

**PRESS RELEASE**

**VIDRALA, S.A.**  
**BUSINESS PERFORMANCE. FULL YEAR 2009.**

**Main Figures**

(EUR M)

	<b>FY 2009</b>	<b>FY 2008</b>	<b>CHANGE %</b>
<b>Net Sales</b>	<b>382.4</b>	387.2	-1.3%
<b>Operating Profit (EBIT)</b>	<b>55.0</b>	59.7	-7.8%
<b>Net Profit</b>	<b>40.9</b>	40.6	+0.7%

**After an exceptionally difficult business environment, solid 2009 earnings prove company's strengths:**

- ✓ **Net sales for the full year amount to EUR 382.4 million**
- ✓ **Group operating profit reaches EUR 55.0 million.**
- ✓ **Net profit grows 0.7% ending at EUR 40.9 million**



## Sales Activity

As a consequence of the global economic context, 2009 was affected by exceptionally tough business conditions. Glass containers markets in our sales areas were not immune to these macro factors.

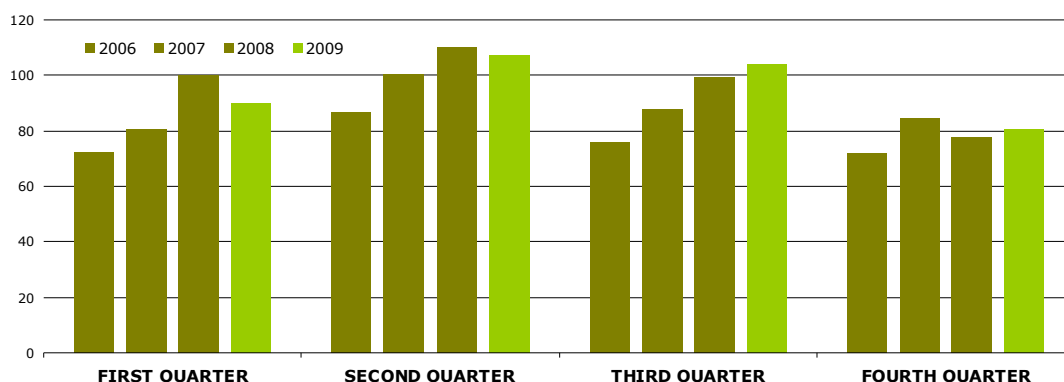
Despite the above, the strategy towards internationalization implemented over the last years has enabled us to maintain turnover figures in line with the previous year. Accumulated sales in 2009 amounted to EUR 382.4 million, a decrease of 1.3% over the previous year, as a result of declining volumes partially offset by an adequate sales pricing management.

In any event, the effects of global recession over consumption patterns, and consequently over demand of glass containers, affected our markets deeper than expected. This situation prevented us from maintaining our natural trend of turnover enhancement.

It is furthermore to be mentioned the erratic performance of demand exhibited along the year. After an unprecedented weak first part of the year, pressured by global economic uncertainties and credit restrictions, our demand evolved favourably especially noticed in the recovery of our markets outside the Iberian Peninsula.

### NET SALES QUARTERLY FIGURES SINCE 2006

EUR millions



## **Industrial activity**

Under a less predictable demand environment –as happened during 2009- it is obvious that productive activity must be adapted to higher flexibility, assuring a timely response which do not affect our service and product quality. Consequently, for the first time in our business history, capacity utilisation rates have been limited to 85%, whilst we had traditionally run under almost full capacity levels.

At the same time, the threats faced at the beginning of the year, marked by credit restrictions and stock buildups consequence of the declining demand, required us to design plans to focus production in those resources more adapted to the existing level of demand at each time.

Despite the economic context, and especially during the first half of the year, production costs were affected by inflation. Anyway, it is obvious that passed years' pressure on energy costs –especially over power and natural gas- slowed in coherence with economic downturn. In addition, former tension over raw materials prices progressed towards moderation.

However, the need to maintain less than optimal capacity utilisation levels in order to get adapted to demand, has prevented us to improve margins as a consequence of the operating leverage of our activity.

As a final point, two of our furnaces have been refurbished during the year. One in our subsidiary Aiala Vidrio and another in our subsidiary Crisnova Vidrio. These investments confirm our commitment towards the best available technologies which shall enable us to obtain cost savings in energy consumption and significant improvements in our firm environmental standards.

Investments during 2009 reached EUR 54.9 million. Henceforward, we conclude the ambitious investment program, that covered the period 2005-2009, under which we have invested more than EUR 300 million to adequate our productive facilities to the new productivity challenges, reductions in energy consumptions, improvements of security and guarantee of a sustainable future.

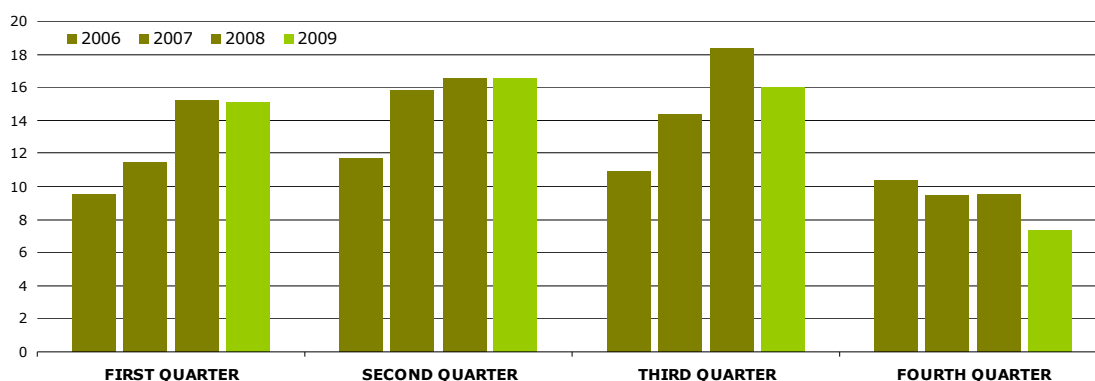
## Results

The analysis of 2009 earnings needs to take into account the non recurrent effects of three significant elements: declining demand, underutilisation of our productive capacity and the extraordinary impact of restructuring processes in some areas of our organisation which suffered from structural deficiencies to face the current context.

Even so, the benefits from the extraordinary investment efforts carried out during the last five years; the integration of our current structure and the diversification of our sales towards strategic markets; have enabled us to maintain business margins under competitive levels.

Consequently, operating profit amounted to EUR 55 million as margins reached 14.4% over sales. That represents a reduction of only 100 b.p. over 2008 despite significantly less than optimal capacity utilisations and the corresponding leverage of fixed costs. We value it certainly positive under the tough business conditions faced during the year.

### OPERATING PROFIT (EBIT) QUARTERLY FIGURES SINCE 2006 EUR millions



The described operating earnings have been supported by a lower financial burden, enabled by the disciplined management of our balance sheet, and an optimisation of our tax duties. As a result, net earnings increased by 0.7% to EUR 40.9 million.

These solid results, obtained under the severe difficulties of the economic recession, validate us to feel confident about the development of our business in the next years.

In the financial highlights it should be pointed out that solvency indicators maintain in similar levels as last year. We consider those adequate for our current business model, particularly taking into account the extraordinary investment plan finished in 2009. Reported net debt at December 31 amounts to EUR 256.6 million.

Positive free cash flow generated during the period reached EUR 5.2 million despite the extraordinary investments.

### **Summary and outlook**

In coherence with the conditions suffered in 2009 and considering the described business context, we continue to maintain a tight management of our capacity with the responsibility of adapting it to the remaining modest demand levels.

Trading conditions remain tough and visibility is lower than usual. Nevertheless, moderate and gradual improvements in our sales areas are foreseeable. Hence, recovery pattern should be slower in Spain as new trading opportunities will appear in other regions.

In any case, the ended year has proved us to intensify our efforts in efficiency. That, along with the benefits from our unchanged bet on innovation and the progressive optimisation of the potential value generated by the investments carried out over the last five years, will enable us to expand our margins and enhance our position in the market.

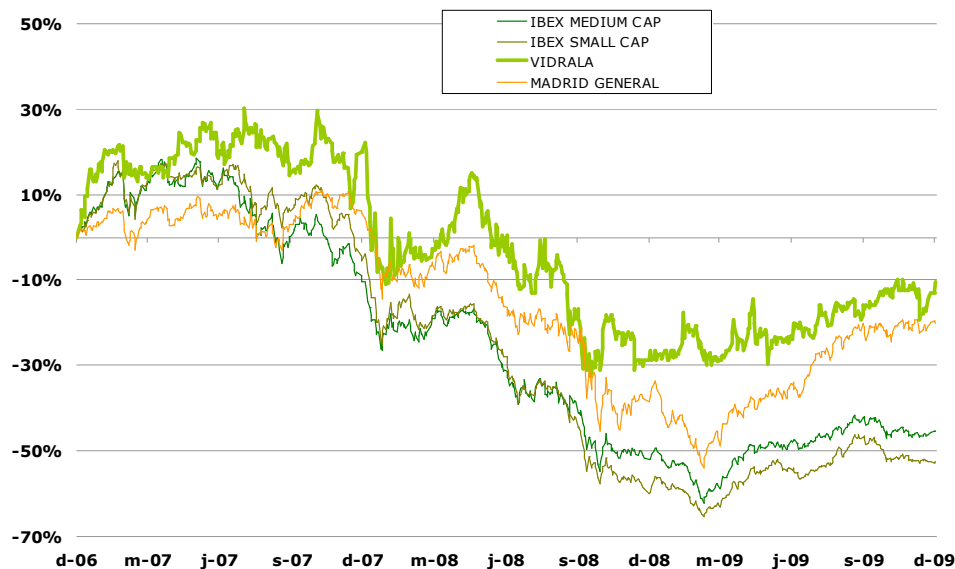
Likewise, the conclusion of our intense investment program, together with a more optimal use of resources will enable Vidrala to reflect significant debt reductions and improve return on capital. This will be secured without affecting the fundamentals of our business competitiveness and maintaining our growing shareholders' remuneration policy.

## Relevant information for Shareholders

### Share performance

The share ended the year at EUR 18.85 standing for an increase during the period of 21.8%. Main general indexes showed a positive performance in 2009 after the significant decreases suffered in the previous year. Thus, Ibex Medium Cap, in which Vidrala is included, and Eurotop 300 showed a positive change of 13,8% and 25.7% respectively.

**Share price performance. Comparative in percentage terms. Since 2007. Excluded dividends.**



Trading volumes accumulated along the year amounted to EUR 62 million, 3,701,964 shares.

## Remuneration policy

Dividends paid during the year amounted to EUR 49.17 cents gross per share. Along with the AGM's attendance bonus offered to all the Shareholders, the accumulated remuneration distributed during the ended year reached EUR 51.97 cents gross per share, more than 5% above the previous year.

The Board of Directors, in its meeting held on December 2009, approved a first interim dividend against 2009 results of EUR 37.84 cents per share already paid last February, 15. Commonly, the Company distributes its annual dividend in two payments. The second will be executed after the approval by the Annual General Meeting to be held in June.

