



vidrala

Company Presentation

FEBRUARY, 2007

- ***Introduction***

- General Overview
- Business Performance
- Objectives

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 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 and food 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.



- ✓ **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.**
- ✓ **Continuous focus on technological development.**
- ✓ **Attractive improvement potential under current integration process of the recent acquisitions.**
- ✓ **Stable and sustainable dividend policy.**



Brief History

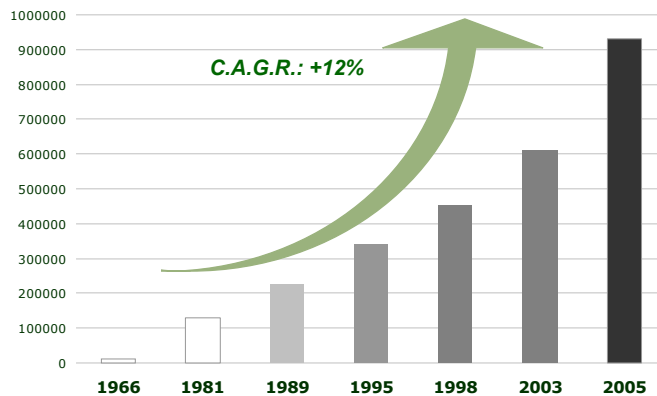


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A History of Growth

PRODUCTION (TONS)



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Productive Structure



PRODUCTIVE STRUCTURE

- **5 Plants** in three countries.
 - **11 Furnaces**, 32 production lines
 - Estimated Capacity: **990,000 tons/year**
 - Employing more than **1,500 people**
-
- Market share in Iberia: 27%
 - Market share in Italy: 4%

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Our Growth in Figures

2000 – 2005 MAIN FIGURES PERFORMANCE

EUR MM	2000	2001	2002	2003	2004	2005	05/00	CAGR 05/00
SALES	117,9	126,0	125,0	147,2	190,1	293,8	+149%	+20%
EBITDA	29,5	31,1	34,5	38,7	49,4	73,7	+150%	+20%
NET PROFIT	11,3	13,1	15,5	17,8	21,5	27,1	+139%	+19%
DIVIDENDOS	7,1	7,6	8,0	8,4	8,9	9,9	+150%	+7%

Since 2005, report under IFRS. Previous years reported under Spanish General Accounting Principles, not restated for IFRS.

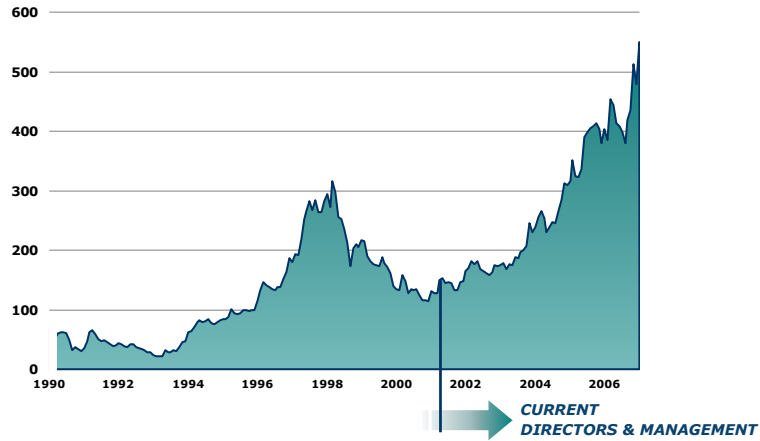
In the period **2005 - 2000**: **NET SALES**, **EBITDA** and **NET PROFIT** have increased by **149%**, **150%** and **139%** respectively.

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Performance

VID – MARKET CAP
EUR MILLIONS - To december 2006

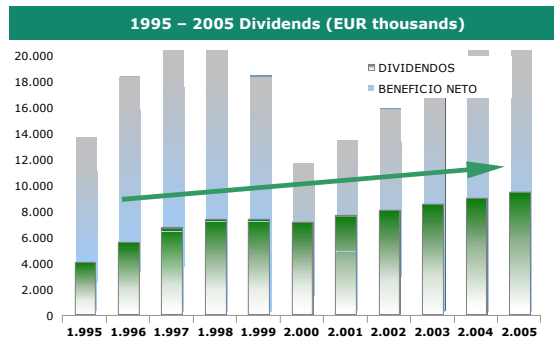


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Dividends

Stable and sustainable dividend policy:



1995-2005:

✓ **DIVIDEND C.A.G.R.: +9%**

✓ **Average PAYOUT: 42%**

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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 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.

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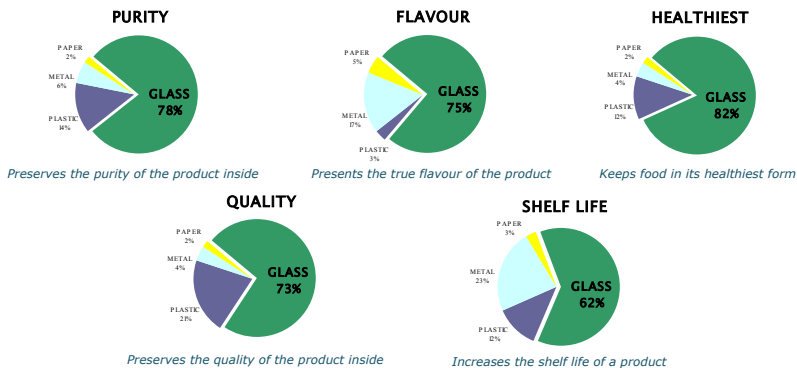


The Product

Glass, the preferred packaging material:

Results of the "Consumer Preferences in Packaging Materials Survey 2006":

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."



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The Product

Glass, the preferred packaging material:

Study by Graz University of Technology and PAGO: "Glass is the best packaging material for fruit juices. A study co-financed by the Trade and Industry Research Fund and Pago, shows that glass remains the best packaging material for fruit juices. Regardless of the storage time involved, the natural fruit aromas change at a markedly slower rate in a glass bottle than in a composite container"

COMPARISON OF ATTRIBUTES

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

 OPTIMAL
  ACCEPTABLE
  DEFICIENT

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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



The Market

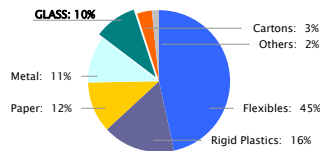
The Glass Packaging Industry: a mature and stable market

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.

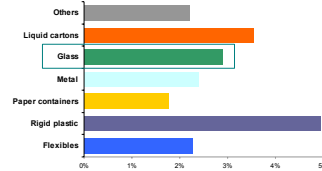
Global Packaging Market by materials
Past and forecasted sales by material

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 2003-2008e



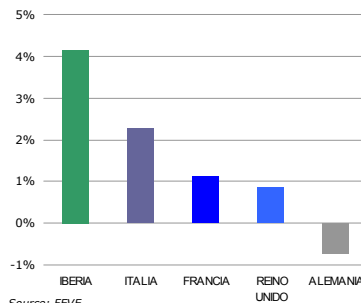
Source: EUROMONITOR
Includes packages made of plastic, glass, metal, paper, carton and wood in the categories of food, beverages, pharma, healthcare and others.



The Market

Our Natural Markets: situation differs by regions and products

Main European markets. Annualized growth rates in glass packaging sales. 1994-2004



Source: FEVE

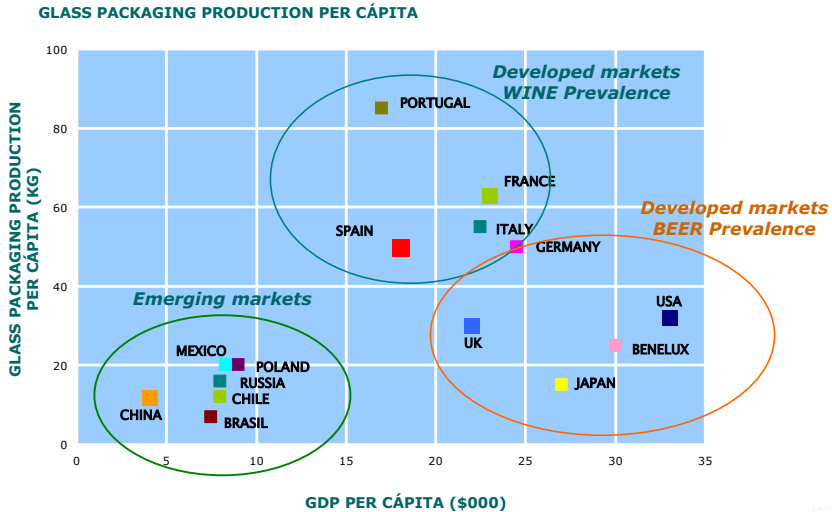
Spain is the fourth producer of glass containers in Europe, behind France, Germany and Italy. Wine and Cava (+2,5% annual growth rate since 1997), beer (+2%) and more specialized products like olive oils (+48% annual growth since 1997) lead demand growth in a market performing above European averages.

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.



The Market

Potential Markets



The Industry

INDUSTRY CHARACTERISTICS

Strengths:

- ↑ Natural barriers to entry: local and highly capital intensive business. Plant locations are crucial.
- ↑ Stable Markets.
- ↑ Strong environmental commitment.
- ↑ Close to market needs. Flexibility and versatility.
- ↑ High technological development.
- ↑ Margin for further technological improvement in both processes and products.
- ↑ Image and quality of glass against substitutive materials.

Weaknesses:

- ↓ Mature markets with moderate growth.
- ↓ Capital and cost intensive industry:
 - Implementation costs
 - Maintenance costs
- ↓ Small competitors relative to other sectors.
- ↓ High dependence on energy and transportation costs.
- ↓ Development of substitutive products.

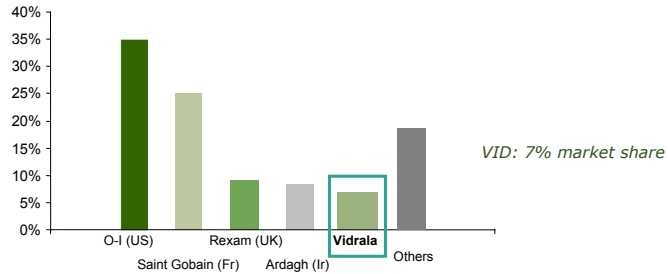


The European Industry

The European sector: High-level of concentration

5 groups concentrate 82% of the European market

Main players in Europe



European market: EU15 + Switzerland + Turkey

Source: Vidrala

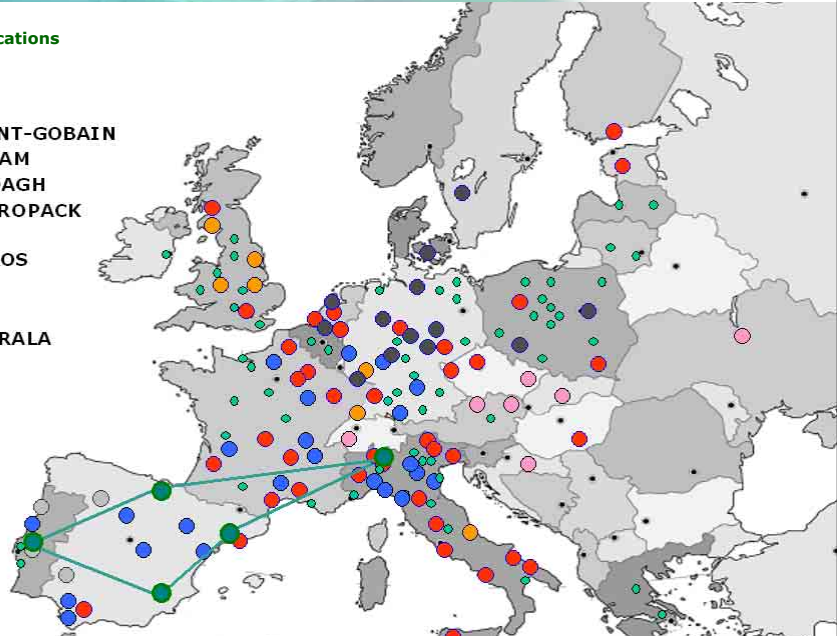
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The European Industry

Plants locations

- O-I
- SAINT-GOBAIN
- REXAM
- ARDAGH
- VETROPACK
- BA
- OTROS
- VIDRALA

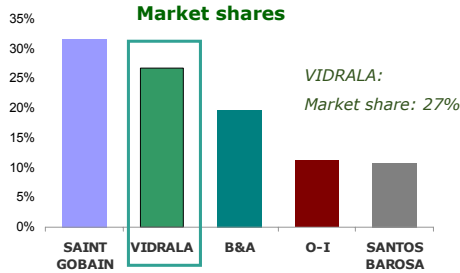


The Iberian Industry

The Iberian market, under a consolidation process

Vidrala, the independent leader

ESTRUCTURA PRODUCTIVA EN EL MERCADO IBÉRICO			
SAINT GOBAIN	7 PLANTS	1.005.000 ton	31,6%
VIDRALA	4 PLANTS	850.000 ton	26,7%
B&A	4 PLANTS	625.000 ton	19,7%
O-I	2 PLANTS	360.000 ton	11,3%
SANTOS BAROSA	1 PLANT	340.000 ton	10,7%
		18 PLANTS	3.180.000 ton

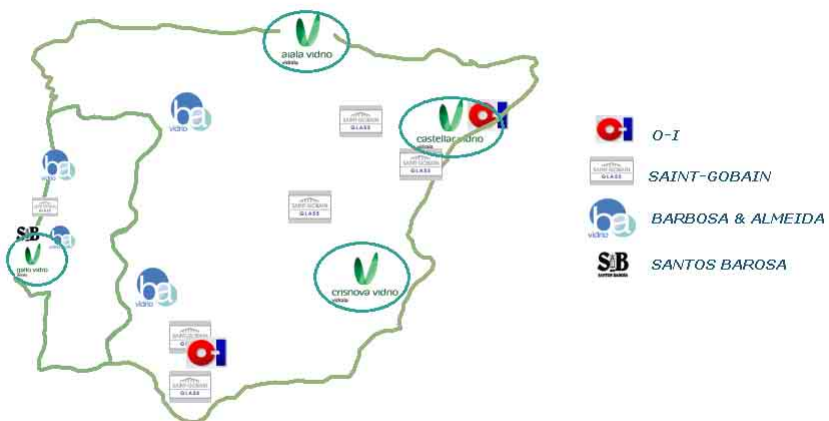


Source: Vidrala



The Iberian Industry

Plants locations:



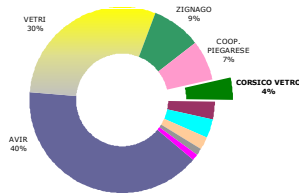
Source: Vidrala



The Italian Industry

ITALY: A fragmented market

PRODUCTIVE STRUCTURE IN ITALY			
COMPAÑIA	PARENT	PLANTS	aprox. EST. CAPACITY
AVIR	O-I	12 PLANTS	1.500.000 tons
VETRI	Saint Gobain	6 PLANTS	1.100.000 tons
ZIGNAGO	Indep.	2 PLANTS	320.000 tons
COOP. PIEGARESE	Indep.	2 PLANTS	260.000 tons
CORSICO VETRO	VIDRALA	1 PLANT	140.000 tons
VETRI SPECIALI	O-I & Zignago	3 PLANTS	120.000 tons
BORMIOLI	Indep.	1 PLANTS	120.000 tons
ABRUZZO VETRO	Ardagh	1 PLANT	80.000 tons
VETRERIA ETRUSCA	Indep.	2 PLANTS	45.000 tons
BALSAMO	Indep.	1 PLANT	40.000 tons
			3.725.000 tons



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The Italian Industry

Plants locations:



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Our AIMS, Corporate Responsibility:

- ✓ TO CREATE WEALTHNESS
- ✓ TO CREATE FUTURE
- ✓ TO BE ETHIC

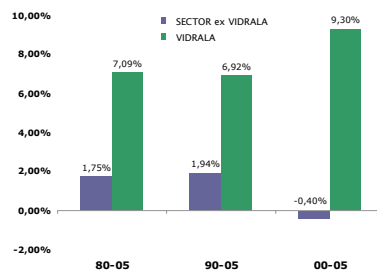


A vocation of leadership - Sales performance

Tons sold in Spain

	1980	1990	2000	2005
SECTOR	1,077,000	1,348,700	1,930,000	2,137,100
VIDRALA	119,100	241,800	423,000	659,800
Vidrala market share (%)	11.06	17.93	21.92	30.89

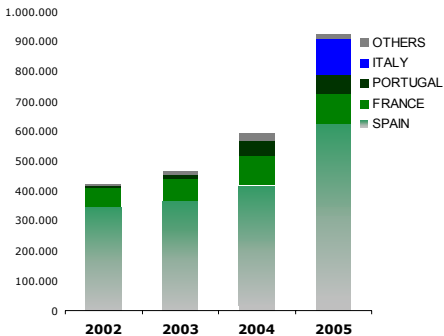
C.A.G.R.



Our Project

Toward an international projection....

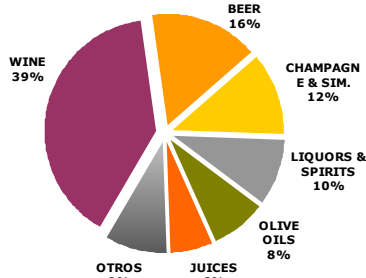
SALES BREAKDOWN BY COUNTRY (IN TONS SOLD)



New markets: -Portugal
- Italy

... diversifying the product mix

2006e SALES BREAKDOWN BY PRODUCT

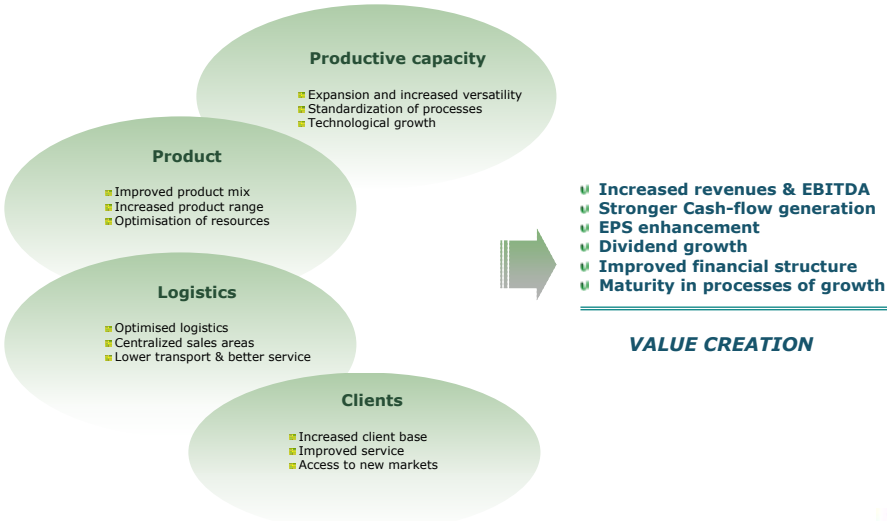


New segments: - Beer
- Cava



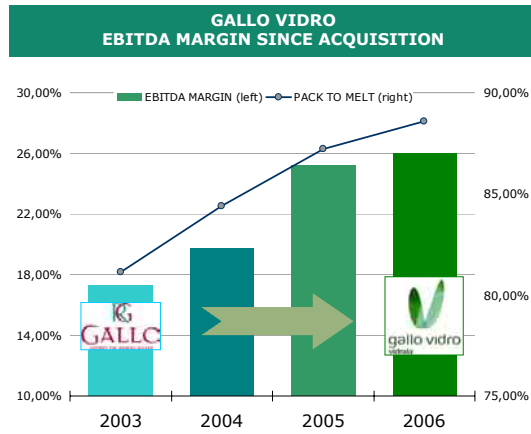
Our Project

CONTRIBUTION OF NEW PLANTS:



Our Project

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

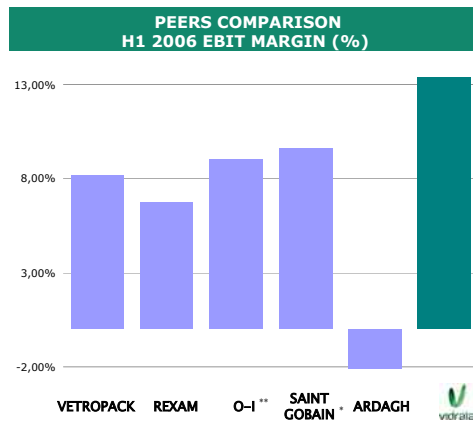


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Our Project

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



Maintaining high efficiency levels despite the incorporation of new plants under process of integration and the impact of energy costs.

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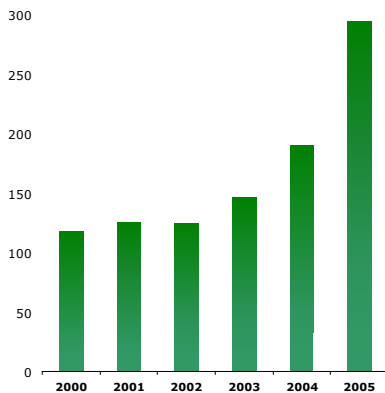
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2000 – 2005 Years of solid performance

Continuous growth through years of solid performance:

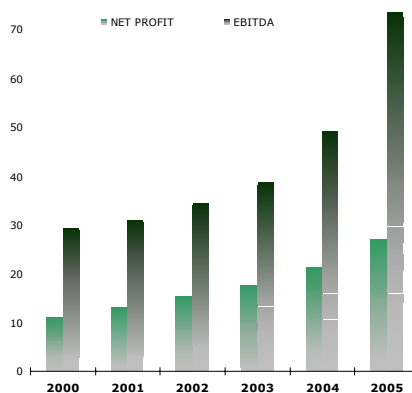
SALES

Eur millions



EBITDA, NET PROFIT

Eur millions



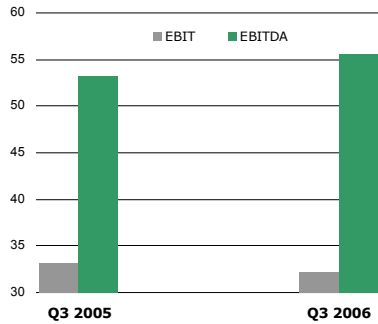
* 2000 - 2004 Not restated for IFRS

2006, A difficult year – Q3 Results

Q3 2006 FIGURES

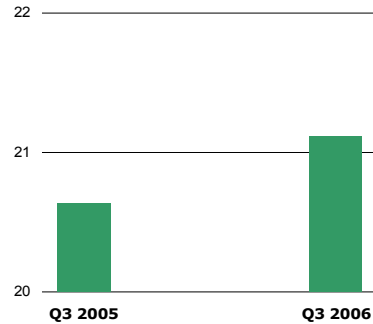
OPERATING PROFIT

EUR millions



NET PROFIT

EUR millions

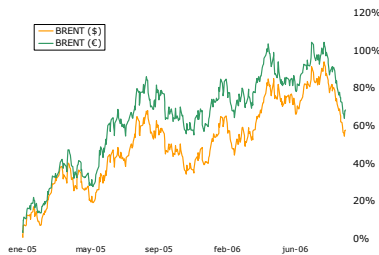


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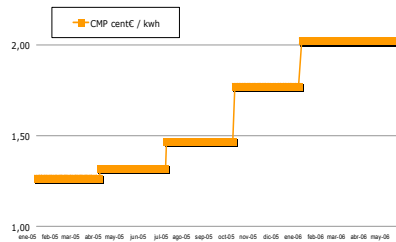


The challenge of 2006: To Offset Costs Inflation

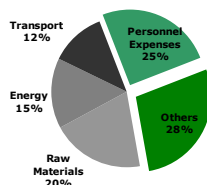
BRENT IPE (Percentage change)



NATURAL GAS – Spanish regulated tariff



OPERATIONAL COSTS BREAKDOWN



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Consequences of a difficult year

BUSINESS IMPACTS IN 2006:

- ⚡ Direct increase of energy costs
- ⚡ High inflation levels affecting labour costs
- ⚡ Operational difficulties in Italy



LOWER MARGINS

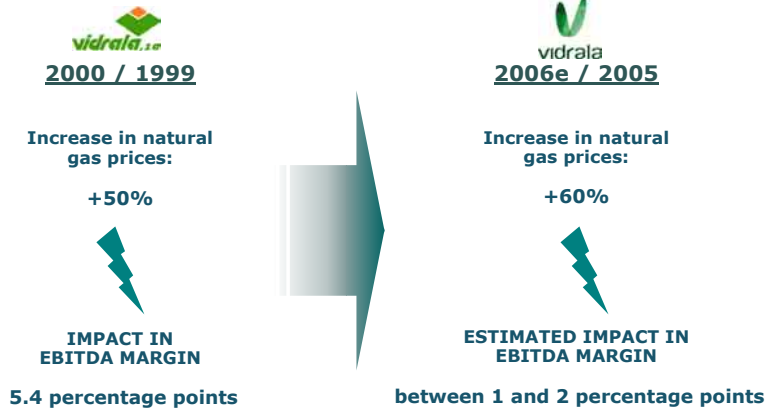
**... NEVERTHELESS,
WE MAINTAIN OUR ADVANTAGES**

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A positive view: Capacity to respond

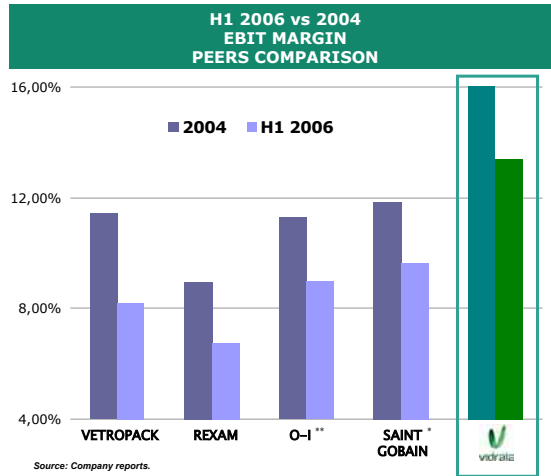
IMPROVED CAPACITY TO RESPOND UNDER DIFFICULT BUSINESS ENVIRONMENTS:



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A positive view: maintaining our Strengths



VIDRALA Q3 2006 , EBIT MARGIN: 13.9%

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- Introduction
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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

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1. PRODUCT

vidrala is Glass



Actions:

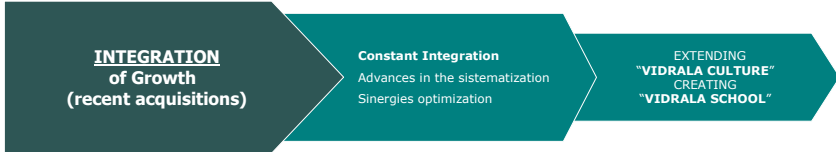
- ✓ **Focused on Glass:** The material imitated and to imitate.
- ✓ Strengthening **Marketing policies.**
- ✓ New advances in **Environmental advantages.**
- ✓ **Boosting** the Glass: costs reductions, advances in its natural advantages and getting closer to customer needs.
- ✓ **Defending** glass against alternative materials: active participation in glass associations (FEVE, ANFEVI, ASOVETRO y AIVE).

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2. ORGANIZATION

vidrala An integrated Group



Actions:

- ✓ **Productive Efficiency:**
 - Improvements in facilities and production processes
 - Optimized productive capacity

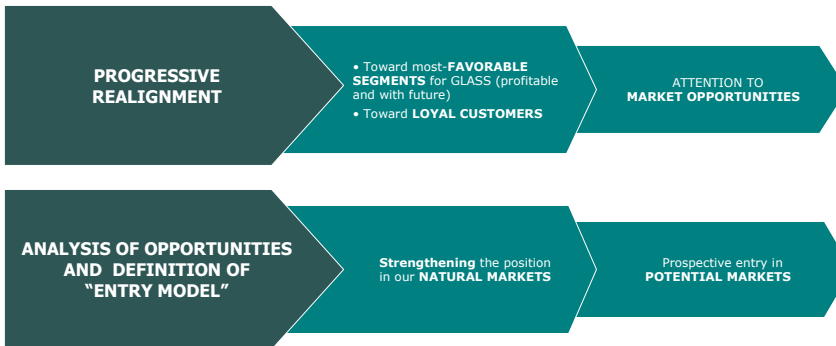
- ✓ **Vidrala Know-How = Differentiation:**
 - Products and processes Knowledge
 - Customer needs Knowledge
 - Differentiation against competitors and substitutive materials

- ✓ **VIDRALA CULTURE:**
 - Developing the "Vidrala´s success model"
 - Multidirectional culture, as a group, as an action



3. MARKET (I)

vidrala a Growth Company



3. MARKET (II)

vidrala a Growth Company

Actions:

✓ Focused by segments:

- Segments profitable and with future
- Segments faithful to Glass
- Vidrala: vocation of leadership in these segments

✓ Interesting Markets:

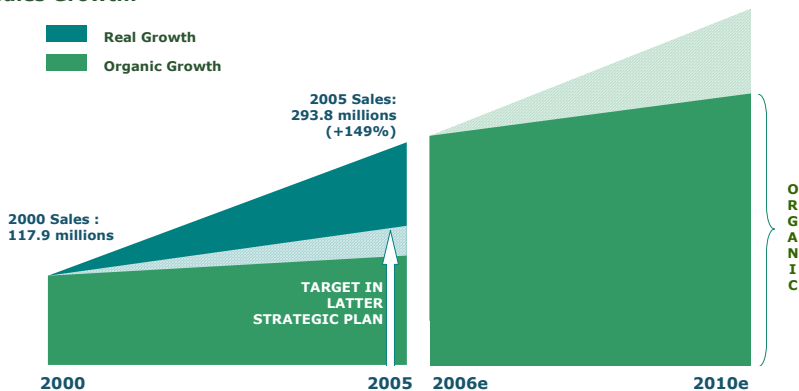
- Priority: To strength the position in our natural markets
- Interesting markets: growth markets in our target segments
- Interesting markets: markets compatible with our strengths



OBJECTIVES

Sales Growth:

- Real Growth
- Organic Growth



Real Growth of sales 2005/2000: +149%, CAGR: + 20%
 Organic Growth of sales 2005/2000: +5% CAGR.





vidrala

www.vidrala.com