

VIDRALA SA

COMPANY PRESENTATION



SEPTEMBER 2009



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- ***Introduction***

- General Overview
- Business Performance
- Objectives

Description

vidrala:

- ✓ A leading manufacturer of glass containers with **international projection** and a strategy focused on **growth, value creation** and **business specialisation**.
- ✓ 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** per year obtaining **EUR 390 Million annual revenues**.
- ✓ Western Europe's **fourth manufacturer** through **six complementary sites** geographically located towards our strategic areas of sales.



Highlights

- ✓ Southern Europe's leading company in glass containers.
- ✓ Focused on strategic areas of sales through an optimal productive structure and complementary geographical organization.
- ✓ Wide customer base through a balanced relationship between multinationals and small customers through a profitable selected product mix and well positioned commercial strategy.
- ✓ Management expertise and industrial know-how: strong track record in organic growth and acquisitions.
- ✓ High improvement potential under the current process of integration of the recent acquisitions.
- ✓ Stable and sustainable dividend policy.



Brief History



ORGANIC GROWTH

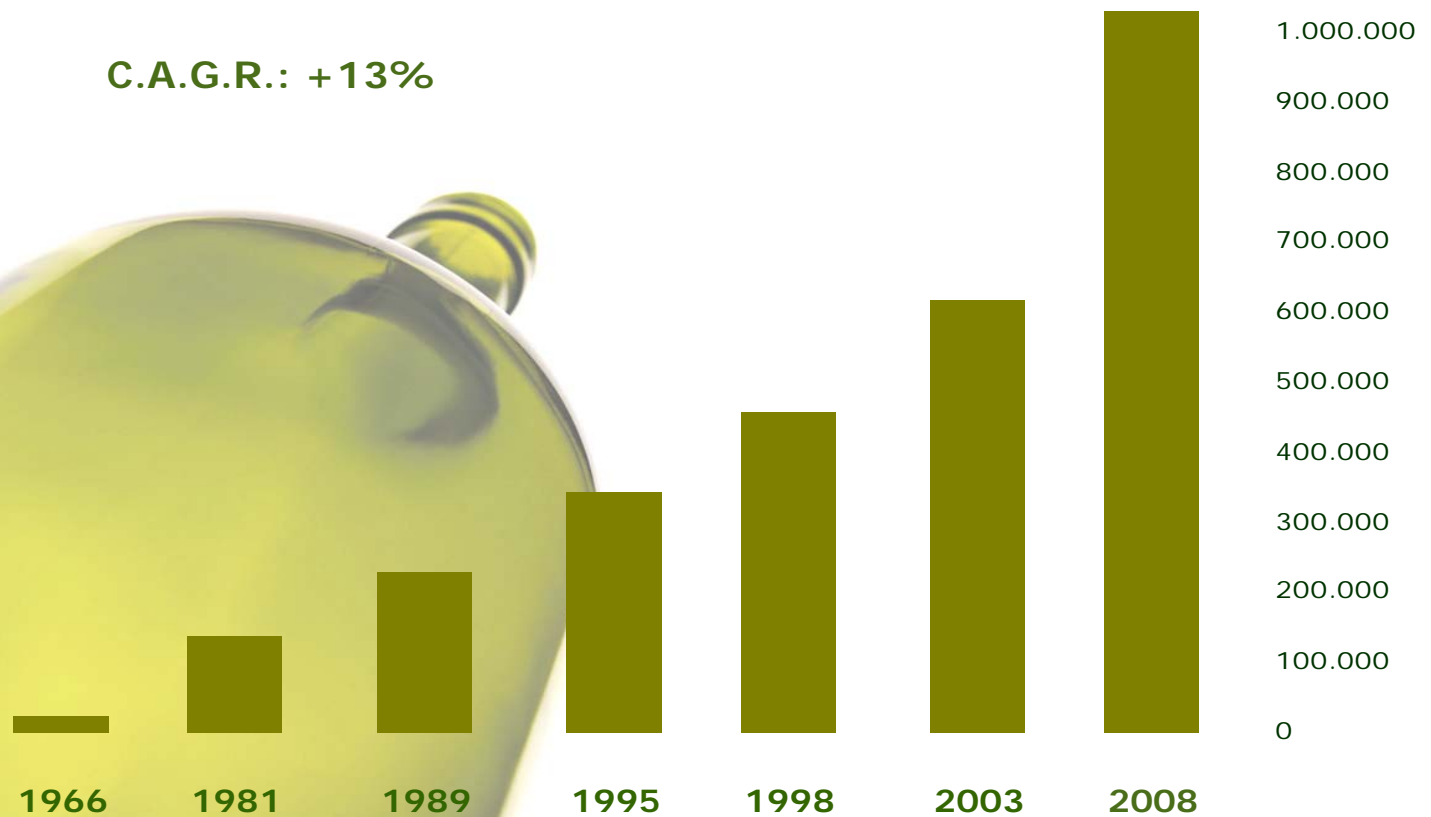
ACQUISITIONS

- 1965** Establishment of **Vidrerías de Alava S.A.**
- 1981** Industrial process innovation, energy optimization
- 1985** Vidrala goes public
- 1989** Subsidiary **CRISNOVA, S.A.** set up
- 2001** New Strategic Plan
- 2003** **Acquisition: GALLO VIDRO** (Portugal)
- 2005** **Acquisitions: CORSICO** (Italy), **CASTELLAR** (Spain)
- 2007** **Acquisition: MD VERRE** (Belgium)

A History of Growth

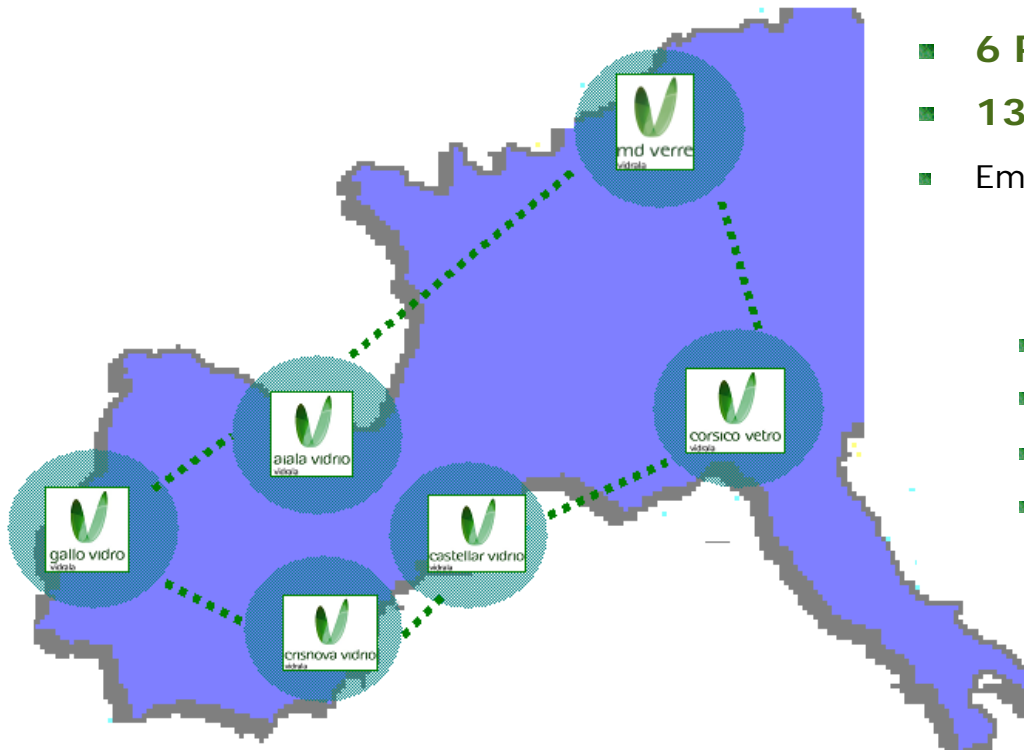
**PRODUCTION
(VOLUME IN TONS OF GLASS)**

C.A.G.R.: +13%



Productive Structure

A COMPLEMENTARY FOOTPRINT



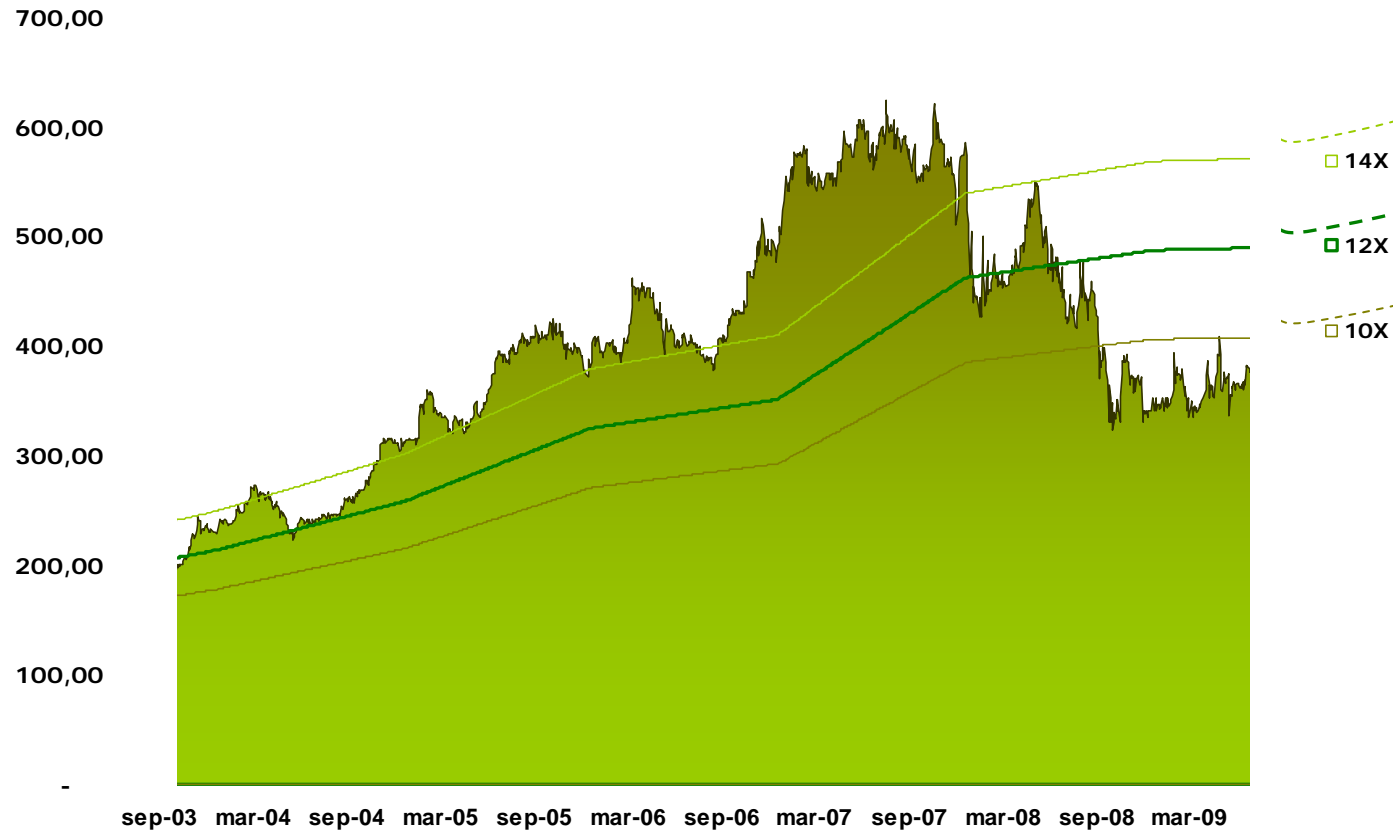
- **6 Plants** in 4 countries
- **13 Furnaces**
- Employing more than **1,800 people**

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

Value Creation

SHARE PRICE PERFORMANCE

MARKET CAP (in EUR millions, left) and P/E* RANGE LINES



* Source: Reuters Consensus

2000-2007 share price performance: reflection of earnings progression



- Introduction

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Principles

WE BELIEVE:

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



The Product

Glass is identified with the concepts of health (safety, purity, inertity), 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.

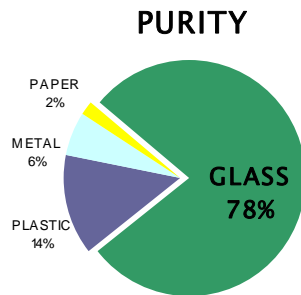
✓ **Ecological:** Glass has intrinsic and unique features that make it **the only fully and infinitely recyclable packaging material**. A used bottle can be employed to make a new bottle again and again without any loss in quality or quantity. Glass recycling saves energy, reduces emissions and helps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

The Product

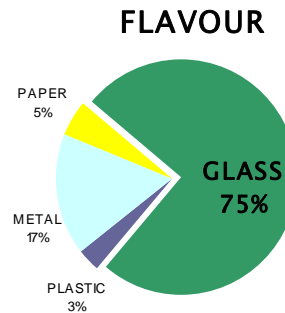
Glass, the preferred packaging material:

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

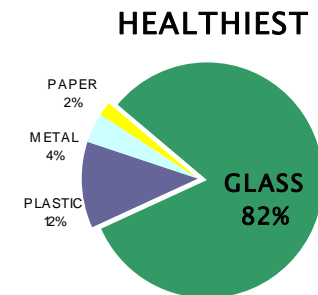
Summary: "Glass packaging is the overwhelming first choice of consumers for preserving quality, purity, and taste. It is also seen as the all around most healthy form of packaging. When it comes to the "organic consumers," the preference for glass packaging increases significantly. Respondents' preference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



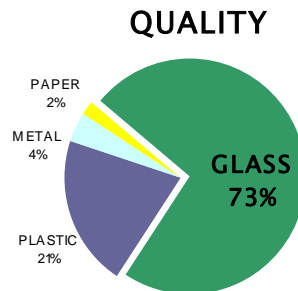
Preserves the purity of the product inside



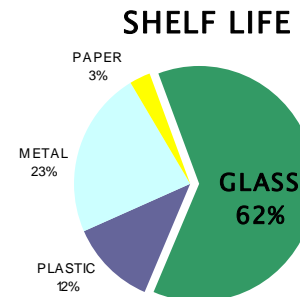
Presents the true flavour of the product



Keeps food in its healthiest form



Preserves the quality of the product inside



Increases the shelf life of a product

The Product

Glass, the preferred packaging material:

-STUDY BY SIEGEL+GALE AND O-I. JULY 2009: : Consumer Preferences for Food and Beverage Packaging

“ Consumers Worldwide Desire Food and Beverages in Glass. Consumers around the world overwhelmingly prefer foods and beverages in glass to other packaging materials, but new research commissioned by Owens-Illinois, Inc. suggests consumers struggle to find their favorite brands packaged in glass on store shelves. In a global research study conducted by Siegel+Gale, one of the world’s premiere strategic branding companies, more than 2,900 consumers in nine countries were polled about their preferences regarding food and beverage packaging. Designed to gauge how consumers choose among the various packaging alternatives and weigh criteria for packaging, the study found the preference for glass packaging is strong: 93.5 percent for wine to 66 percent for non-alcoholic beverages.

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 Market

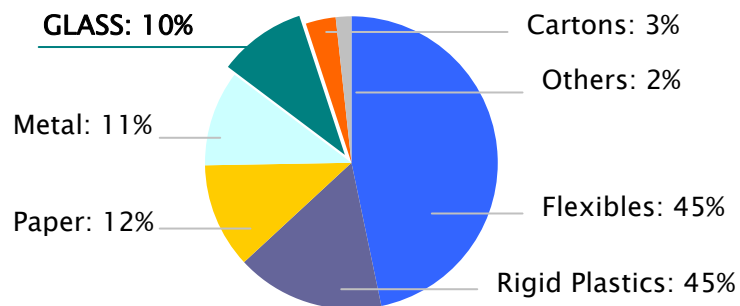
The Glass Packaging Industry: a mature and resilient market

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

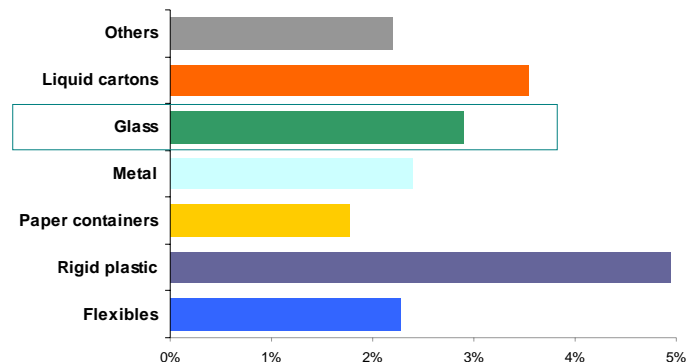
Global Packaging Market by Materials
Past and forecasted sales by materials

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 2003-2008



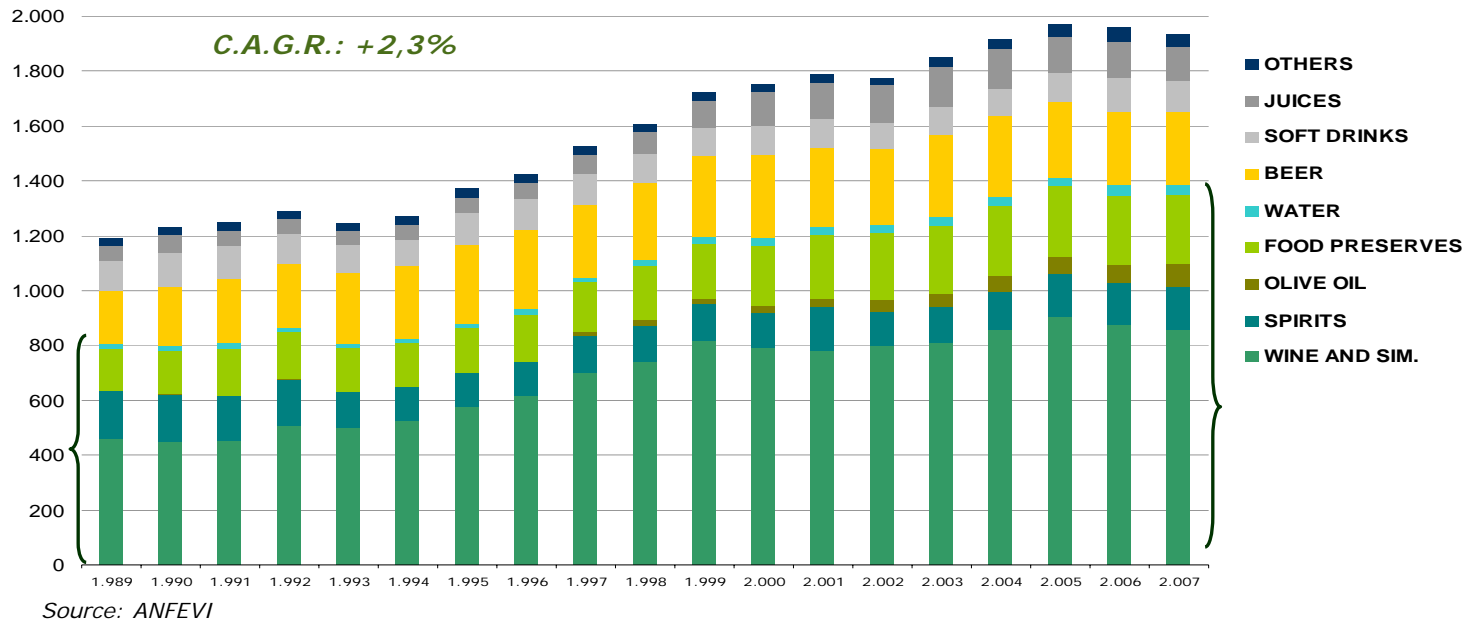
Source: EUROMONITOR

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

The Market

Our Natural Markets: situation differs by regions and products

The Spanish glass containers market. Sales performance by segment in tons 89-07. Quality segments drive growth under a mature and stable market

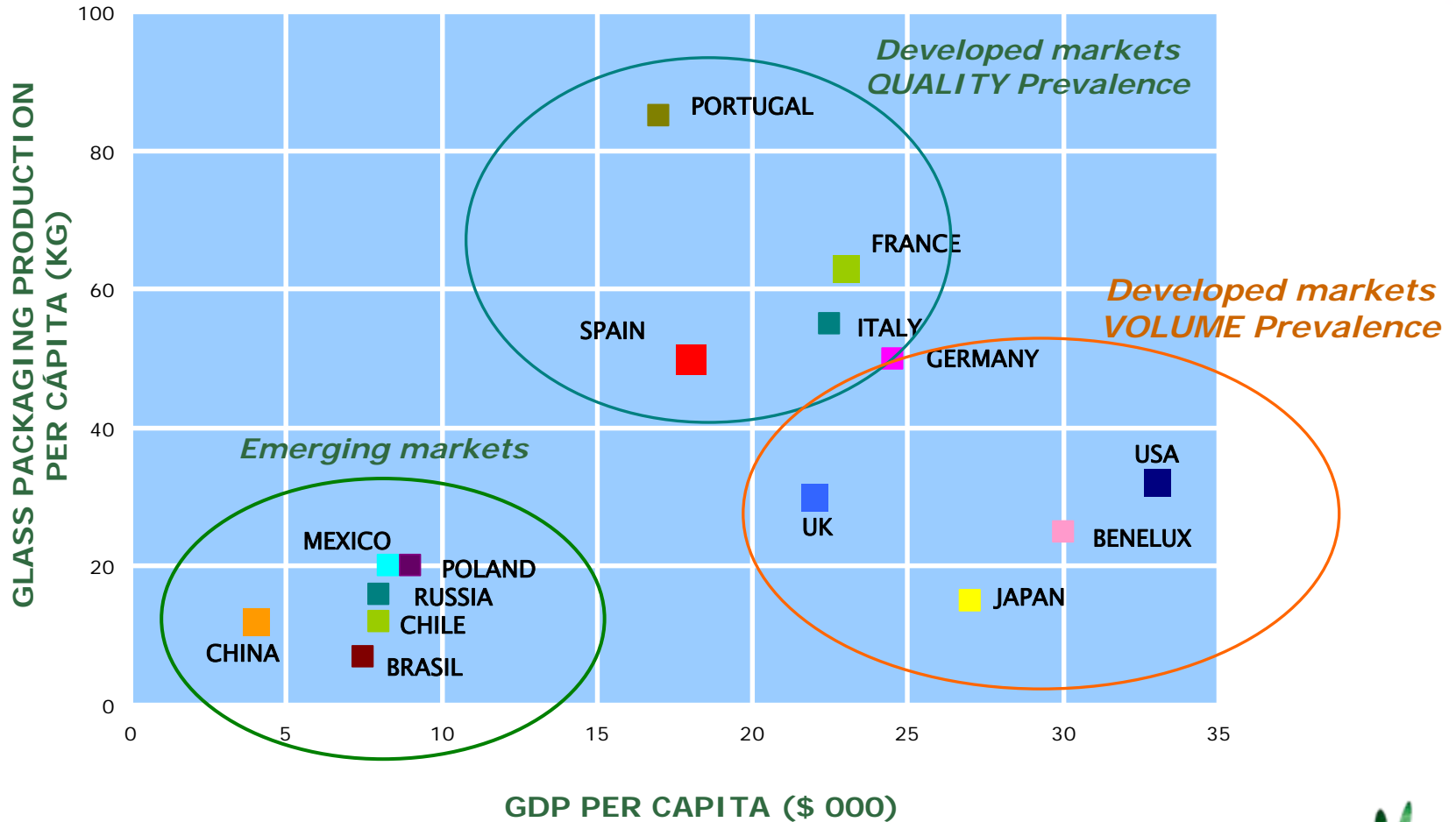


Spain is the fourth producer of glass containers in Europe, behind France, Germany and Italy. Quality segments like Wine and Cava (+3% annual growth rate since 1989) and more specialized products like Olive Oils (+20% CAGR since 1989) lead demand growth in a market performing above European averages. Glass packaging is enjoying a healthy momentum in our natural markets on the back of rising energy prices affecting relatively more to other packaging materials, growing environmental regulations, and the beverage industry's growing interest in marketing its products with better-quality containers.

The Market

OUR NATURAL MARKETS, OUR STRATEGIC MARKETS

GLASS PACKAGING PRODUCTION PER CÁPITA



The Industry

INDUSTRY CHARACTERISTICS

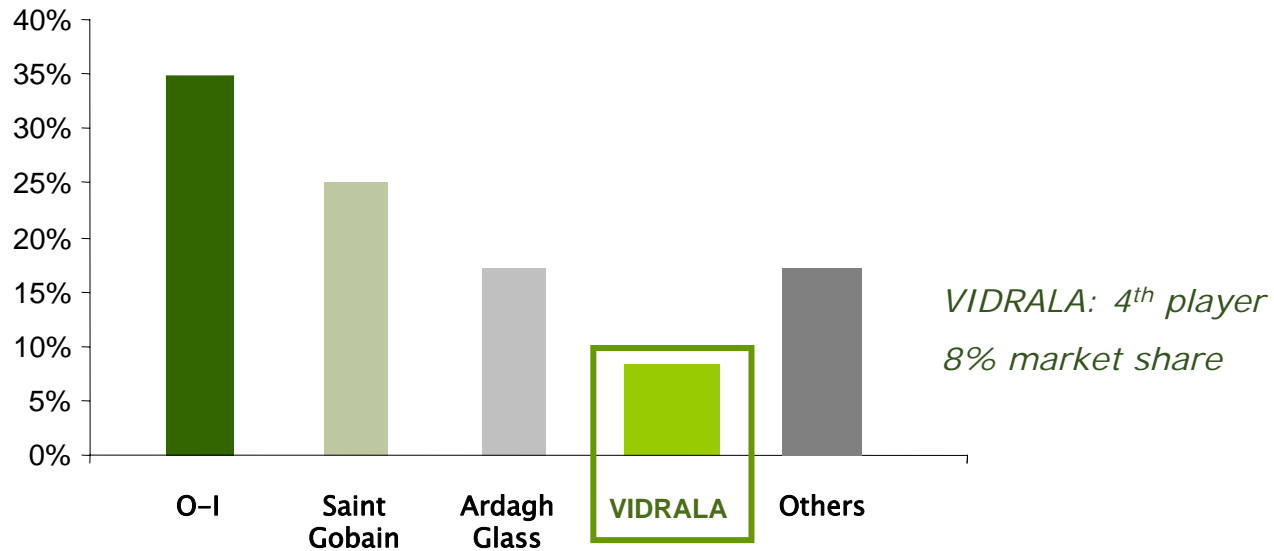
- ✓ Local and capital intensive business. Natural barriers.
- ✓ Resilient Markets. Moderate organic growths.
- ✓ Environmental commitment.
- ✓ Close to market needs. Flexibility, versatility.
- ✓ Margin for technological development. Focus on Innovation is crucial.
- ✓ Unique features of glass versus substitutive materials.



The Industry: Europe

The European sector:

Main players in Europe



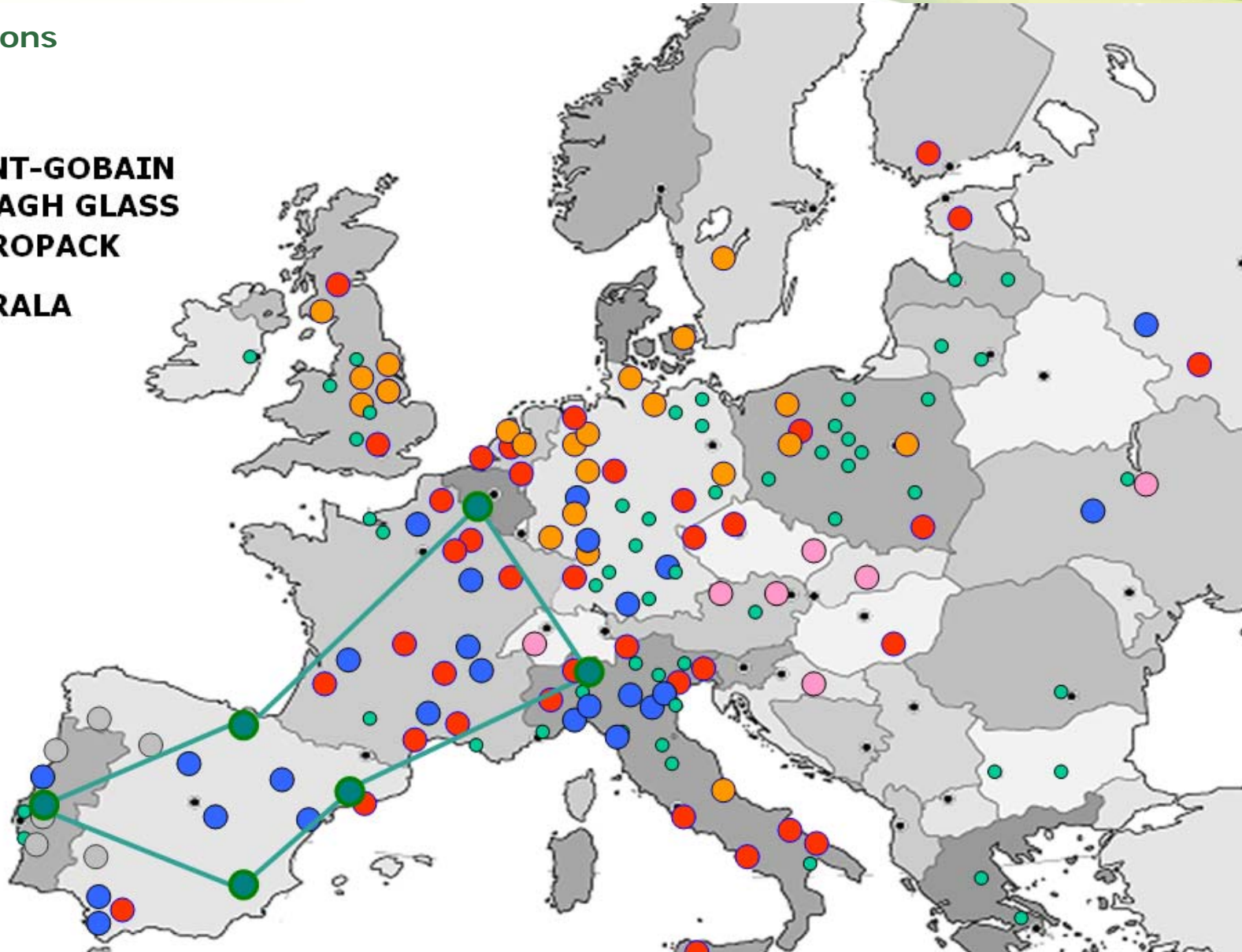
European market: EU15's + Switzerland + Turkey

Source: Vidrala

The Industry: Europe

Plants locations

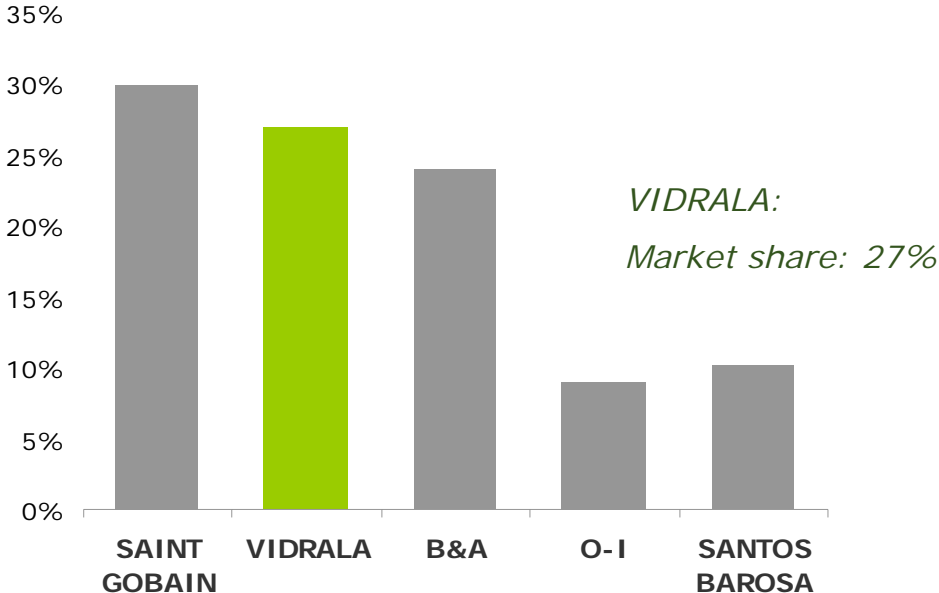
- O-I
- SAINT-GOBAIN
- ARDAGH GLASS
- VETROPACK
- VIDRALA



The Industry: Iberia

The Iberian market

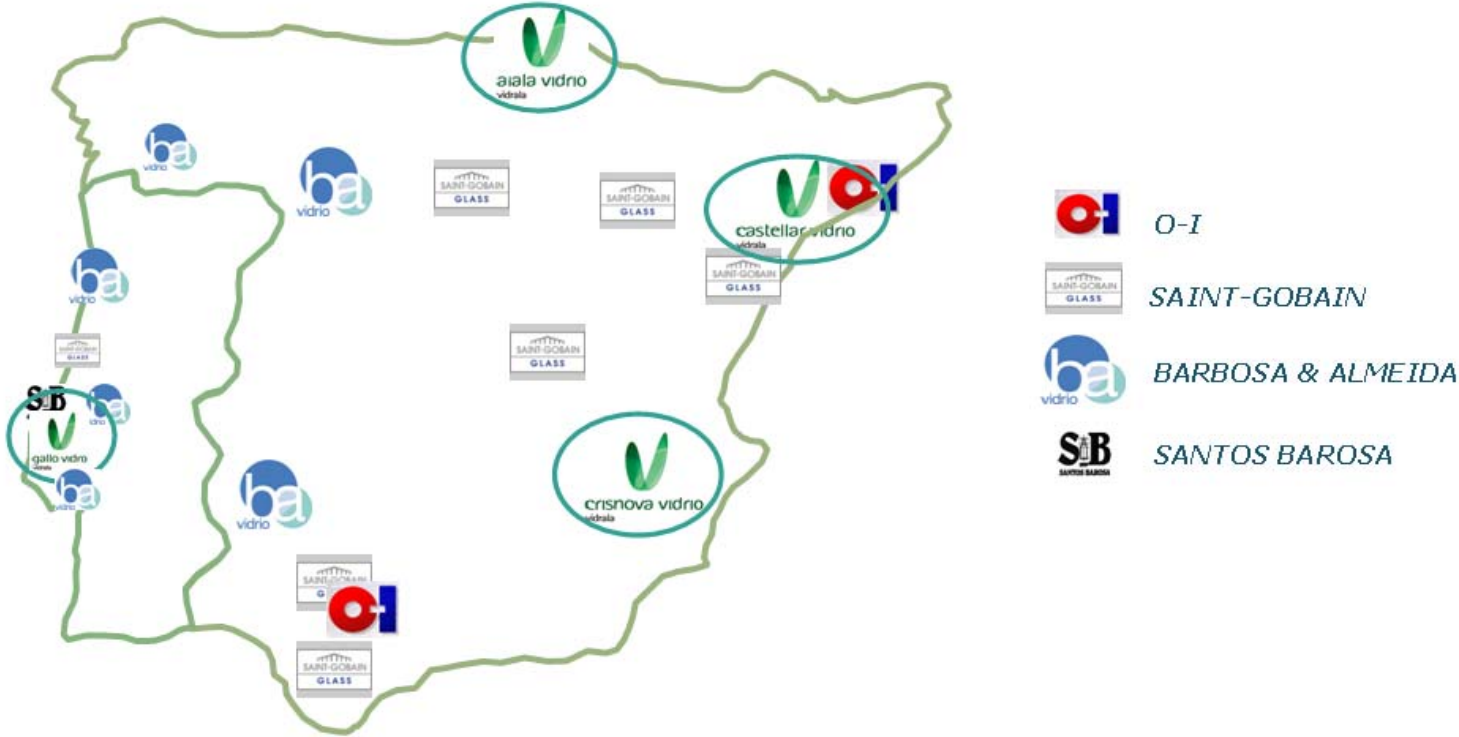
Main players



Source: Vidrala

The Industry: Iberia

Plants locations:



Source: Vidrala

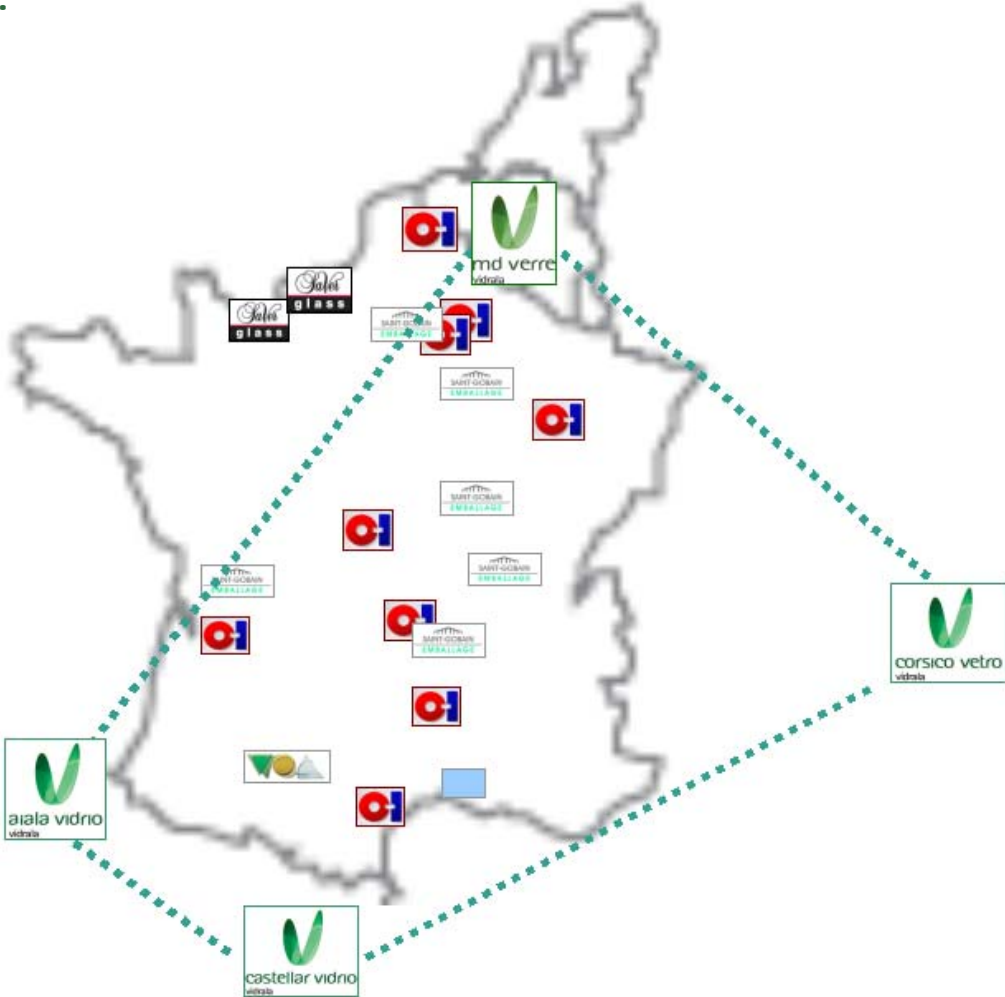
The Industry: Italy

Plants locations:



The Industry: France

Plants locations:



Our Project

Our AIMS, Corporate Responsibility:

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



Our Project

Rationale for Growth: Contribution of new plants

Productive capacity

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

Product

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

Logistics

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

Clients

- Increased client base
- Improved service
- Better access to profitable markets



- ✓ Diversified profitable business
- ✓ Increased revenues & EBITDA
- ✓ Enhanced EPS
- ✓ Strengthened Cash-flow generation
- ✓ Maximised ROCEs and Profitability

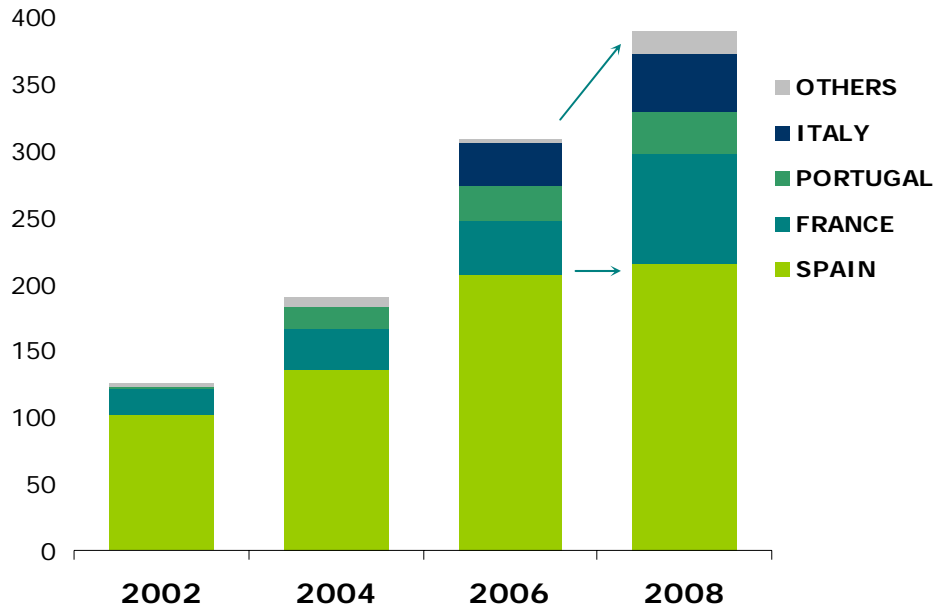
VALUE CREATION

Our Project

Rationale for Growth: Business Expansion

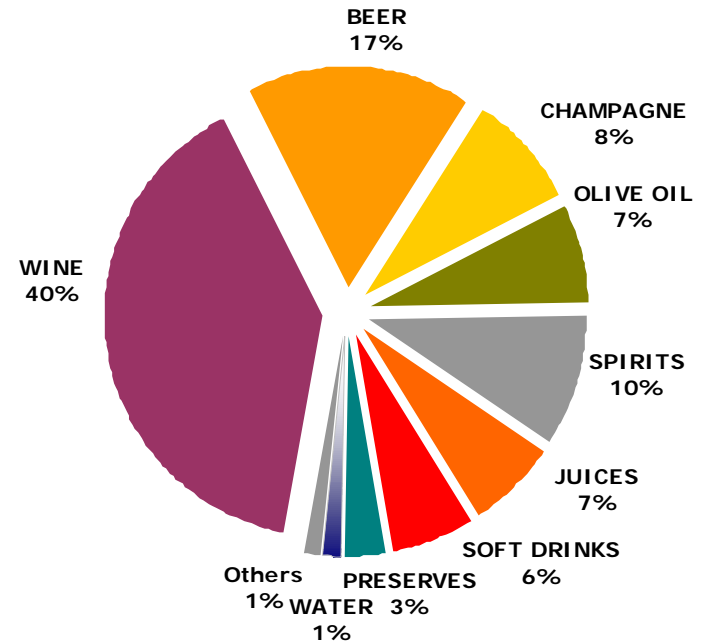
Towards an international projection....

SALES BREAKDOWN BY COUNTRY (IN EUR THOUSANDS)



... optimizing the product mix

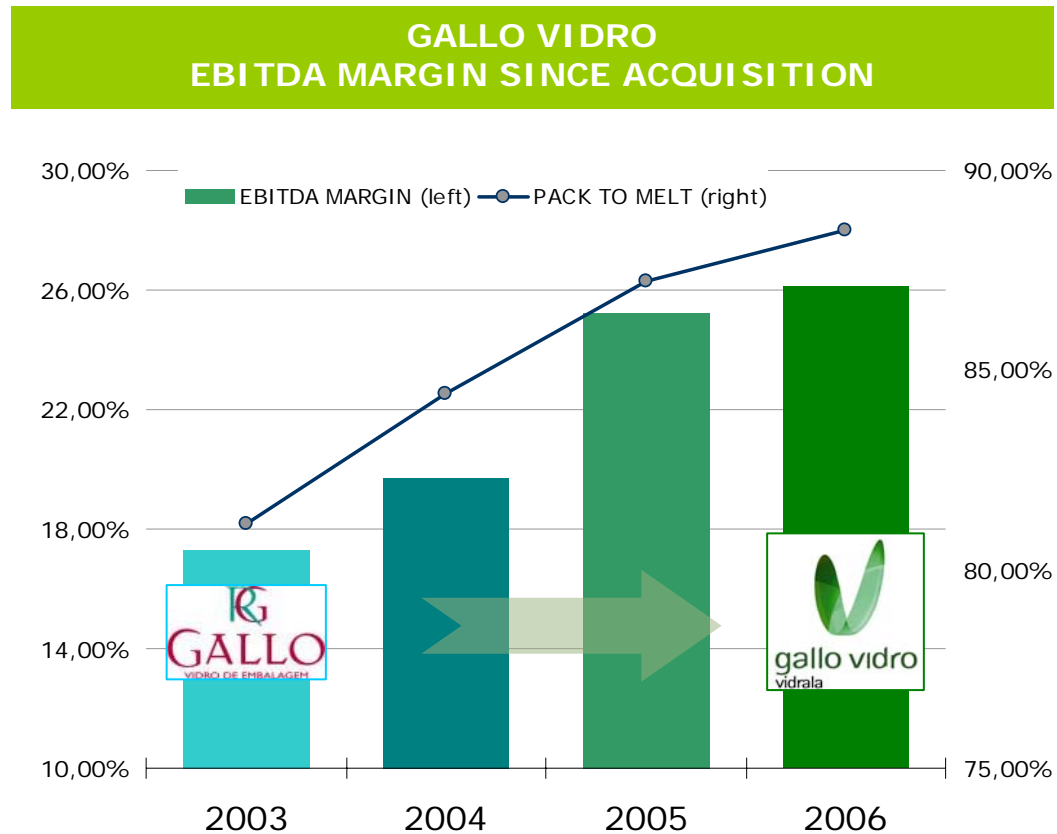
SALES BREAKDOWN BY PRODUCT



Our Project

Rationale for Growth: The example of Gallo

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

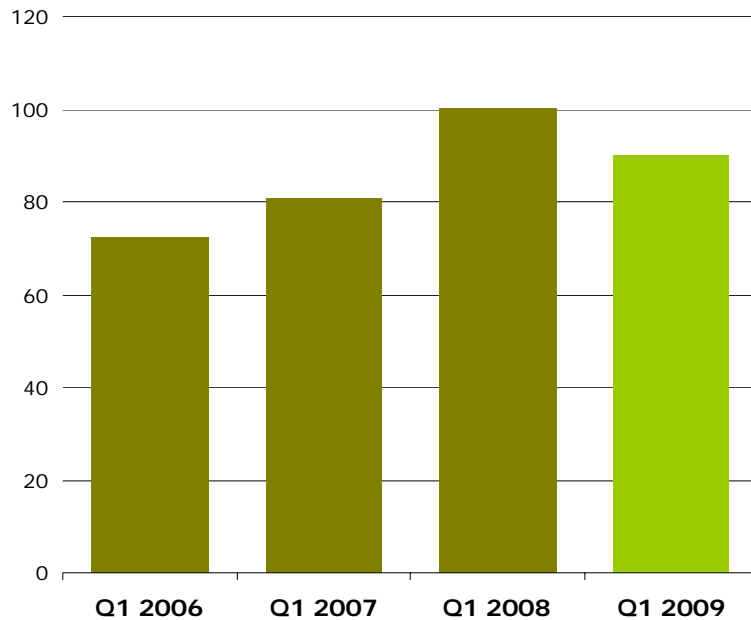


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- General Overview
- ***Business Performance***
- Objectives

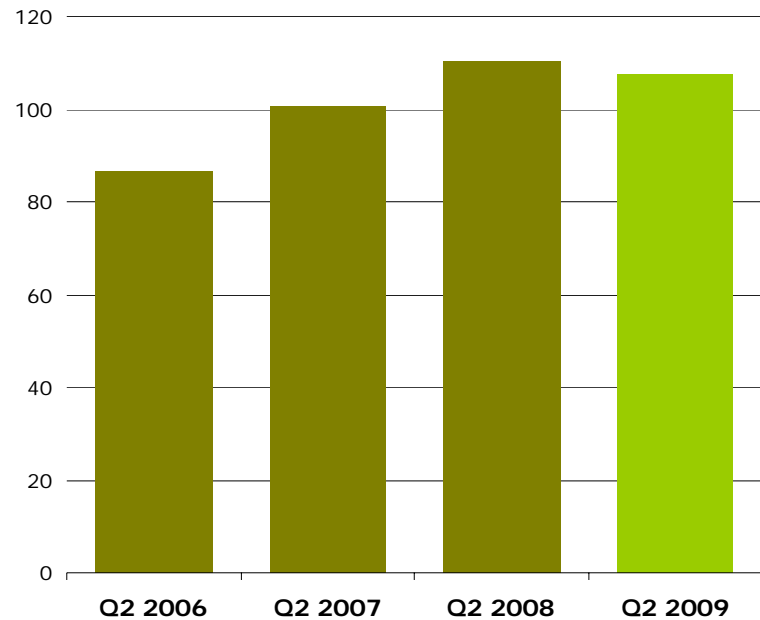
Business performance

SALES BY QUARTER

FIRST QUARTER. Eur millions



SECOND QUARTER. Eur millions



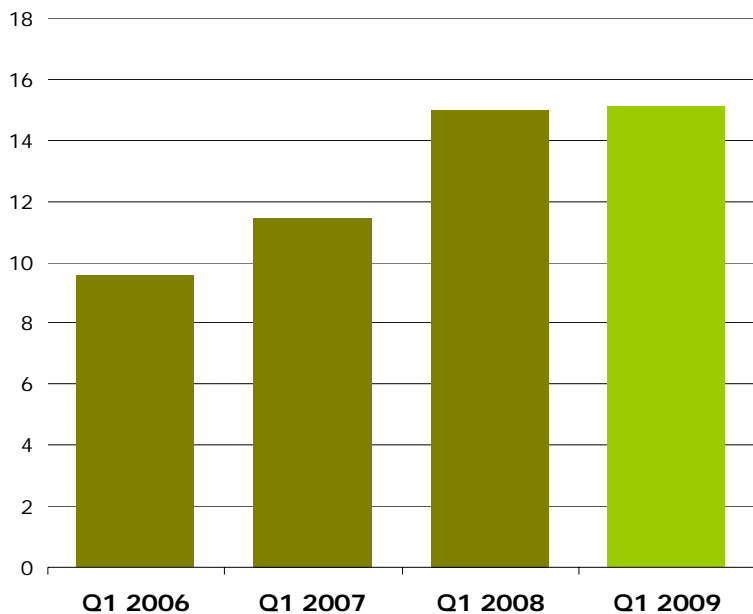
RESILIENT PERFORMANCE IN A DIFFICULT BUSINESS ENVIRONMENT

✓ Sales for the six months ended June 30, down -5.9%

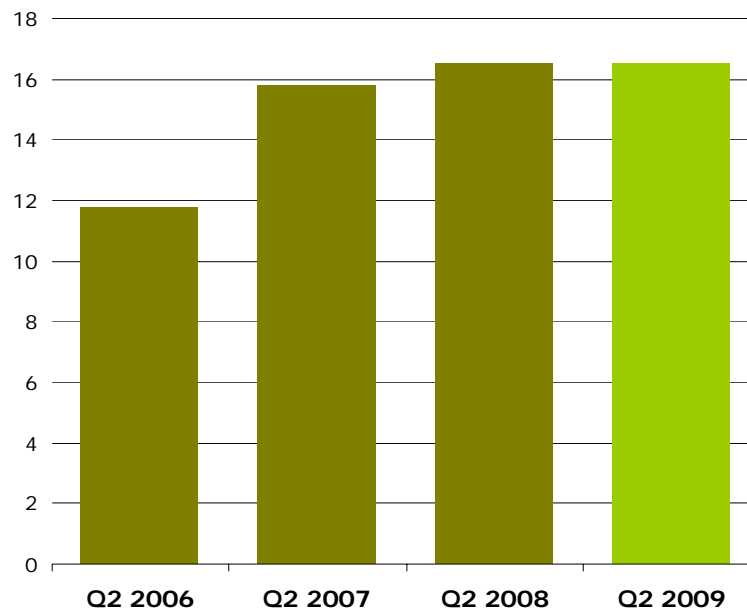
Business performance

EBIT BY QUARTER

FIRST QUARTER. Eur millions



SECOND QUARTER. Eur millions



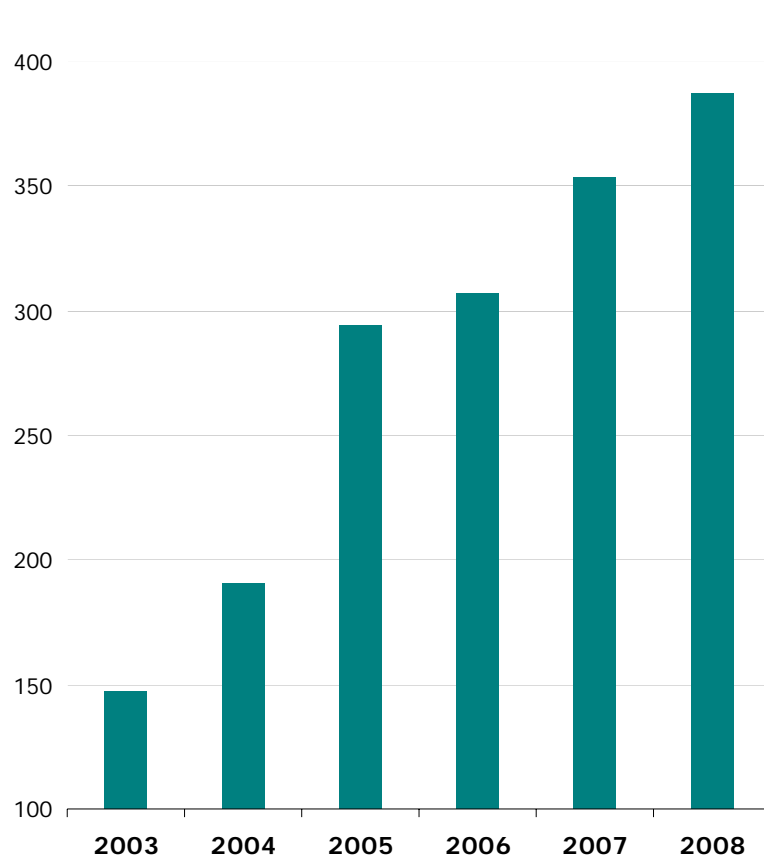
RESILIENT PERFORMANCE IN A DIFFICULT BUSINESS ENVIRONMENT

✓ EBIT for the six months ended June 30, up +0.6%

Sustainable solid growth

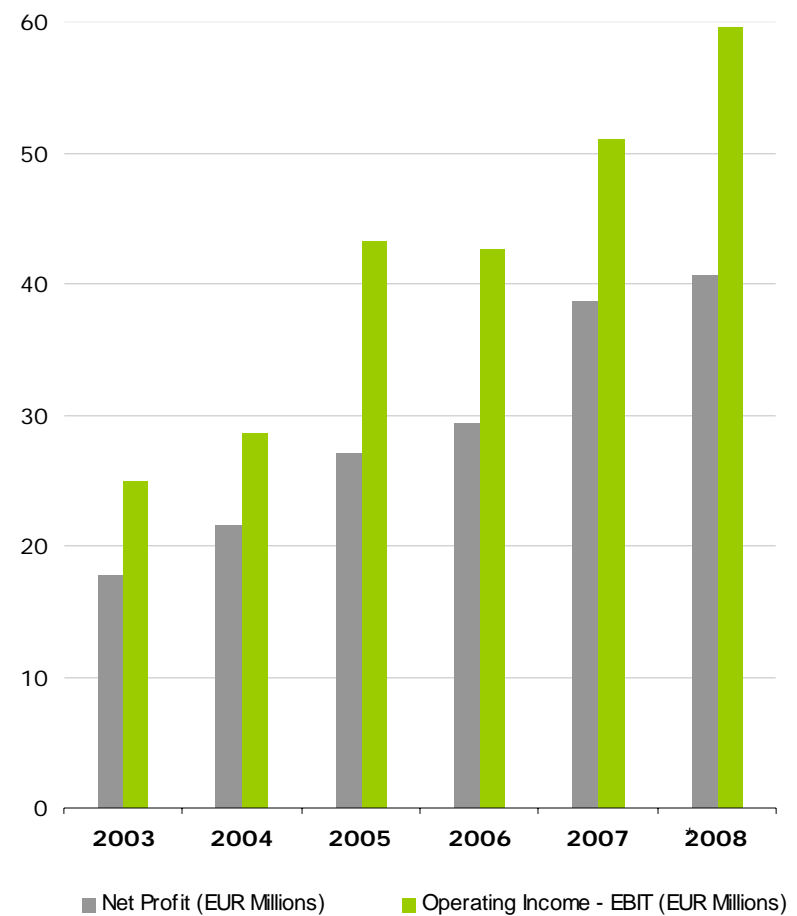
SALES

Eur millions



EBIT, NET PROFIT

Eur millions



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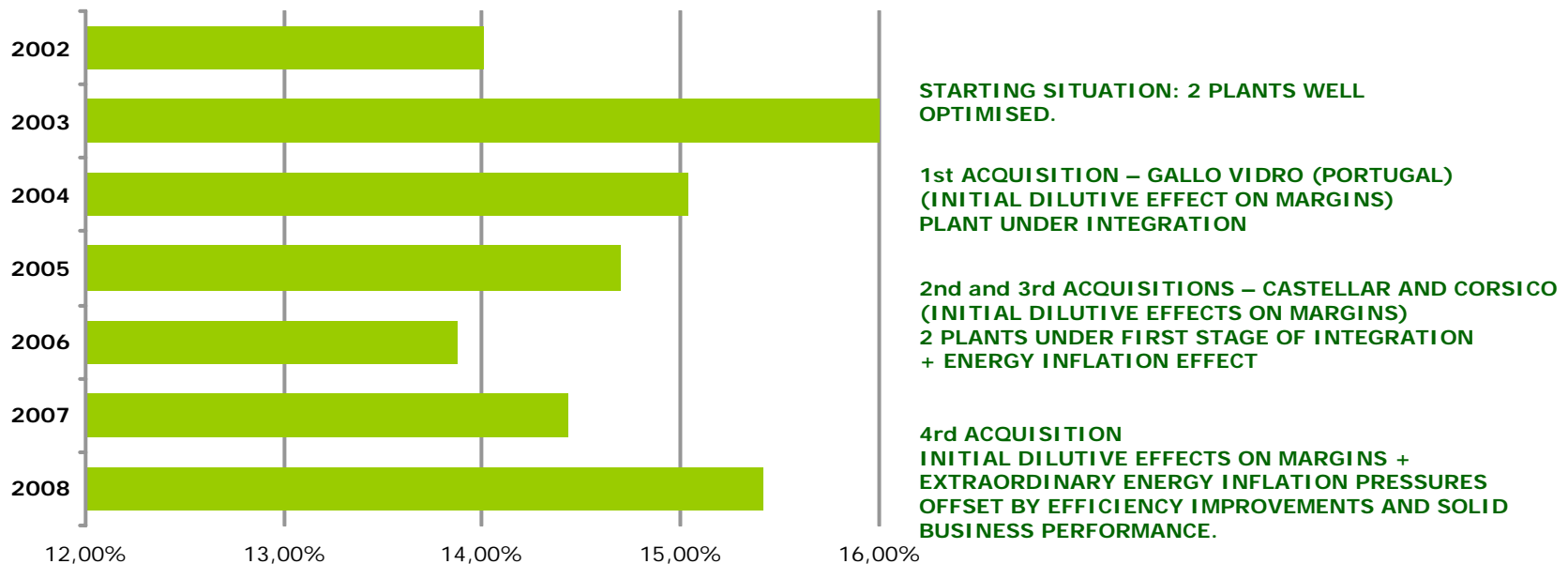
Our Aim: To maintain our Strengths

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



Our Aim: To maintain our Strengths

OUR STRATEGIC OBJECTIVE:

TO GROWTH WITHOUT OVERLAPING OUR EFFICIENCY ADVANTAGES

FACING 2009 WITH A STRENGTHENED BALANCE SHEET

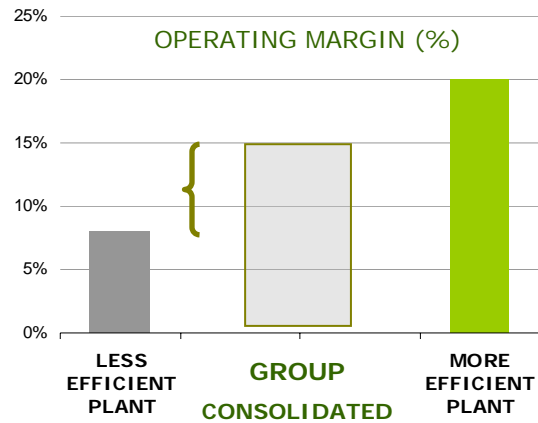
(EUR millions)

	2006	2007	2008		2006	2007	2008
ASSETS	543	606	688	LIABILITIES	543	605	688
CURRENT ASSETS	160	191	223	SHAREHOLDERS EQUITY	171	200	226
CASH AND EQUIVALENTS	0	0	1	SHARE CAPITAL	22	22	23
RECEIVABLES	91	111	114	TREASURY STOCK	-1	-1	-4
INVENTORIES	69	79	109	RETAINED EARNINGS	150	179	207
NON CURRENT LIABILITIES	383	415	465	LONG TERM LIABILITIES AND OTHERS	223	207	249
PROPERTY PLANT AND EQUIPMENT	264	293	342	DEFERRED INCOME & DEFERRED TAX LIABILITIES	64	63	60
GOODWILL	59	59	59	PROVISIONS	30	25	32
INTANGIBLE ASSETS	14	8	17	LONG TERM BANK DEBT	129	120	158
DEFERRED TAX ASSETS	39	47	44	CURRENT LIABILITIES	149	198	212
OTHER NON CURRENT ASSETS	7	7	2	SHORT TERM BANK DEBT	68	92	93
				PAYABLES	70	90	101
				SHORT TERM TAX LIABILITIES AND PROVISIONS	11	16	18

Objectives

BENCHMARKING

TARGET: TO CLOSE THE GAP



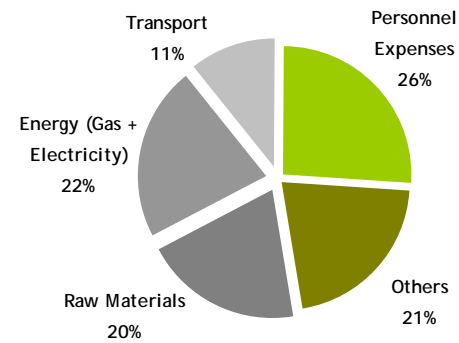
POTENTIAL VALUE

COMPLEMENTARITY = POTENTIAL SINERGIES



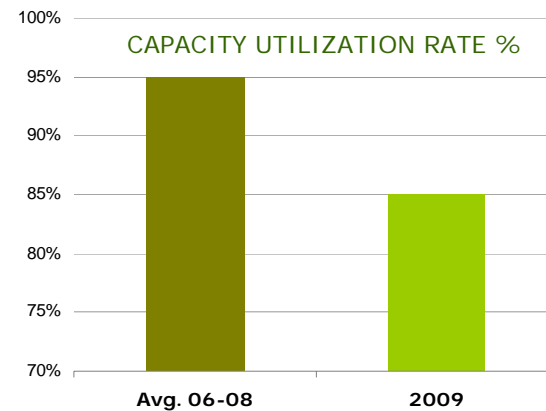
EFFICIENCY

COST CONTROL, INNOVATION



FOCUS ON FREE CASH FLOW

CAPACITY CURTAILED, TEMPORARILY



Our Project

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*



**-ANNEX: CORPORATE
SOCIAL RESPONSIBILITY**

Sustainability

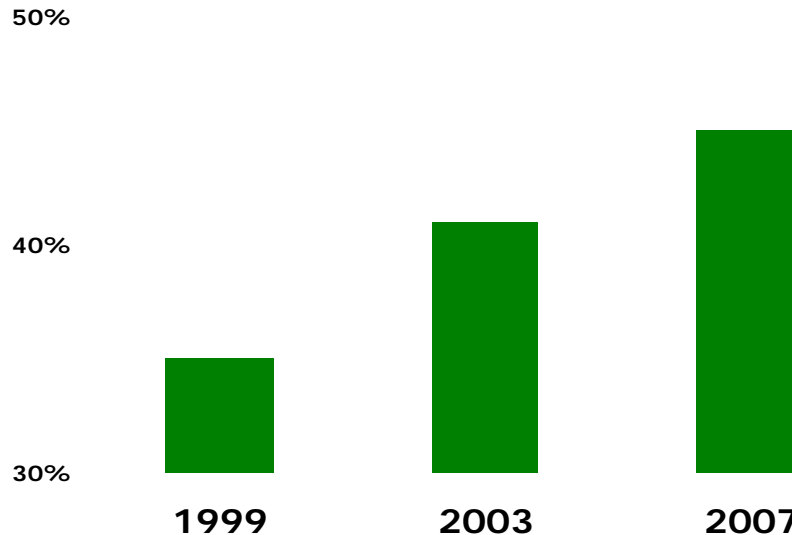
vidrala Environmental Commitment

Glass, a unique material with unique eco-friendly attributes:

INTEGRAL RECYCLABILITY: 1 RECYCLED BOTTLE = 1 NEW BOTTLE
100% unlimited

MULTIPLIER EFFECT: Recycling helps to preserve natural resources, reduces emissions, reduces costs

A continuous commitment
VIDRALA CULLET RATIO PERFORMANCE
RECYCLED GLASS / TOTAL RAW MATERIALS



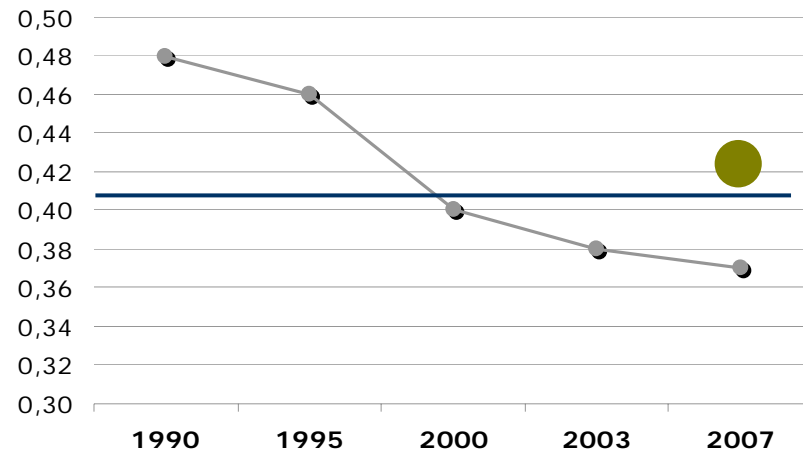
vidrala Environmental Commitment

A FIRM COMMITMENT



- We use more than 1,300 tons of recycled glass everyday

EMISSIONS. INDICATOR PERFORMANCE
TONS OF CO2 PER TON OF GLASS PRODUCED



● SECTOR 2007
— REGULATORY TARGET
— VIDRALA



vidrala

www.vidrala.com