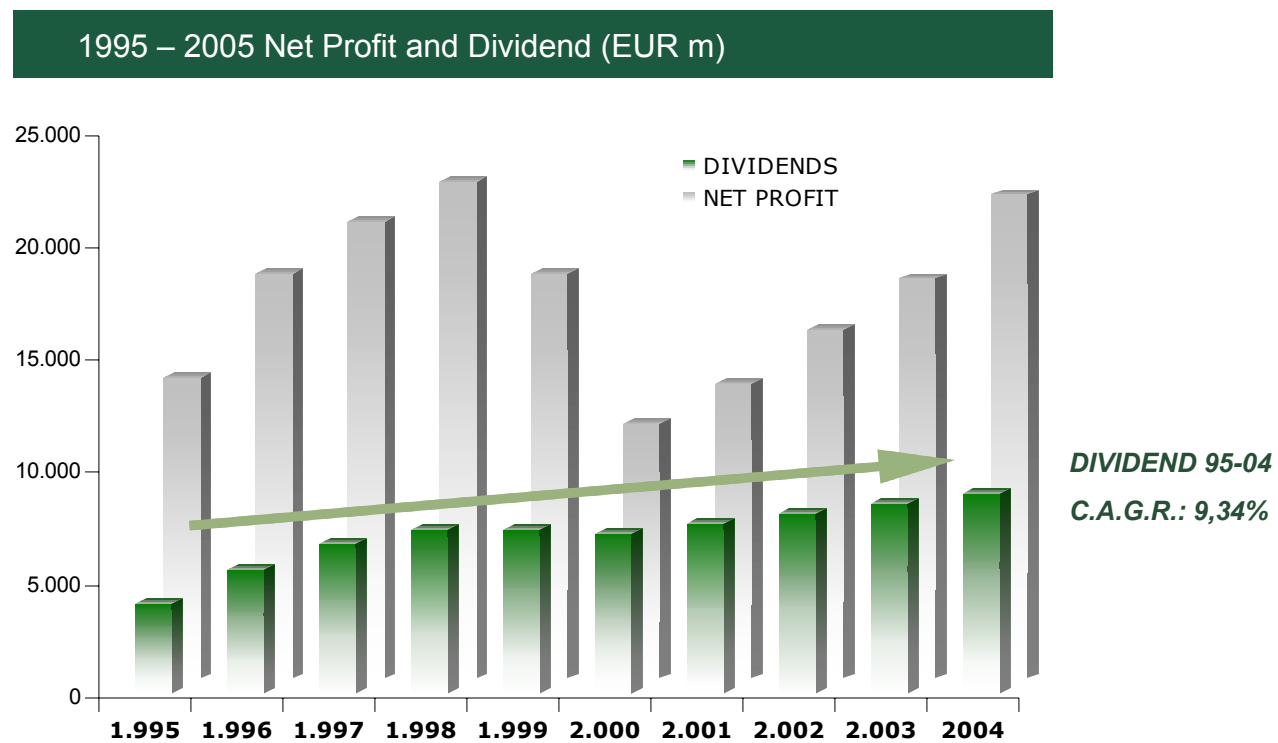
A solid industrial project:

- ✓ Based on Clear Business and Market Definitions,
- ✓ through a solid and sustainable interaction between management, Boards and Shareholders.
- ✓ with a vocation to customers service,
- ✓ supported by an optimal financial structure,
- ✓ and focused on our Shareholders interests,

We Know and understand:

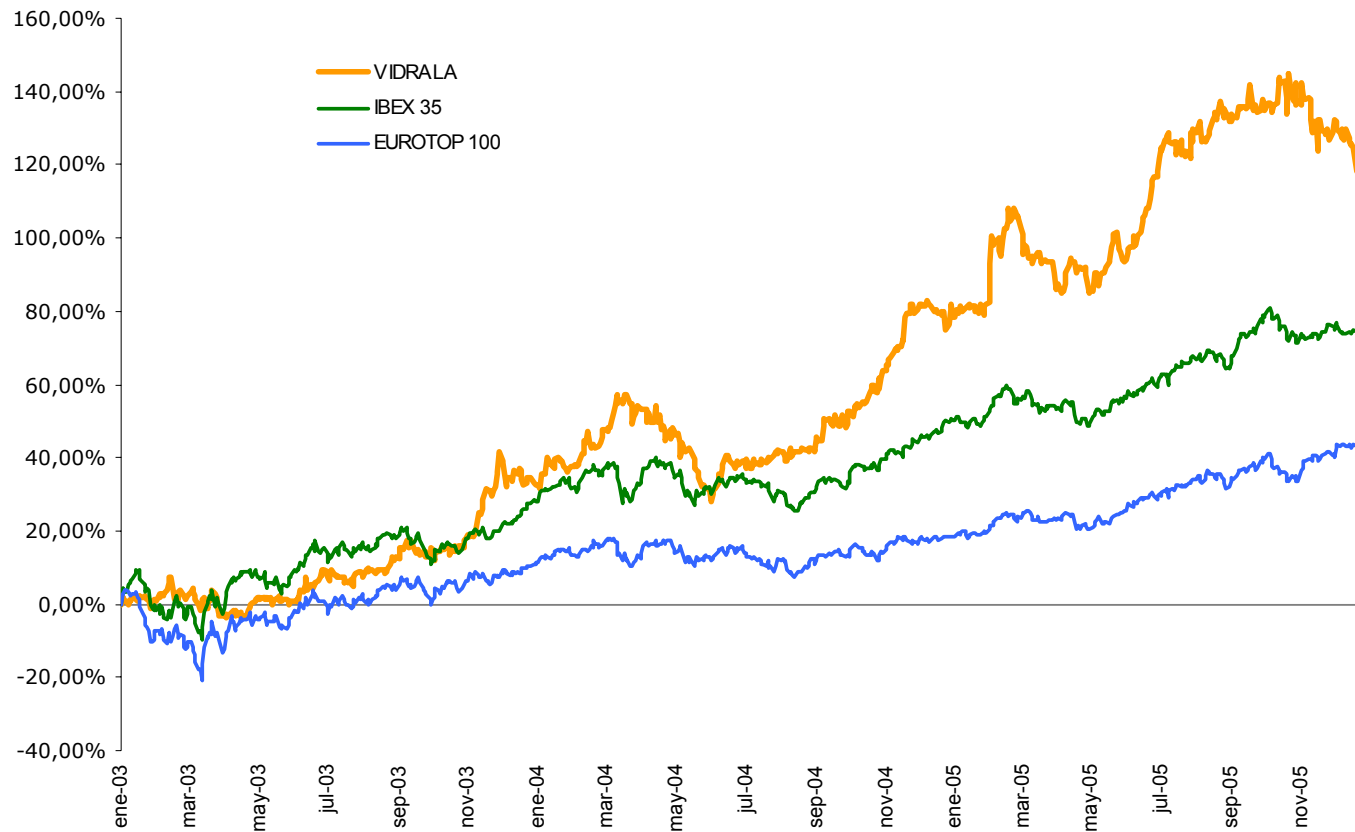
- ✓ *The industry*
- ✓ *The packaging market*
- ✓ *The glass sector*
- ✓ *Our natural markets*
- ✓ *Our Competence*
- ✓ *Our Customers*

Stable and sustainable dividend growth:



Only 1 year without a dividend paid over the last 20 years.

Successful growth strategy is being reflected in the share performance:



Data to December 31, 2005



vidrala

www.vidrala.es