



## Company Presentation

SEPTEMBER 2008

### - ***Introduction***

- General Overview
- Business Performance
- Objectives

# 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** a year obtaining **annual revenues above EUR 350 Million** (2007).
- ✓ 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

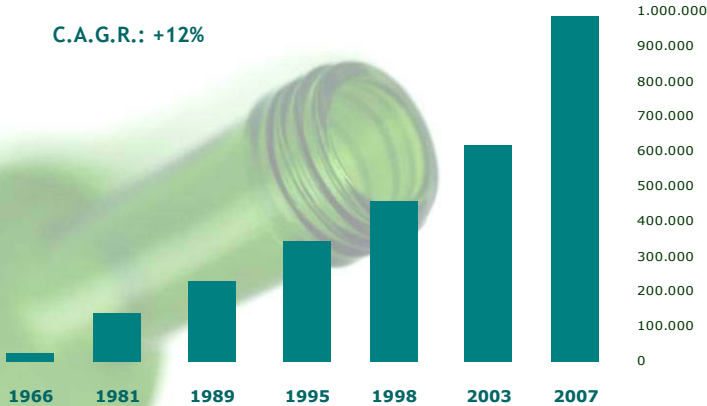
- 1965** Establishment of **Vidrerías de Alava S.A.**
- 1969** 2nd Furnace set up
- 1981** Industrial development and energy rationalization
- 1985** Vidrala goes public
- 1989** Subsidiary **CRISNOVA, S.A.** set up
- 1995** Vidrala: 3rd Furnace set up
- 1998** Crisnova: 2nd Furnace set up
- 2001** New Strategic Plan Definition
- 2003** **Acquisition: Gallo Vidro** (Portugal)
- 2005** **Acquisitions: Corsico** (Italy), **Castellar** (Spain)
- 2007** **Acquisition: La Manufacture du Verre** (Belgium)



# A History of Growth

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

C.A.G.R.: +12%



## Productive Structure

### PRODUCTIVE STRUCTURE: A COMPLEMENTARY NETWORK



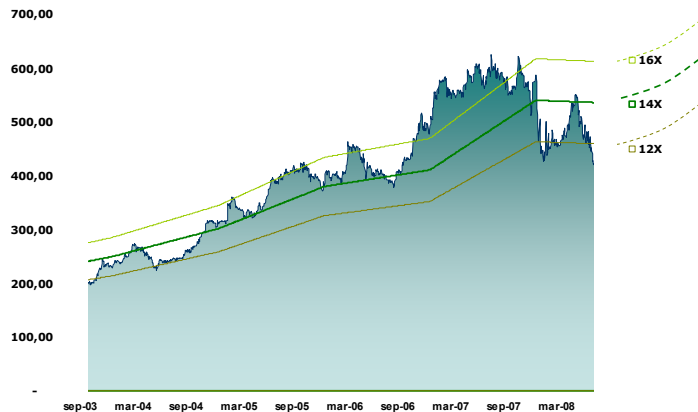
- **6 Plants** en 4 countries.
  - **13 Furnaces**, 40 production lines
  - Estimated Capacity: **1,125,000 tons/year**
  - Employing more than **1,800 people**
- 
- Market share in Iberia: 27%
  - Market share in France: 6%
  - Market share in Italy: 4%
  - Market share in W. Europe: 8%

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## 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**

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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.

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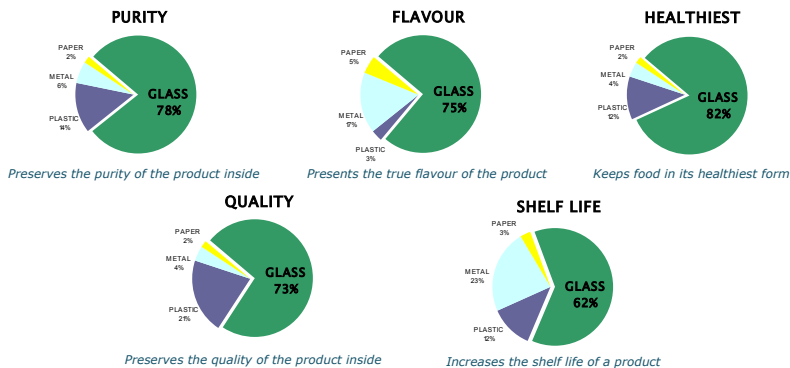


## The Product

### 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."



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## The Product

### Glass, the preferred packaging material:

- **Study by Graz University of Technology and PAGO (Austria):** "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"

- **Study by Instituto Perfiles (Spain):** "Glass is the packaging material that best responds to consumer requirements. Characteristics like purity, transparency, preservation and its total recyclability enable it to be perceived as the most healthy form of packaging"

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. GLASS PACKAGING IS PART OF MODERN LIFE.**

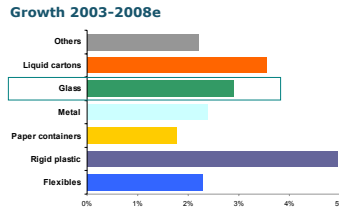
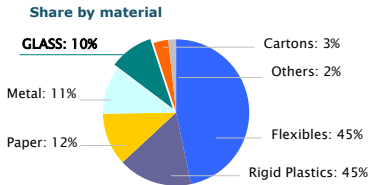


## The Glass Packaging Industry: a mature and stable market

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 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%        |
| <b>Total</b>      | <b>3.189.509</b> | <b>100%</b> | <b>3.661.258</b> | <b>100%</b> | <b>2,8%</b> |

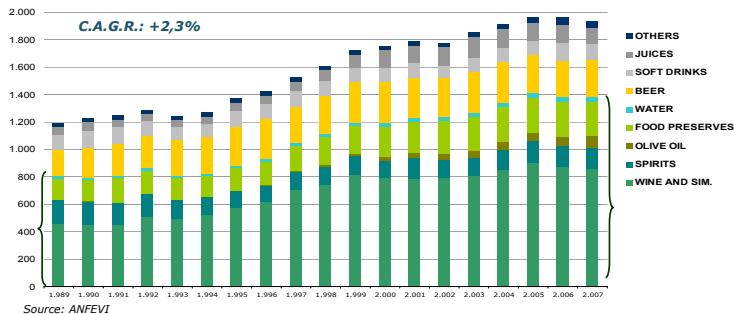


Source: EUROMONITOR  
Includes packages made of plastic, glass, metal, paper, carton and wood in the categories of food, beverages, pharma, healthcare and others.



## 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.

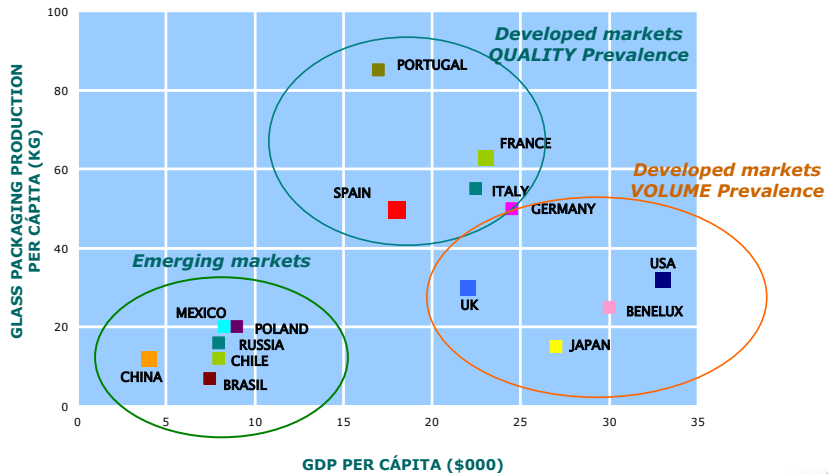




## The Market

### OUR NATURAL MARKETS, OUR STRATEGIC MARKETS

#### GLASS PACKAGING PRODUCTION PER CÁPITA



## The Industry

### INDUSTRY CHARACTERISTICS

#### Strengths:

- ↑ Natural barriers to entry: local and highly capital intensive business. Plant locations are crucial.
- ↑ Stable Markets.
- ↑ Unique environmental commitment.
- ↑ Close to market needs. Flexibility and versatility.
- ↑ High technological development. Margin for further technological advances 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.

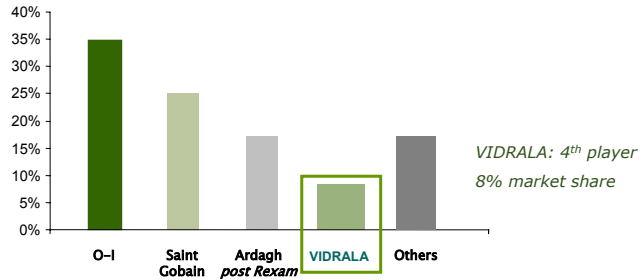


## The European Industry

### The European sector:

4 groups concentrate 80% of the European market

### Main players in Europe



VIDRALA: 4<sup>th</sup> player  
8% market share

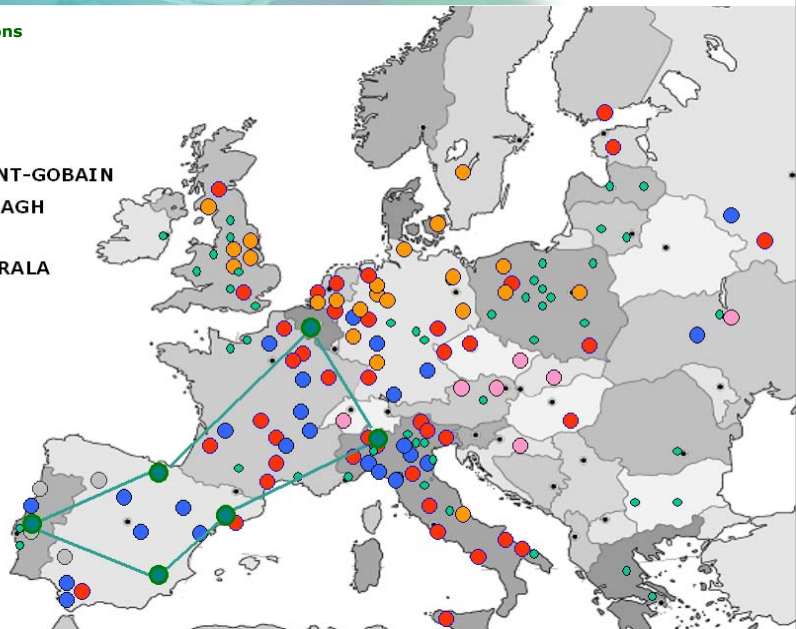
European market: EU15 + Switzerland + Turkey

Source: Vidrala

## The European Industry

### Plants locations

- O-I
- SAINT-GOBAIN
- ARDAGH
- VIDRALA

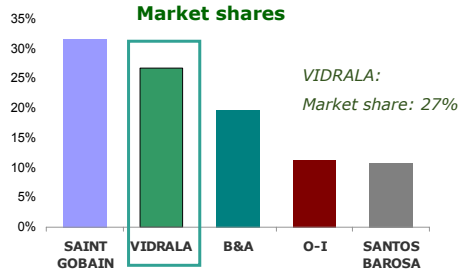


# The Iberian Industry

## The Iberian market, under a process of consolidation

Vidrala, the independent leader

| PRODUCTIVE STRUCTURE IN THE IBERIAN MARKET |          |                  |                      |
|--|----------|------------------|----------------------|
| 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%                |
|  |          | <b>18 PLANTS</b> | <b>3.180.000 ton</b> |

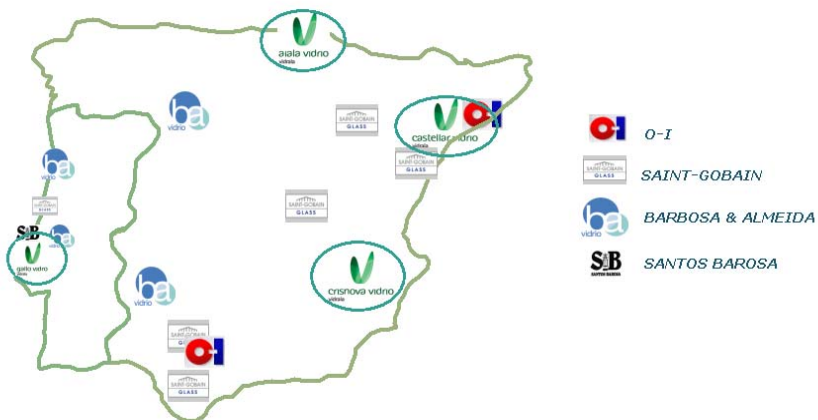


Source: Vidrala



# The Iberian Industry

## Plants locations:



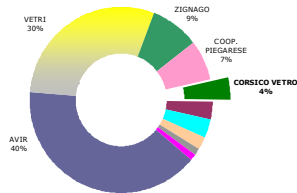
Source: Vidrala



## The Italian Industry

### ITALY: A fragmented market

| PRODUCTIVE STRUCTURE IN ITALY |               |           |                      |
|-------------------------------|---------------|-----------|----------------------|
| COMPANIA                      | 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:

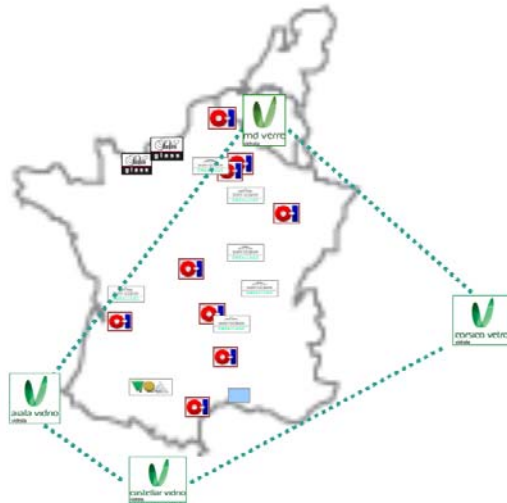


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## The French Industry

### Plants locations:



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## Our Project

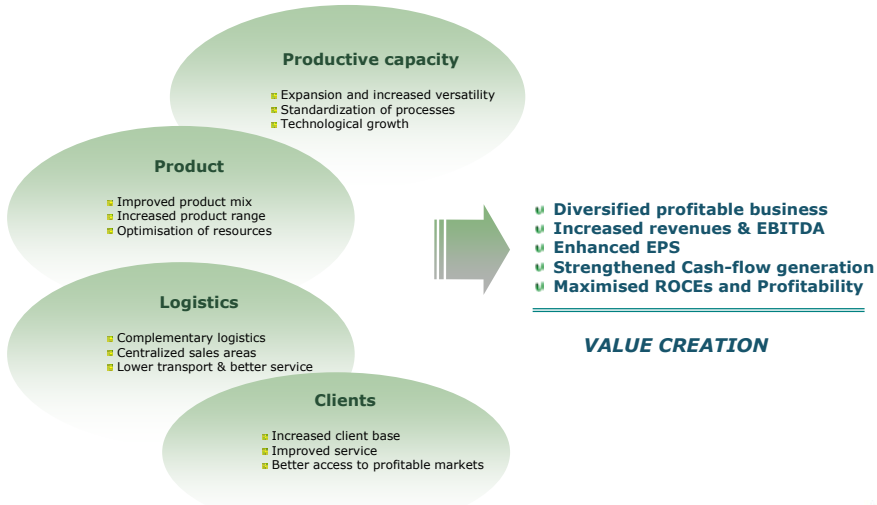
### Our AIMS, Corporate Responsibility:

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



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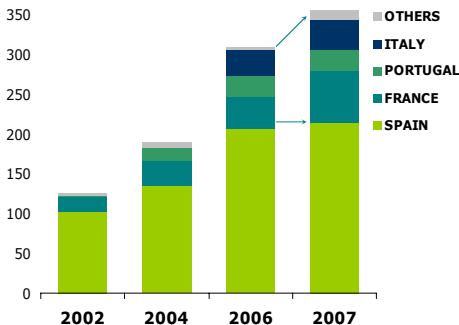
Rationale for Growth: Contribution of new plants



Rationale for Growth: Business Expansion

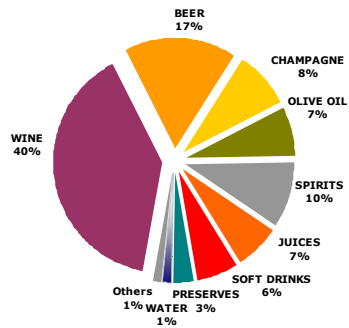
Towards an international projection....

**SALES BREAKDOWN BY COUNTRY (IN EUR THOUSANDS)**



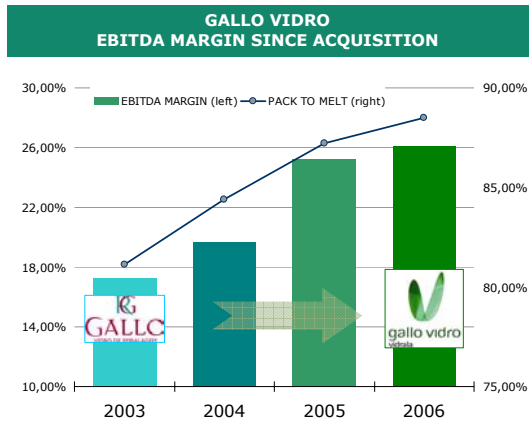
... optimizing the product mix

**SALES BREAKDOWN BY PRODUCT**



### Rationale for Growth: The example of Gallo

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

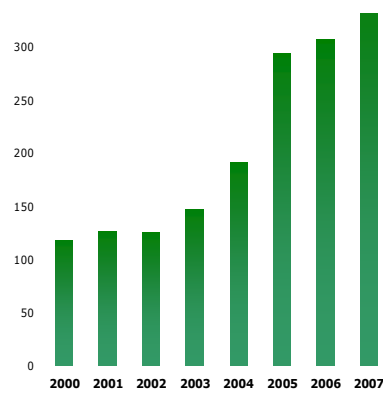


- Introduction
- General Overview
- **Business Performance**
- Objectives

## 2000 – 2007: solid growth

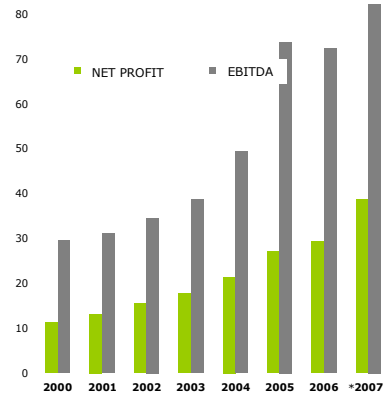
### SALES

Eur millions



### EBITDA, NET PROFIT

Eur millions



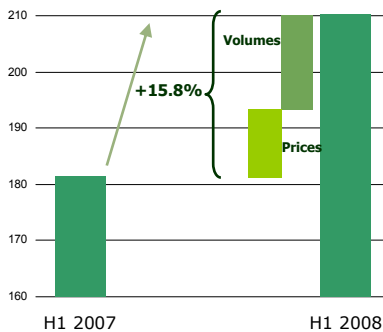
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## 2008: Solid Performance

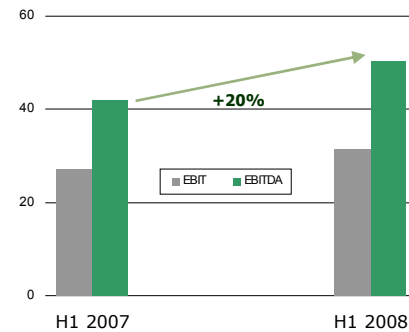
### SALES

Eur millions



### EBIT, NET PROFIT

Eur millions



**FIRST HALF 2008, business growth and margin expansion:**

- ✔ Strong Net Sales growth of +15,8%
- ✔ Operating Margins expands to 15%

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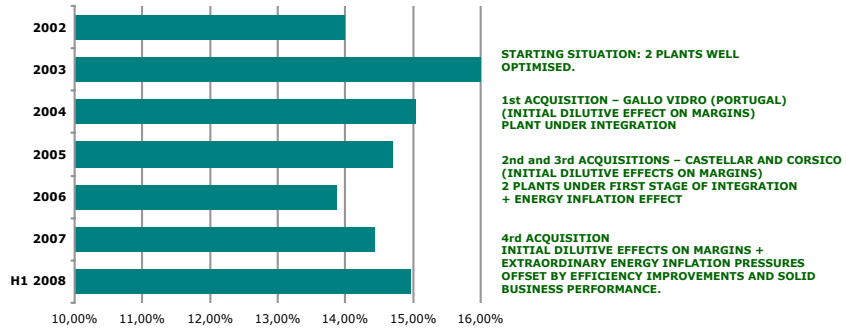


## Our Aim: To maintain our Strengths

### 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



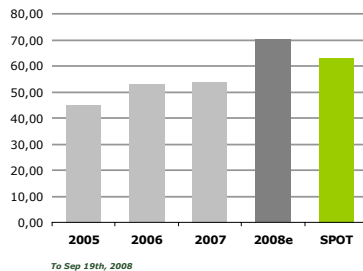
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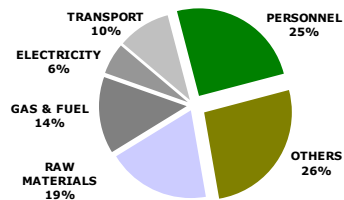
## The challenge: To Offset Costs Inflation

#### ENERGY COSTS – Brent Prices in euros

Yearly averages



#### OPERATING COSTS BREAKDOWN



#### MANAGEMENT PRIORITIES:

- ✓ INCREASE SALES PROFITABILITY.
- ✓ ADVANCE IN THE PROCESSES OF INTEGRATION OF RECENTLY ACQUIRED PLANTS
- ✓ IMPROVE PRODUCTIVITY AND OPTIMISE SINERGIES

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- Introduction
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## 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*

## 1. PRODUCT

### vidrala is Glass

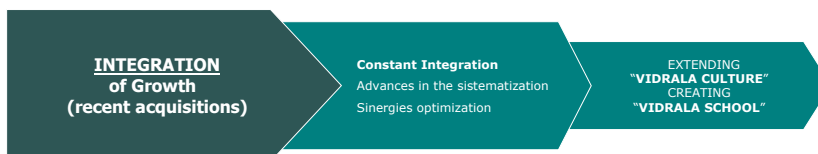


#### Actions:

- ✔ **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).

## 2. ORGANIZATION

### vidrala An integrated Group

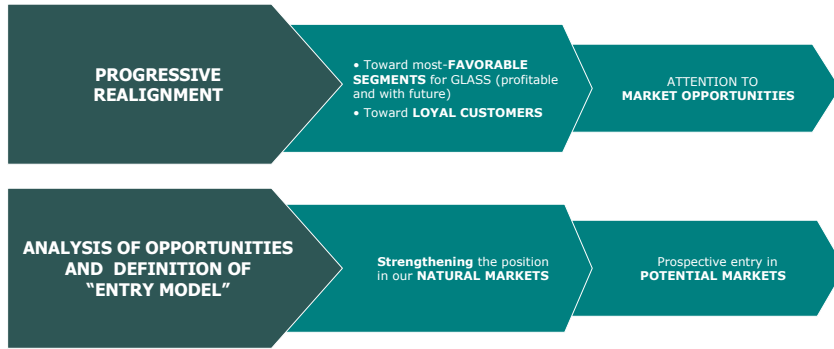


#### Actions:

- ✔ **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:**

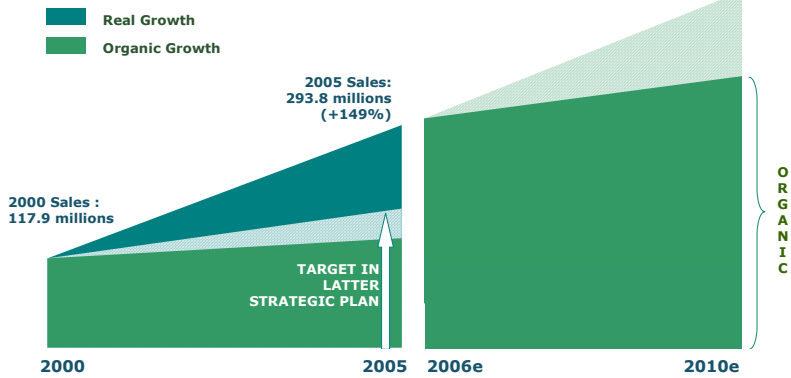
- Segments profitable and with future
- Segments faithful to Glass
- Vidrala: vocation of leadership in these segments

**✓ 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:**



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

**ANNEX: CORPORATE SOCIAL RESPONSIBILITY**

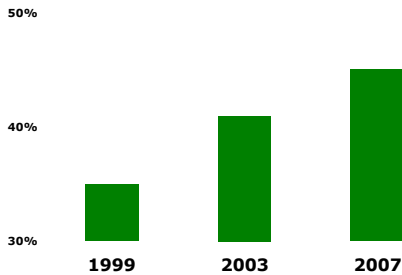
**vidrala Environmental Commitment**

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



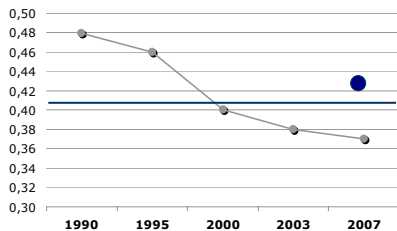
**vidrala Environmental Commitment**

OUR AIM: A CONTINUOUS 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



A recognised way of doing business

**vidrala** A recognised Corporate Responsibility policy

VIDRALA HAS BEEN INCLUDED IN THE RECENTLY CREATED  
"FTSE4GOOD IBEX" ETHICAL INDEX.



FTSE4Good

*"The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally recognised corporate responsibility standards, and to facilitate investment in those companies. Transparent management and criteria alongside the FTSE brand make FTSE4Good the index of choice for the creation of Responsible Investment products"*



**vidrala**

[www.vidrala.com](http://www.vidrala.com)