



COMPANY PRESENTATION

NOVEMBER 2018



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- 1. GENERAL OVERVIEW**
- 2. BUSINESS FUNDAMENTALS**
- 3. FINANCIALS**
- 4. TARGETS**
- 5. ANNEXES**



VIDRALA, AT A GLANCE



OVER
3,700
EMPLOYEES

 **9**
MANUFACTURING
SITES

 ALMOST
8.0 BILLION
CONTAINERS
PRODUCED PER YEAR

 **51%**
USE OF RECYCLED
GLASS

 **21**
FURNACES

OVER
1,600
CUSTOMERS

- ✓ Vidrala manufactures glass containers for a wide variety of products in the **food and beverage industry**.
- ✓ We are one of the main **glass container manufacturer** in Western Europe, leaders in the Iberian market, co-leaders in the British market and supplier of reference in Italy, France and Benelux, through **nine complementary sites** located in six different countries.
- ✓ We sell almost **8.0 billion bottles and jars** per year, among more than 1,600 customers.
- ✓ Vidrala is a **public listed company**, with a market capitalisation of around EUR 2.0 billion.



SUPPLIER OF REFERENCE IN THE PACKAGING INDUSTRY

MAIN FIGURES FY 2017



2017 REPORTED

SALES

822.7

EUR million
+2.4% like-for-like

EBITDA

195.4

EUR million
+10.5% like-for-like

EARNINGS

3.61

EUR per share
+31.9%

FREE CASH FLOW

108.5

EUR million
+5.8%

UPDATED PROFORMA FIGURES

ACCUMULATED LAST 12 MONTHS TO SEPTEMBER 2018

SALES

941.1

EUR million
+1.9% YoY

EBITDA

231.4

EUR million
+5.2% YoY

CREATING VALUE AND FUTURE IN A SUSTAINABLE WAY

OUR HISTORY



1965

The origin of Vidrala

1965 - Vidrala begins operations in Alava (Spain)

1975

1985

Vidrala goes public

1985 - IPO Madrid and Bilbao stock exchanges

Domestic expansion

1989 - Second greenfield in Albacete (Spain)

1995

Internationalisation

2003 - Acquisition of one plant in Portugal
2005 - Acquisition of two plants: Barcelona (Spain) and Italy
2007 - Acquisition of one plant in Belgium

2005

2015

Transformational acquisitions

2015 - Acquisition of Encirc (UK and Ireland)
2017 - Acquisition of Santos Barosa (Portugal)

2020



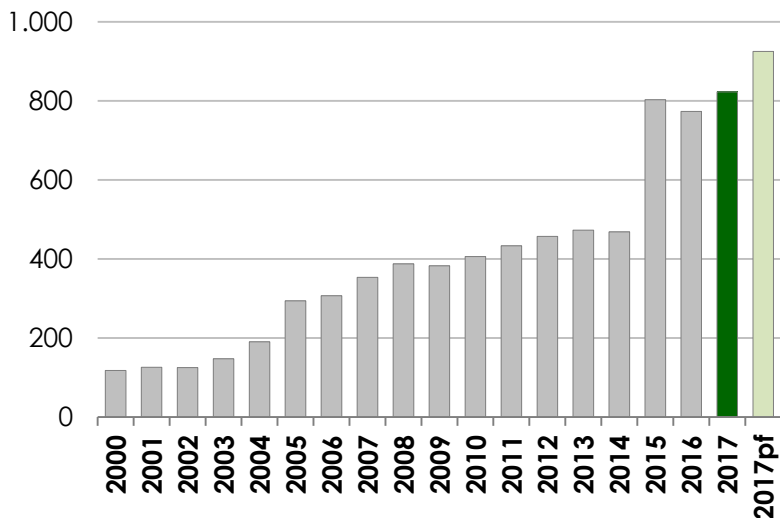
CUSTOMER, COMPETITIVENESS & CAPITAL
THE GUIDELINES ON WHICH WILL BE SUSTAINED OUR AMBITIOUS FUTURE

OPERATING PROFILE



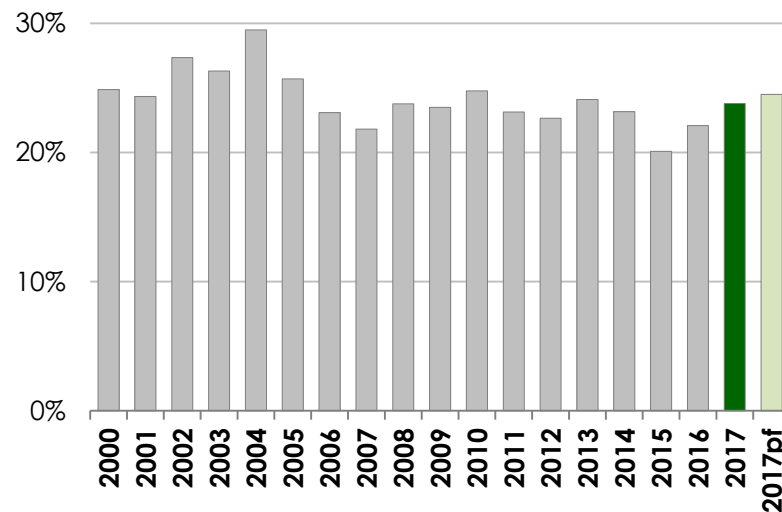
NET SALES.

Since 2000, EUR million.



EBITDA MARGIN.

Since 2000, as percentage of sales.



2017pf refers to pro forma figures, including a full year contribution of Santos Barosa, acquired on October 13, 2017.



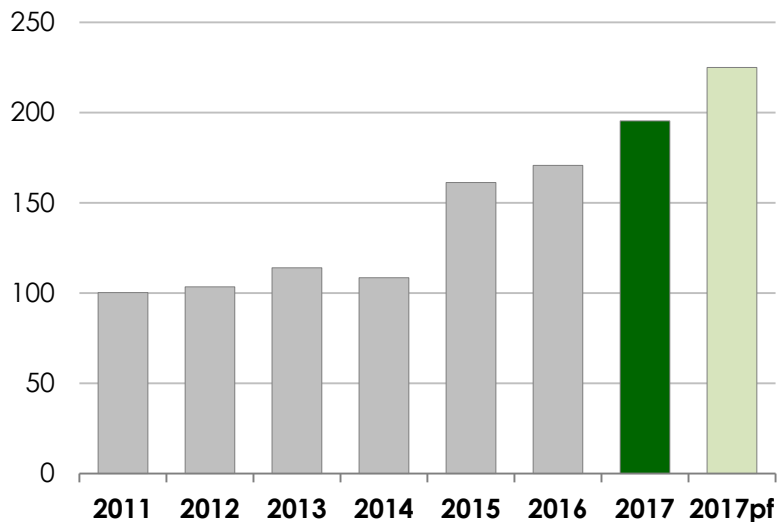
STRATEGIC DIVERSIFICATION & COHERENT GROWTH
STABILITY OF MARGINS, RESILIENT TO INTEGRATIONS AND ECONOMIC CYCLES

CASH PROFILE



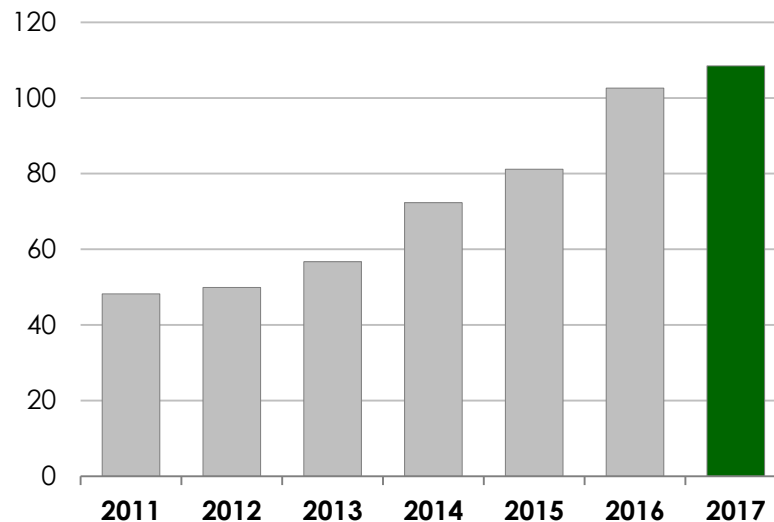
EBITDA.

Since 2011, EUR million.



FREE CASH FLOW.

Since 2011, EUR million.



55% CASH CONVERSION
OF EBITDA 2011-2017

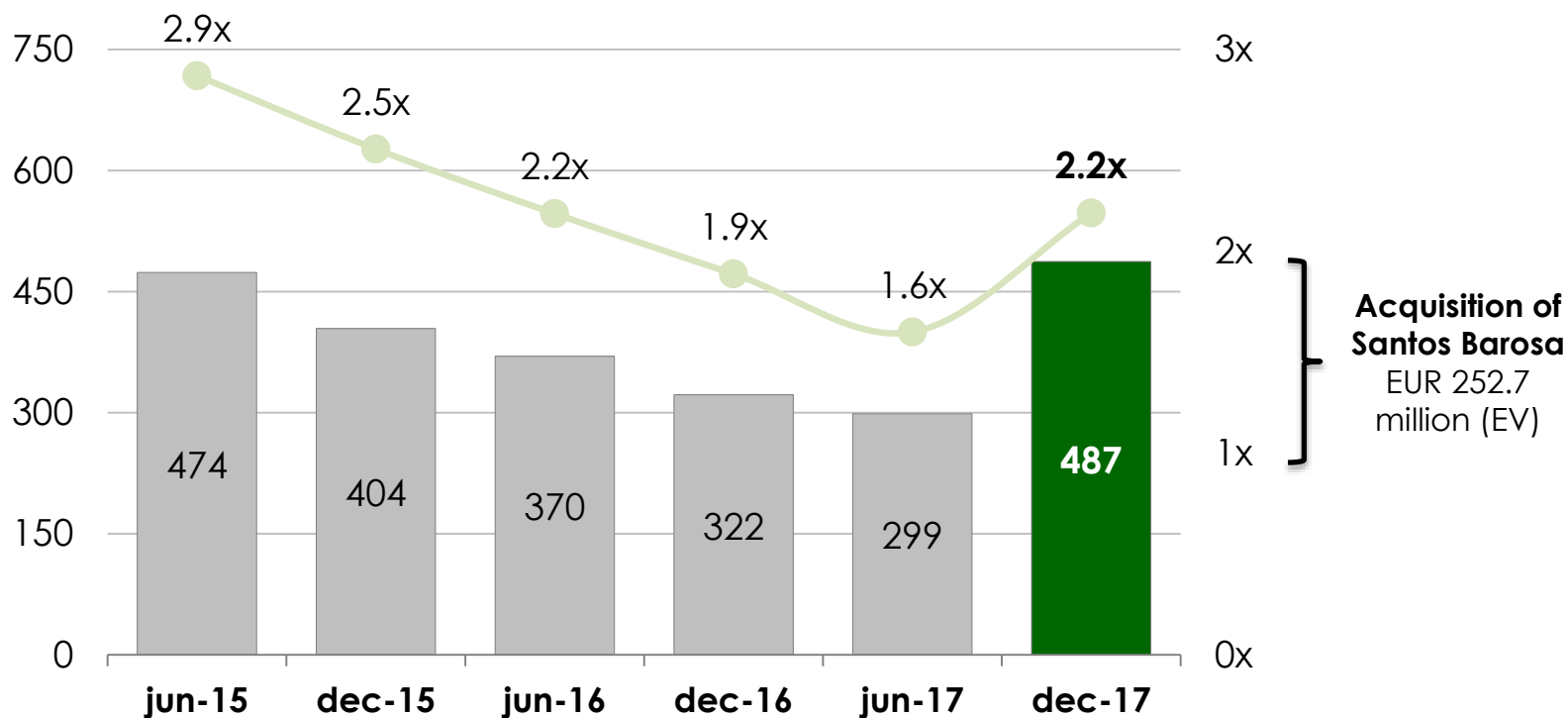
VALUE CREATION, MATERIALISED IN A
SUSTAINED CASH GENERATION

FINANCIAL PROFILE



FINANCIAL SOLVENCY.

Six-monthly evolution of debt since 2015, EUR million and times EBITDA.



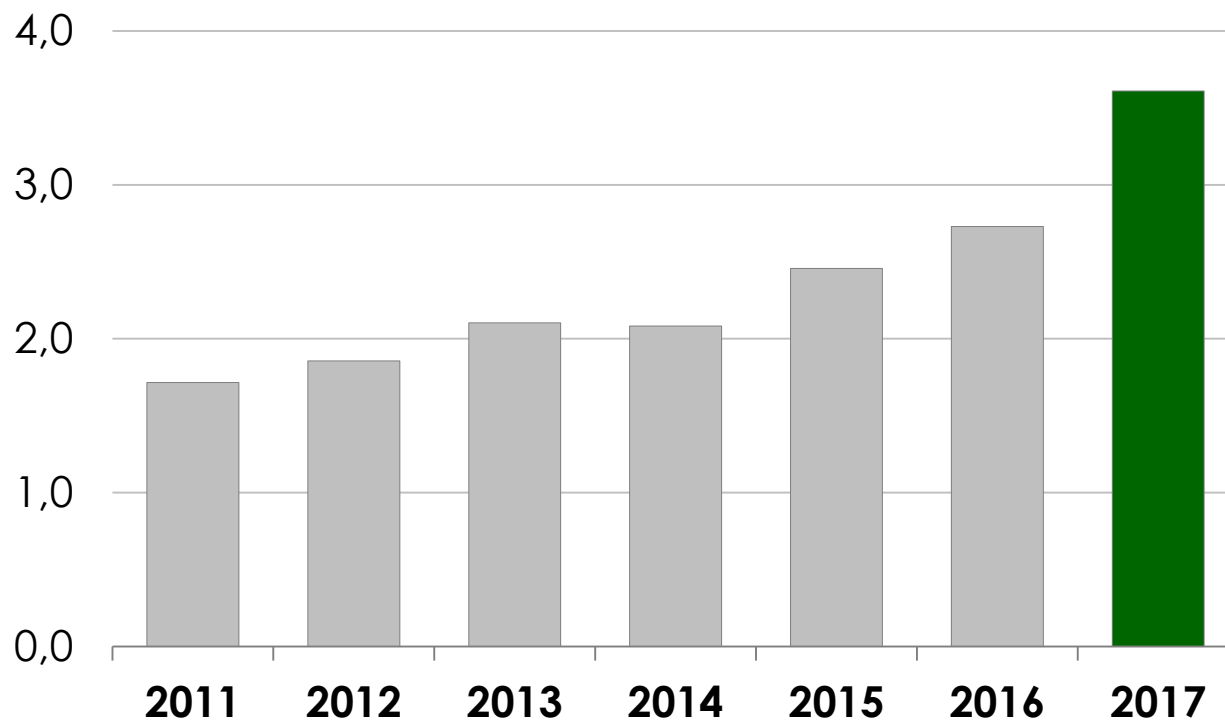
ON THE BASIS OF A
SOLVENT FINANCIAL STRUCTURE

EARNINGS PROFILE



EARNINGS PER SHARE.

Since 2011, EUR per share.

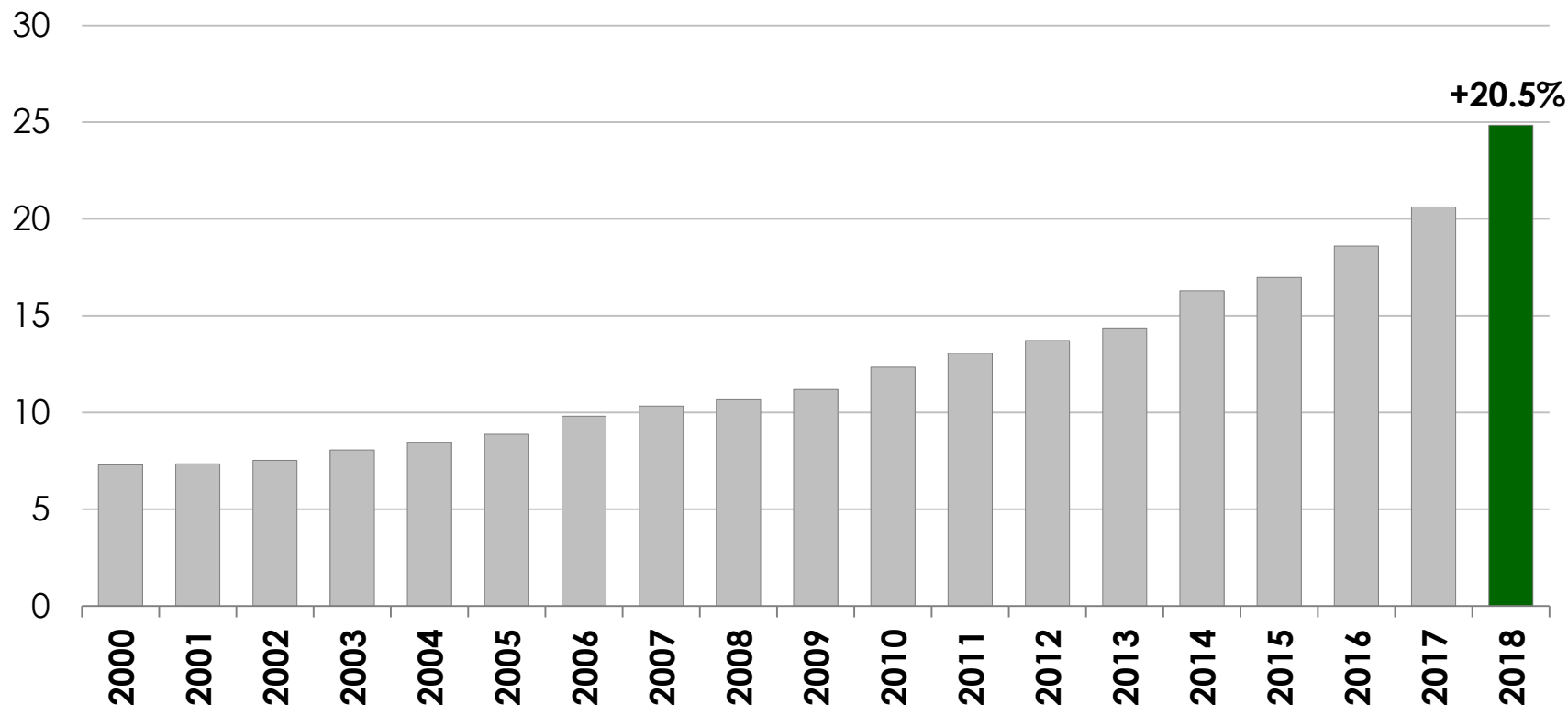


SHAREHOLDER REMUNERATION



CASH DIVIDENDS.

Since 2000, EUR million.



A DIVIDEND POLICY FOCUSED ON LONG TERM STABILITY

ANNUAL GROWTH, COHERENT WITH PREVAILING BUSINESS CONDITIONS

2017 RESULTS DISTRIBUTION



EXECUTED DIVIDEND PAYMENTS FOR 2018.

EUR cents per share.

February 14th, 2018

Interim dividend

EUR 69.67
cents per share

+20%
YoY change

July 14th, 2018

Complementary dividend

EUR 26.52
cents per share

+20%
YoY change



EUR 4.00 cents per share
as attendance bonus to the shareholders' annual general meeting

THESE PAYMENTS REPRESENT
AN INCREASE IN THE TOTAL REMUNERATION OF 20.5%



BUSINESS FUNDAMENTALS

Understanding the european glass packaging industry





1 LOGISTICS. Local sales nature.

- ✓ Natural characteristics of hollow glass containers limit logistics.
- ✓ Customers' packaging activity demands service on time and supply flexibility.
- ✓ Proximity to the customer and service quality determines sales capabilities.

2 CONTINUOUS PROCESS. Capital intensive.

- ✓ Glass manufacturing is based on a continuous 24/365 activity.
- ✓ Production process is intensive in cost (labour and energy) and capital (periodical replacements). Technological development demands constant and complex adaptation.

3 OPERATING GEARING. Utilization rates.

- ✓ Cost and capital intensity creates a high level of operating leverage.
- ✓ High utilization rates are crucial for profitability.

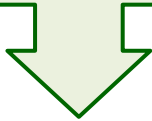


NOTEWORTHY ENTRY BARRIERS

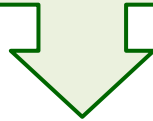
DEMAND FUNDAMENTALS



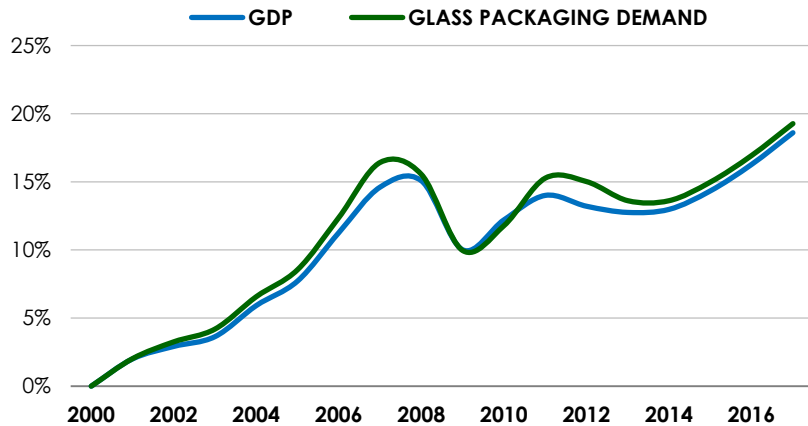
The glass packaging market in Europe
SOLID AND STABLE



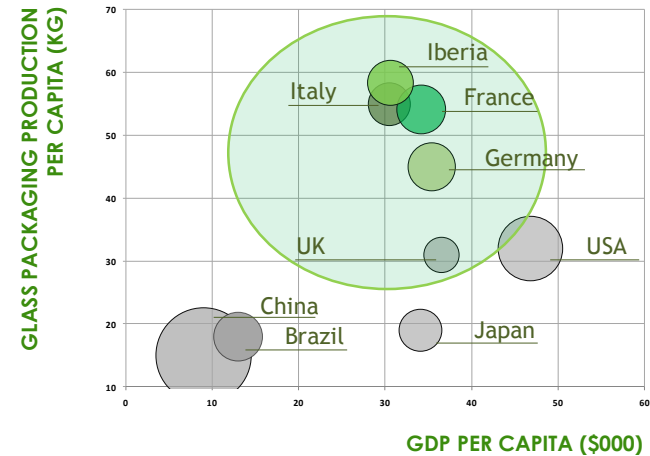
Our key geographical regions
STRATEGIC MARKETS FOR THE SECTOR



Glass containers demand in Europe vs GDP.
Annual variation (accumulated), base year 2000.



Glass packaging production vs GDP per capita.



THE GLASS PACKAGING MARKET
A MATURE AND STABLE DEMAND



GLASS, THE BEST OPTION

Environmentally friendly

Glass is a 100% recyclable material that can be shaped over and over again without losing any of its properties or advantages.

The healthiest type of packaging

It is a completely hygienic material, impervious to gases, vapour, and liquid, thereby protecting and preserving the flavour and properties of the food within.

Premiumisation trend

Glass is seen by consumers as a guarantee of quality and reliability. Brands design containers, bestowing them with different shapes and colours to give their product its own personality.

GLASS, THE PREFERRED MATERIAL
ENVIRONMENTAL, HEALTHY & BRAND PERCEPTION BENEFITS

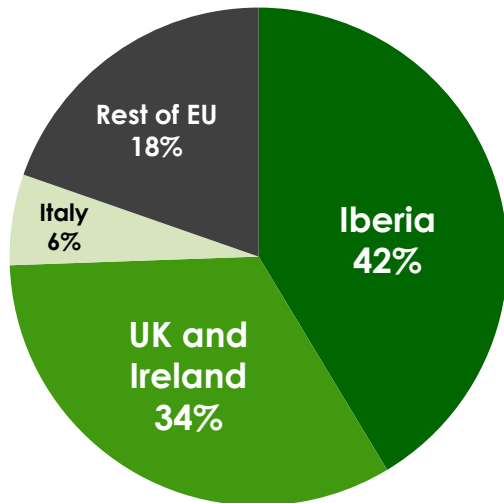
VIDRALA FUNDAMENTALS



Vidrala's commercial positioning is focused on geographic regions and product segments of **long term strategic value**. Vidrala sells its products to a **strong customer base** composed of a solid balance between blue chip customers, multinational brand owners and domestic packagers.

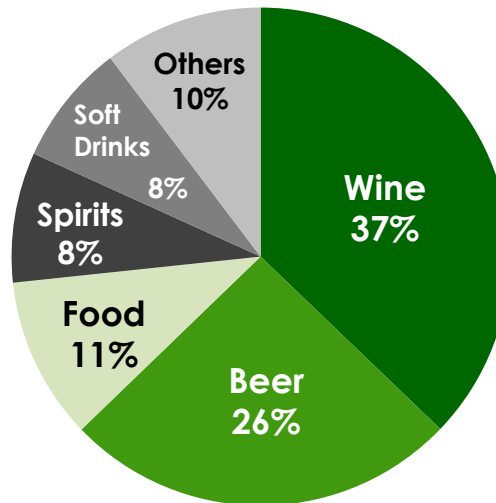
2017pf SALES BREAKDOWN.

By geography.



2017pf SALES BREAKDOWN.

By segment.



More than **1,600 active customers**

Top10 customers stand for **≈35% of revenue**

50% of sales made up by **≈30 customers**

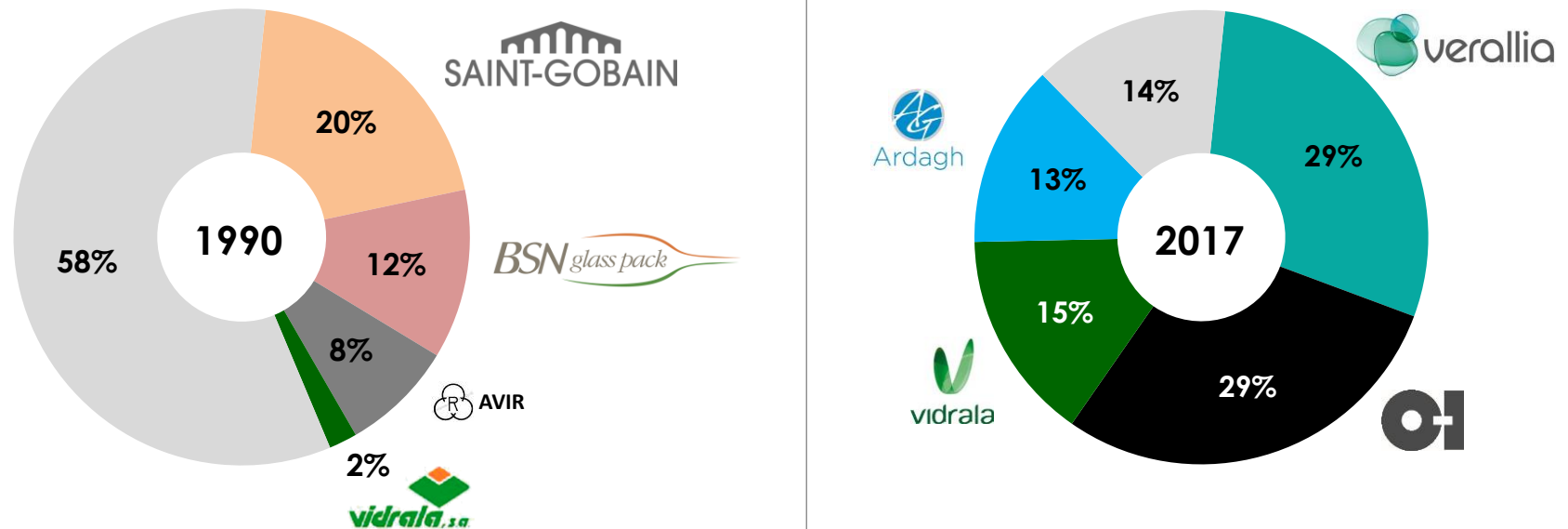
TOWARDS A STRATEGIC POSITIONING IN OUR KEY MARKETS

COMPETITIVE LANDSCAPE



EVOLUTION OF MARKET SHARES IN WESTERN EUROPE.

2017 vs 1990.

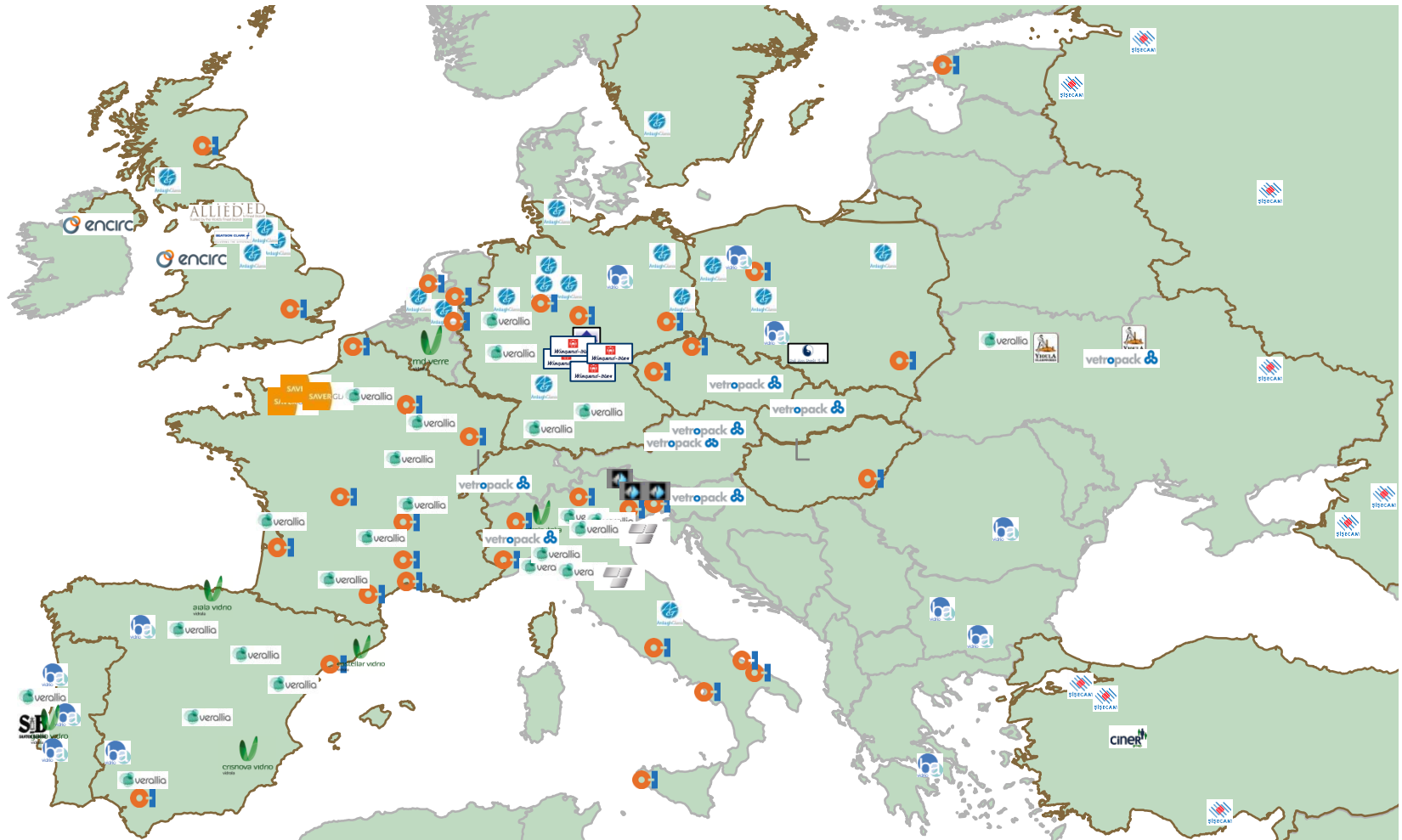


A DYNAMIC ATTITUDE TOWARDS CONSOLIDATION

COMPETITIVE LANDSCAPE



LOCATION OF PRODUCTION SITES



Internal sources. Some facilities, especially in Eastern Europe, are not identified in the map.



FINANCIALS

Latest earnings release

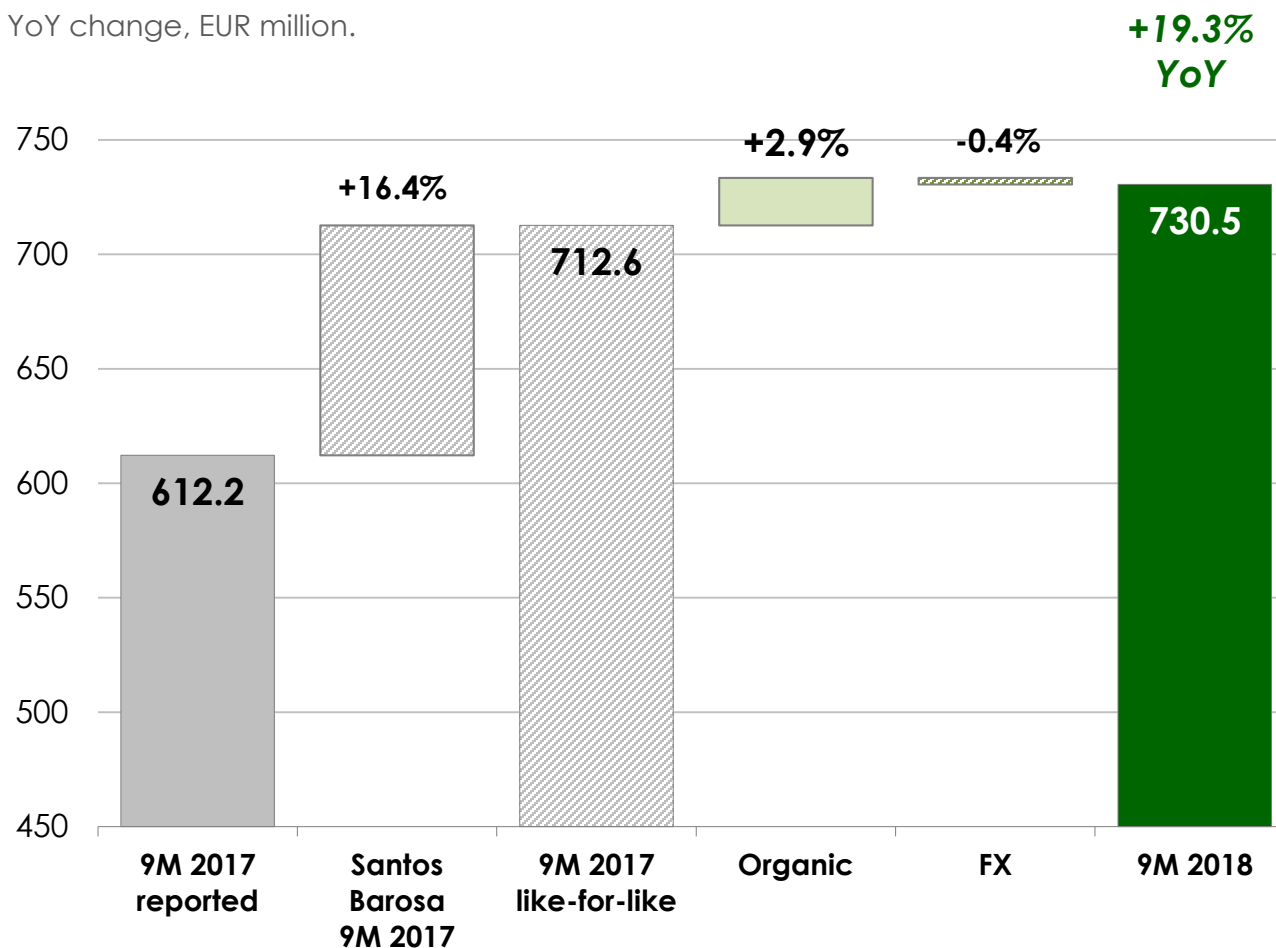


9M 2018 RESULTS. Sales.



SALES.

YoY change, EUR million.



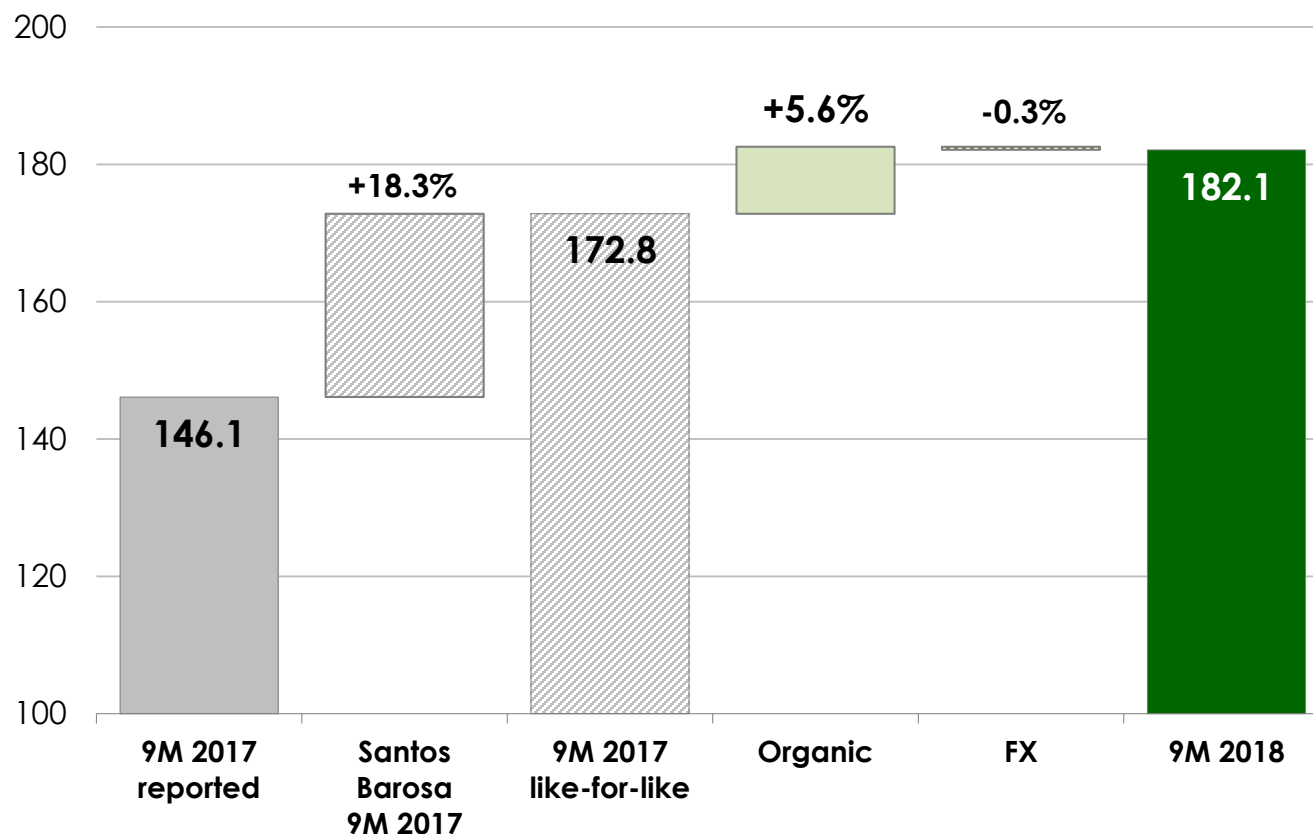
9M 2018 RESULTS. EBITDA.



EBITDA.

YoY change, EUR million.

+24.6%
YoY

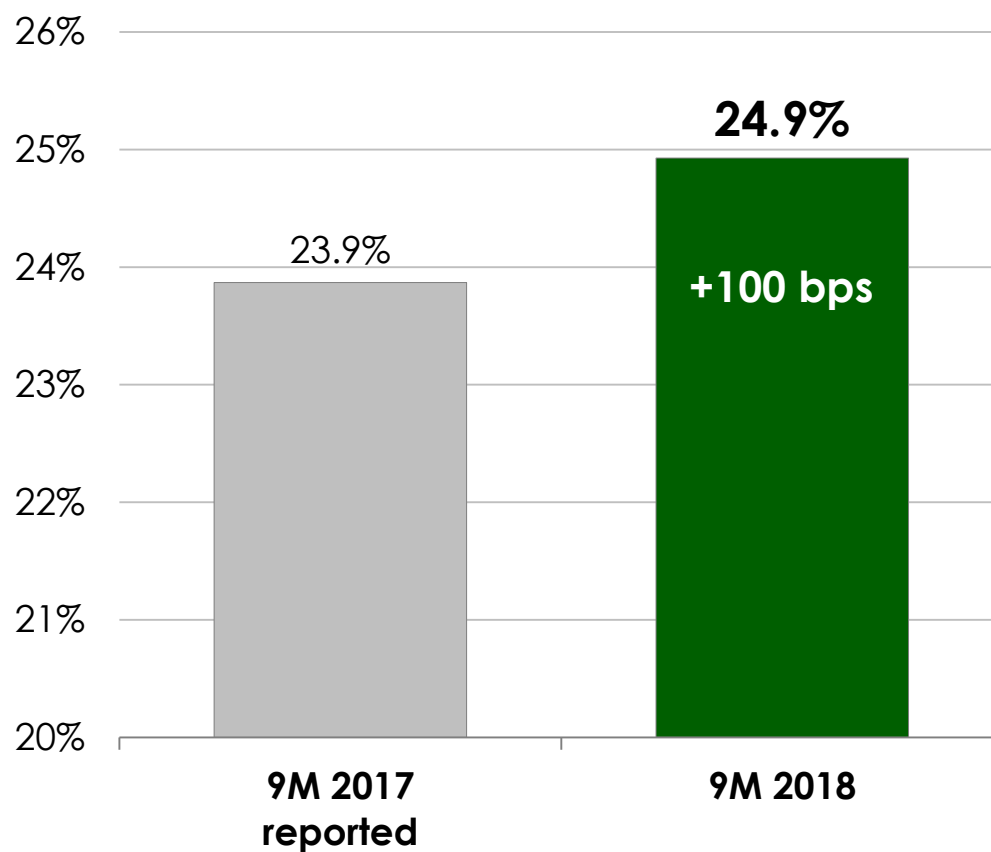


9M 2018 RESULTS. EBITDA margin.



EBITDA MARGIN.

YoY change, as percentage of sales.

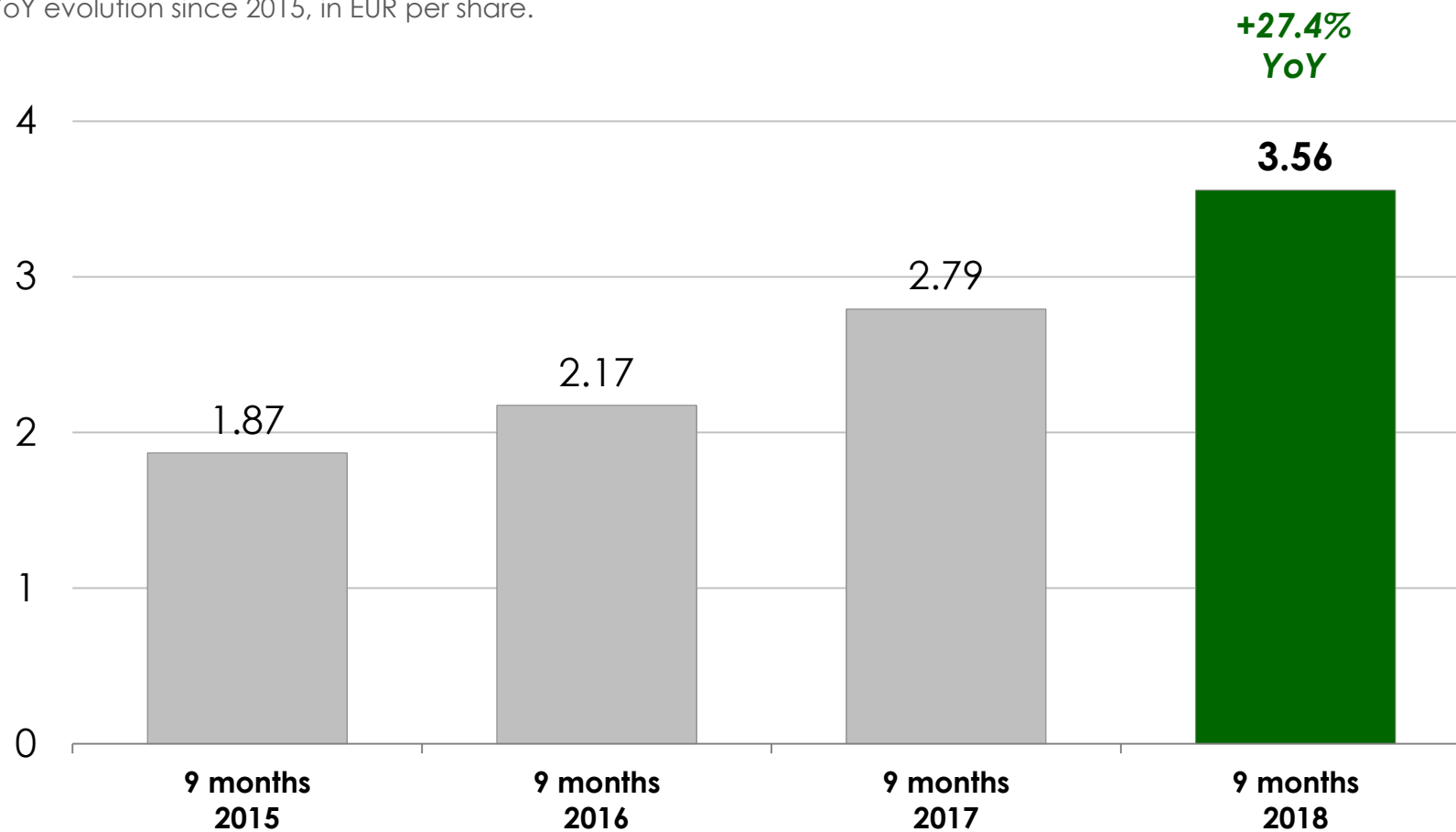


9M 2018 RESULTS. Earnings per share.



EARNINGS PER SHARE.

YoY evolution since 2015, in EUR per share.

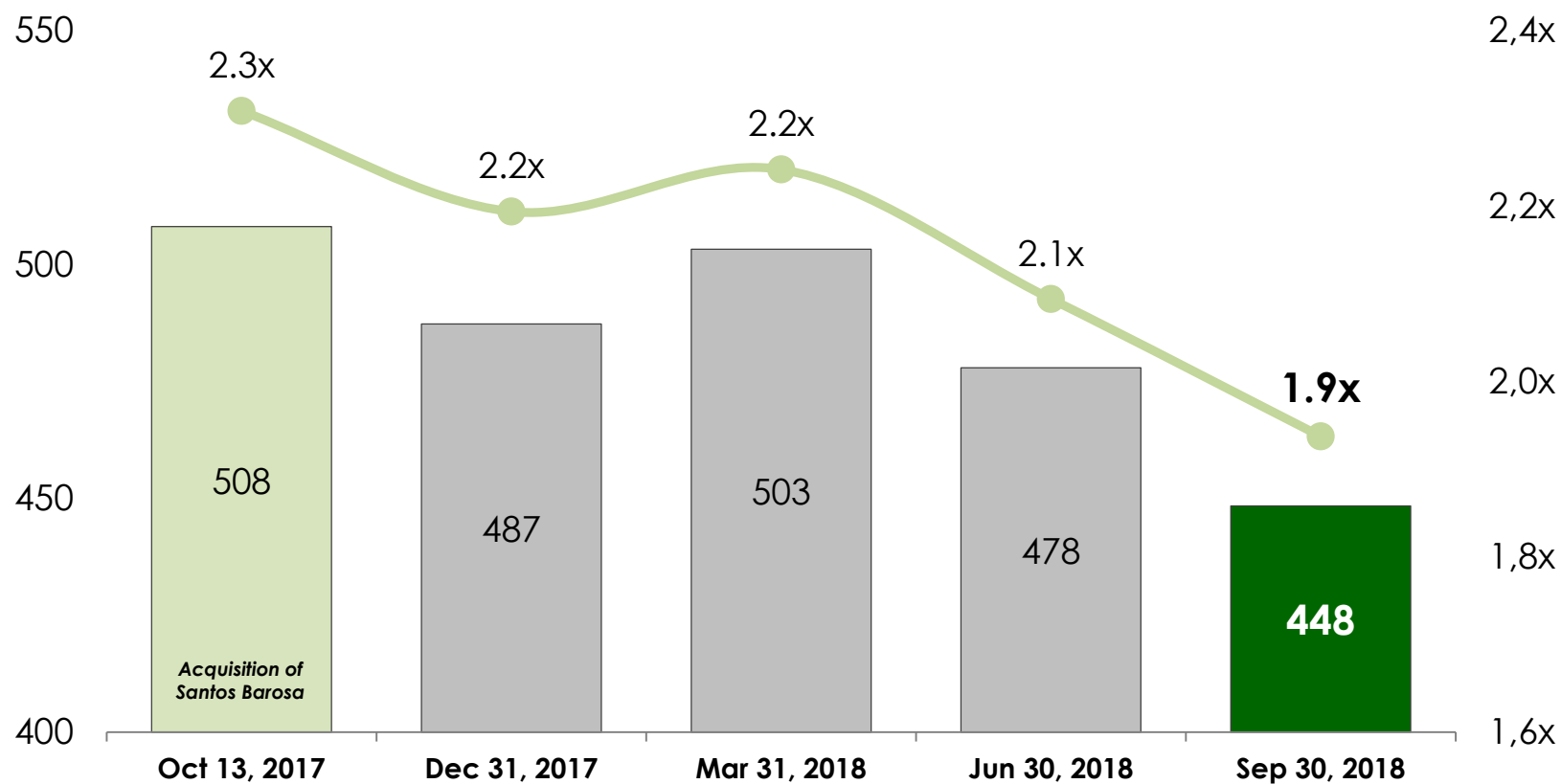


9M 2018 RESULTS. Debt.



NET DEBT.

Quarterly evolution, in EUR million and times EBITDA.



9M 2018 MAIN HIGHLIGHTS



✓ **ORGANIC TOP-LINE GROWTH OF 2.9%**

Sales during the first nine months 2018 amounted to EUR 730.5 million, showing an organic growth of 2.9% on a like-for-like and constant currency basis.

✓ **OPERATING MARGIN OF 24.9%**

Operating profit, EBITDA, was EUR 182.1 million representing an operating margin of 24.9%.

✓ **DOUBLE-DIGIT GROWTH IN EARNINGS**

Earnings reached EUR 3.56 per share, an increase of 27.4% over the previous year.

✓ **DELEVERAGING, MAIN USE OF CASH**

Net debt at September 30, 2018 stood at EUR 448.4 million, reflecting a leverage ratio of 1.9 times last twelve months pro forma EBITDA.





✓ **INTEGRATION OF SANTOS BAROSA**

Synergies stemming from SB deal continue to be expected at 5% of its LTM sales at the time of acquisition, to be fully executed at year-end.





UPDATED 2018 GUIDANCE

	Last Twelve Months at September 2018	Trends Full Year 2018
Sales growth	+2.2% YoY organic like-for-like	 Modest growth in organic sales, driven by prices
Operating margins	24.6% EBITDA/sales +80 bps vs. FY 2017	 Moderate gradual expansion, FY 2018 margins in the range of 24.5%-25.0%
Earnings growth	+30.4% YoY EUR 4.36 per share	 Continued earnings growth for the FY 2018
Financial leverage	1.9x LTM EBITDA at Sep 30, 2017 -0.3x year-over-year	 FCF reiterated at >10% of sales. Higher capex offset by improved operational cash. Debt reduction will continue to be the main use of cash. FY 2018 deleveraging at year-end estimated in the range of 0.4x-0.5x EBITDA year-over-year.



TARGETS

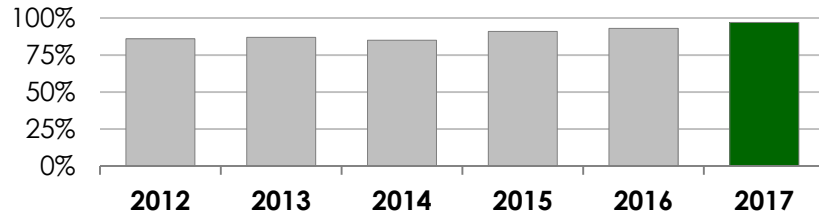
Business profitability and cash generation



EBITDA MARGINS



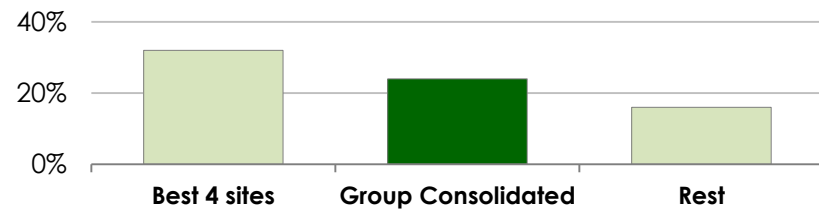
Capacity utilization.



Pack-to-melt ratio.



EBITDA margins.

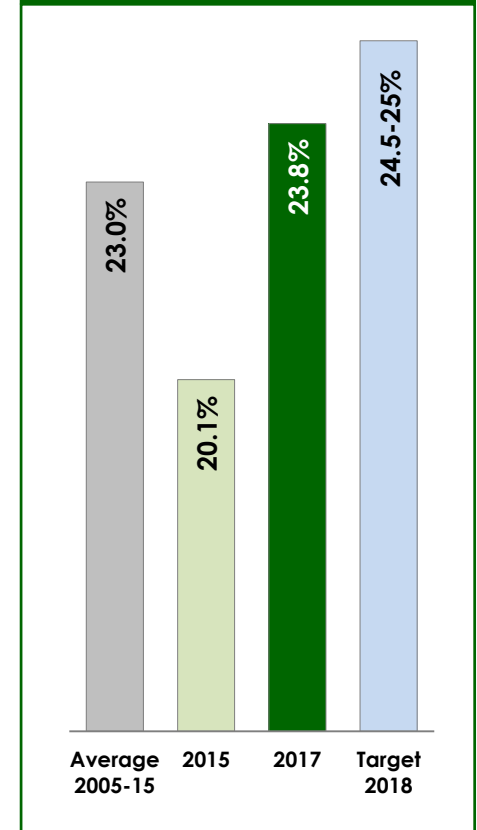


1. Operational leverage

2. Internal efficiency

3. Integration

EBITDA margin



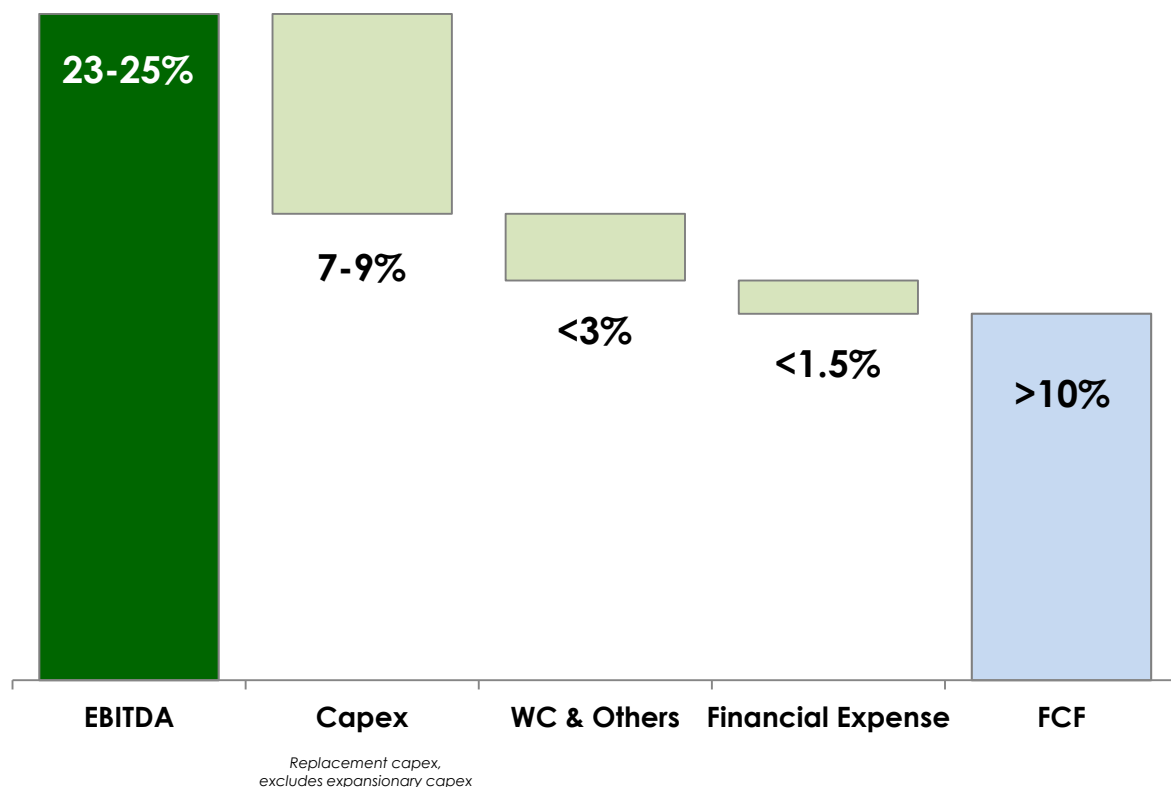
OPERATIONAL TARGETS

SUSTAINED CASH GENERATION



Historical cash profile.

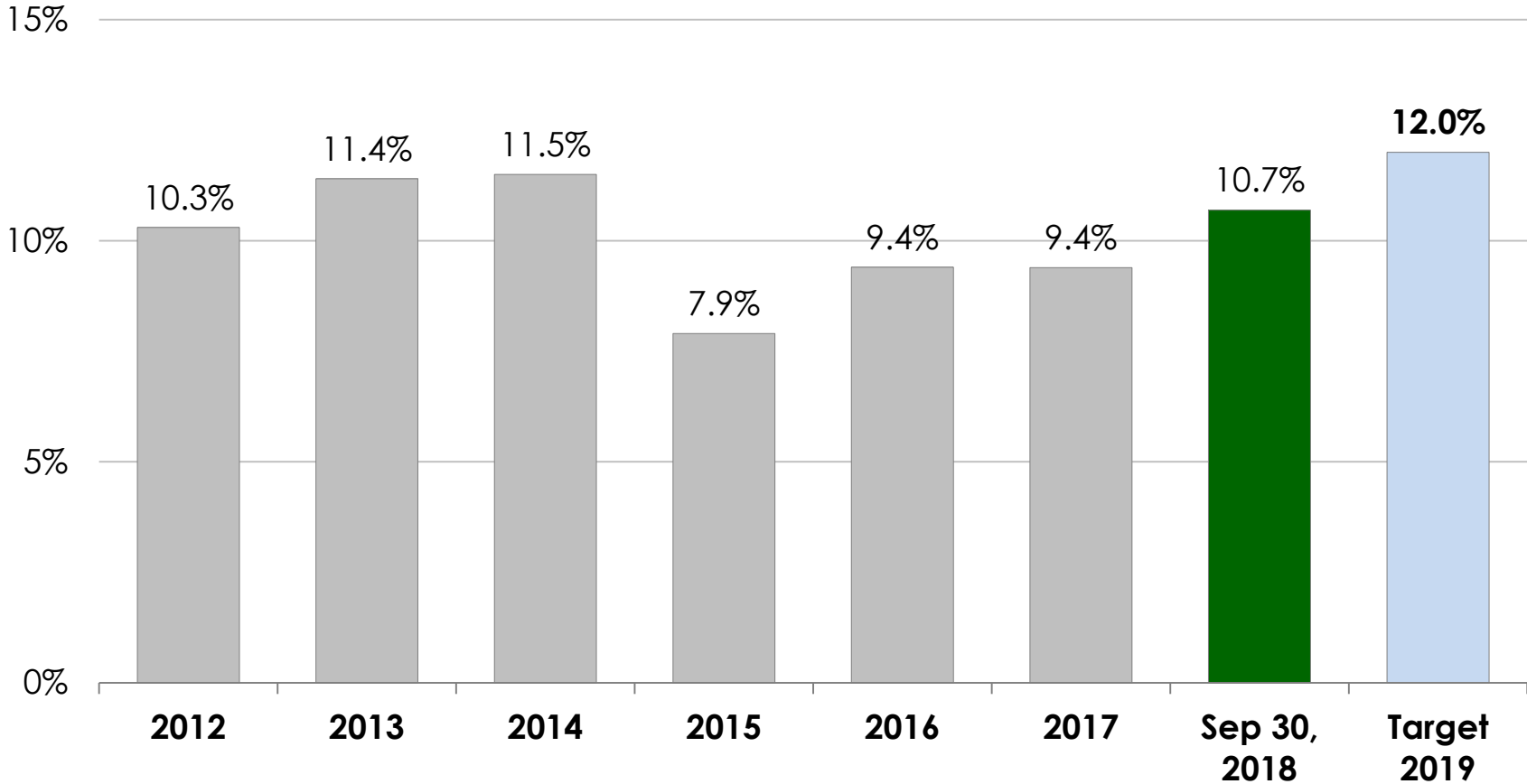
5-year accumulated average rates (2015-2019), as percentage of sales.



>50%
CASH CONVERSION
OF EBITDA 2015-2019

CASH GENERATION
MATERIALISATION OF VALUE

RETURN ON CAPITAL EMPLOYED



FOCUS ON BUSINESS PROFITABILITY



ANNEXES

A general overview of the most recent acquisitions



ANNEX I. Acquisition of Encirc (2015).



Encirc Glass is a **glass packaging manufacturer** for the food and beverage markets in UK and Ireland. It is the sole player in Ireland and the second player within the UK (market share $\approx 30\%$).

The **DERRYLIN** plant (Northern Ireland), built in 1998, is the only glass container plant in Ireland. The **ELTON** plant (England), built in 2005, is the largest glass container plant in Europe and includes filling and logistics facilities.

ANNEX I. Acquisition of Encirc (2015).



QUALITY OF ASSETS

- ✓ High-scale facilities
- ✓ Triple gob and quad gob flexibility
- ✓ Highly modern inspection machines
- ✓ Filling capabilities
- ✓ Fully automated warehouse



ANNEX II. Acquisition of Santos Barosa (2017).



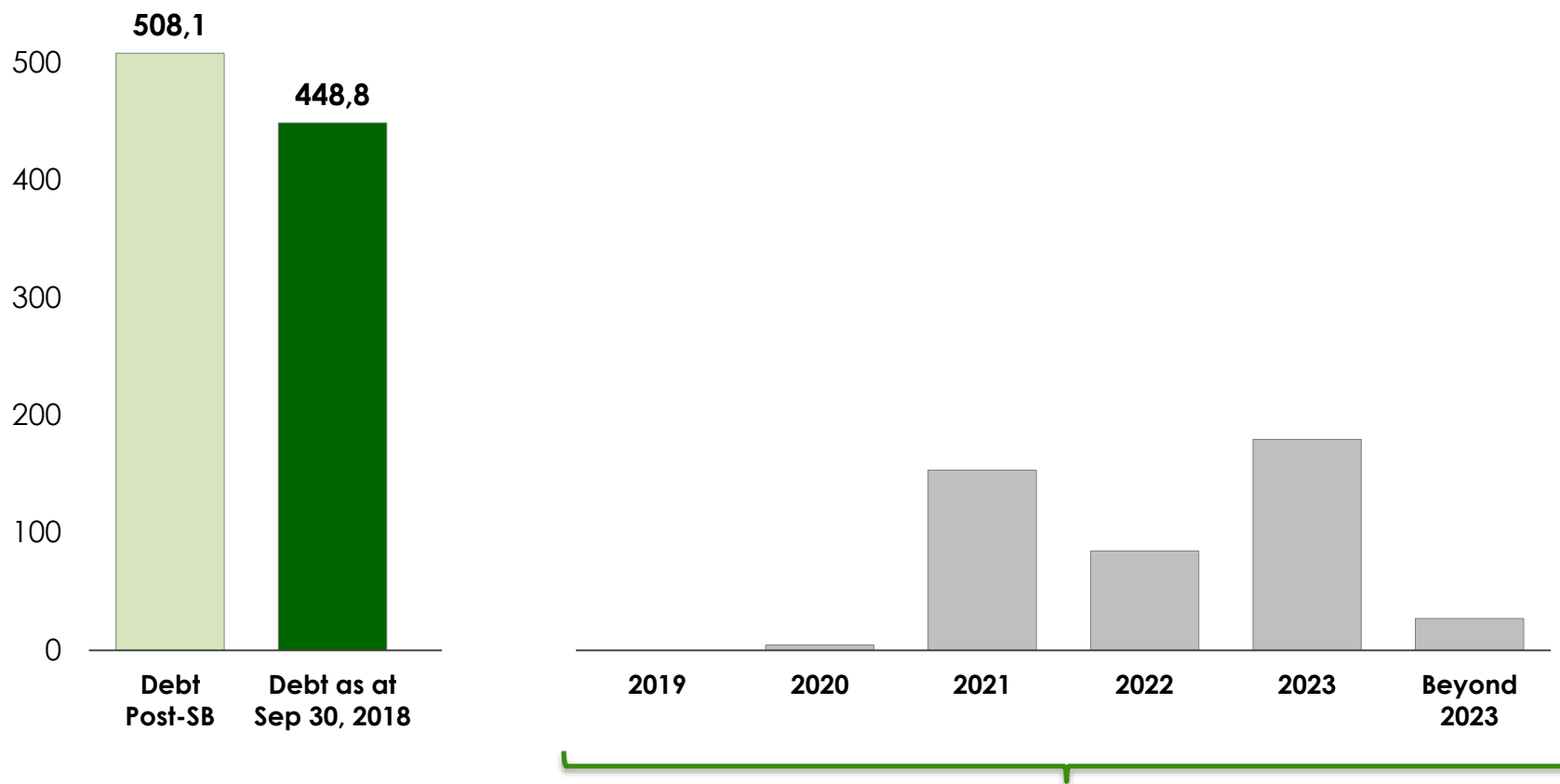
Santos Barosa manufactures and commercialises glass containers. It operates a major production facility located in **Marinha Grande**, Portugal. The company produces around **400,000 glass tons** per year.

The agreed transaction price amounts to an **enterprise value** equivalent to EUR 252.7 million.

Trough this acquisition, Vidrala becomes the **leader of the attractive Iberian market**.



ANNEX III. Financing structure.



Debt maturity profile.

Per year, EUR million.

Current financing structure
As at September 30, 2018

Debt / EBITDA *proforma*
≈ 1.9x

Average maturity
≈ 4 years

Estimated cost, all-in
< 1.5% annual



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