



# COMPANY PRESENTATION

MAY 2019



# DISCLAIMER

This presentation includes or may include representations or estimations concerning the future about intentions, expectations or forecasts of VIDRALA or its management, which may refer to the evolution of its business performance and its results. These forward looking statements refer to our intentions, opinions and future expectations, and include, without limitation, statements concerning our future business development and economic performance. While these forward looking statements represent our judgment and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, (1) general market, macro-economic, governmental and regulatory trends, (2) movements in local and international securities markets, currency exchange rates and interest rates as well as commodities, (3) competitive pressures, (4) technological developments, (5) changes in the financial position or credit worthiness of our customers, obligors and counterparties.

The risk factors and other key factors that we have indicated in our past and future filings and reports, including those with the regulatory and supervisory authorities (including the Spanish Securities Market Authority – Comisión Nacional del Mercado de Valores - CNMV), could adversely affect our business and financial performance. VIDRALA expressly declines any obligation or commitment to provide any update or revision of the information herein contained, any change in expectations or modification of the facts, conditions and circumstances upon which such estimations concerning the future have been based, even if those lead to a change in the strategy or the intentions shown herein.

This presentation can be used by those entities that may have to adopt decisions or proceed to carry out opinions related to securities issued by VIDRALA and, in particular, by analysts. It is expressly warned that this document may contain not audited or summarised information. It is expressly advised to the readers of this document to consult the public information registered by VIDRALA with the regulatory authorities, in particular, the periodical information and prospectuses registered with the Spanish Securities Market Authority – Comisión Nacional del Mercado de Valores (CNMV).





- 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 more than **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 over EUR 2.0 billion.



SUPPLIER OF REFERENCE IN THE PACKAGING INDUSTRY

# MAIN FIGURES FY 2018



**SALES**  
**955.4**  
EUR million  
+3.8% YoY organic

**EARNINGS**  
**4.47**  
EUR per share  
+30.0% YoY



**vidrala**

**EBITDA**  
**239.4**  
EUR million  
+7.9% YoY organic

**FREE CASH FLOW**  
**101.3**  
EUR million

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



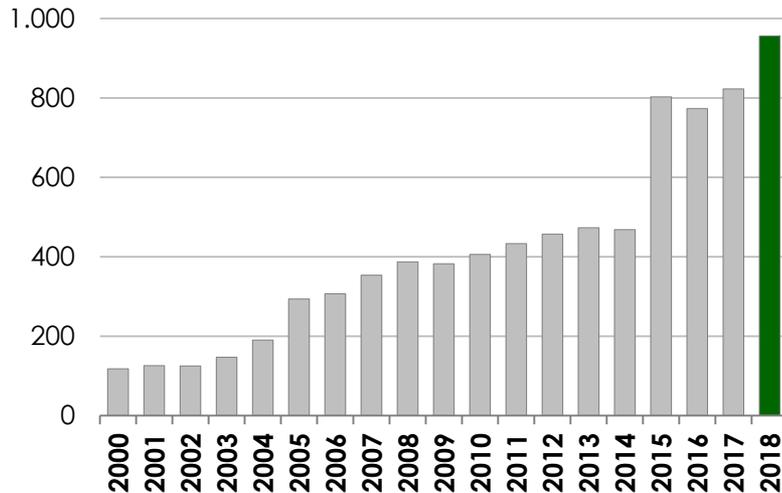
CUSTOMER, COMPETITIVENESS & CAPITAL  
THE GUIDELINES ON WHICH WILL BE SUSTAINED OUR AMBITIOUS FUTURE

# OPERATING PROFILE



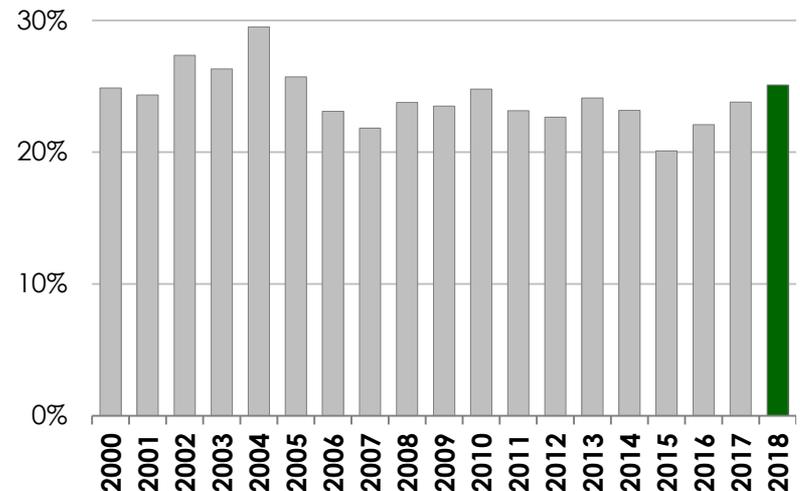
## NET SALES.

Since 2000, EUR million.



## EBITDA MARGIN.

Since 2000, as percentage of sales.



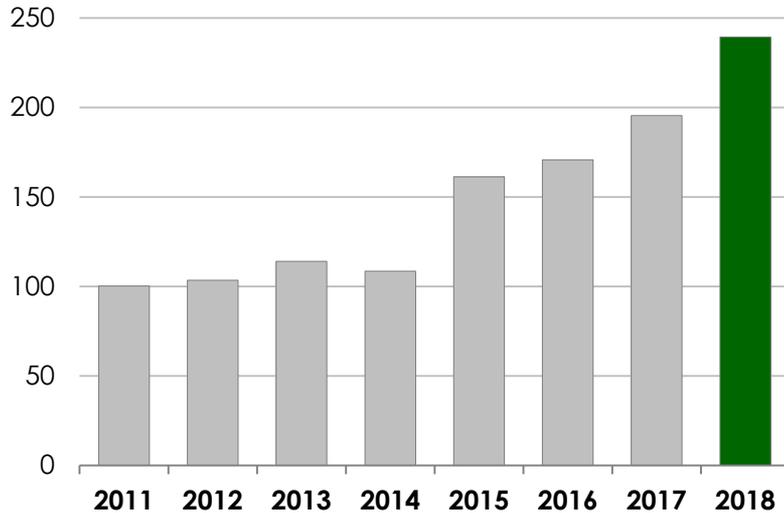
STRATEGIC DIVERSIFICATION & COHERENT GROWTH  
STABILITY OF MARGINS, RESILIENT TO INTEGRATIONS AND ECONOMIC CYCLES

# CASH PROFILE



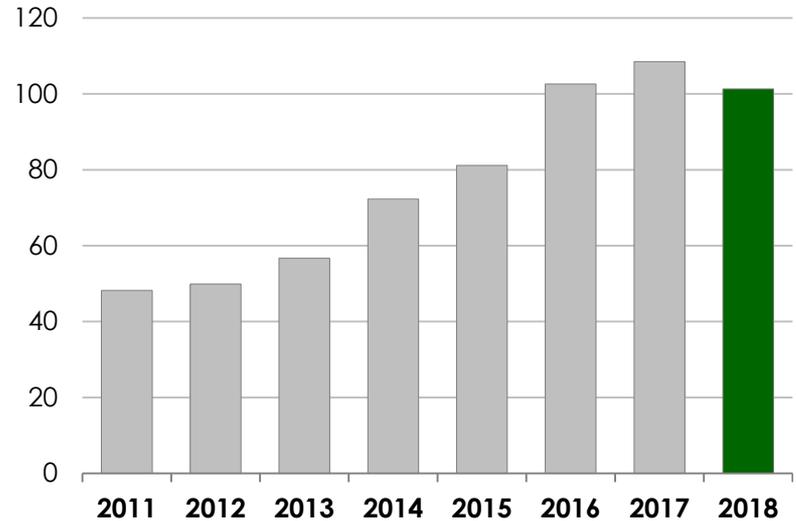
## EBITDA.

Since 2011, EUR million.



## FREE CASH FLOW.

Since 2011, EUR million.



**52%** CASH CONVERSION  
OF EBITDA 2011-2018

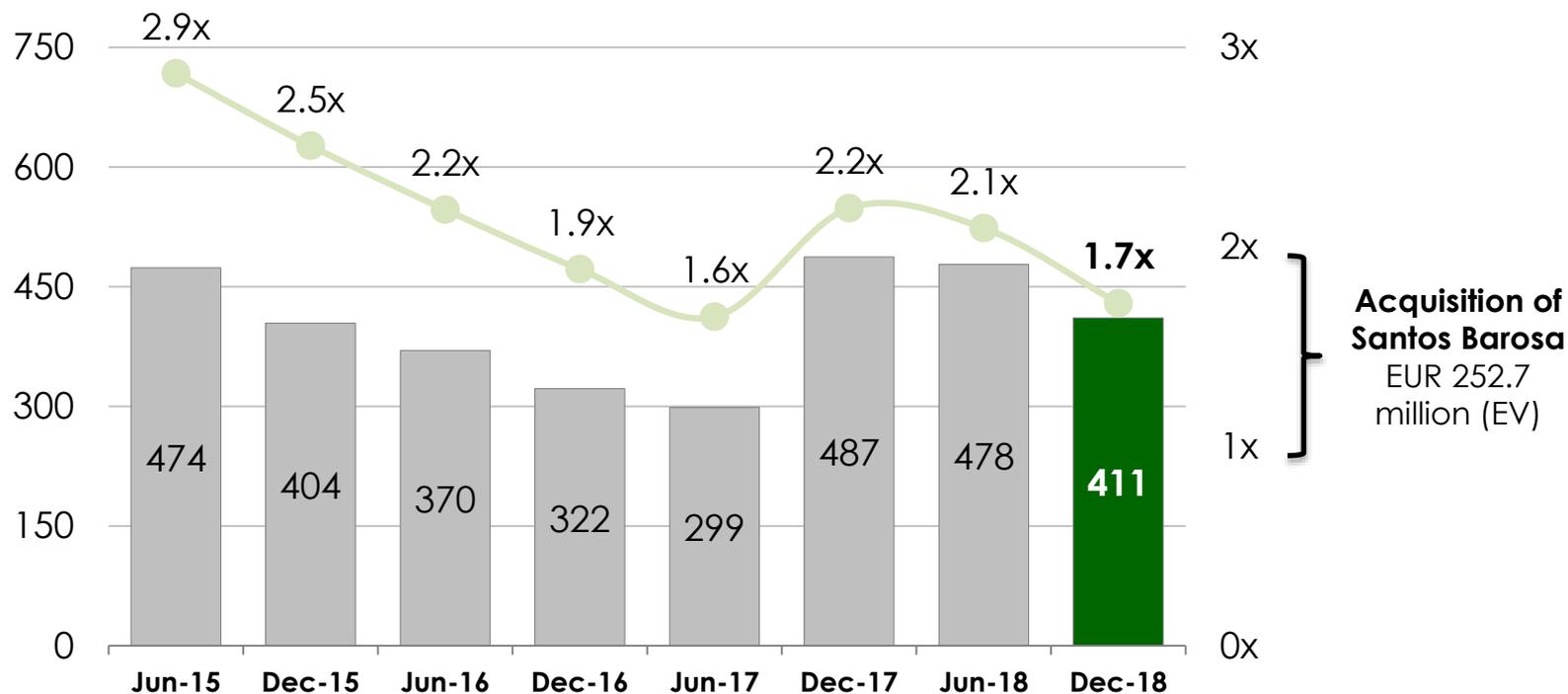
VALUE CREATION, MATERIALISED IN A  
SUSTAINED CASH GENERATION

# FINANCIAL PROFILE



## FINANCIAL SOLVENCY.

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



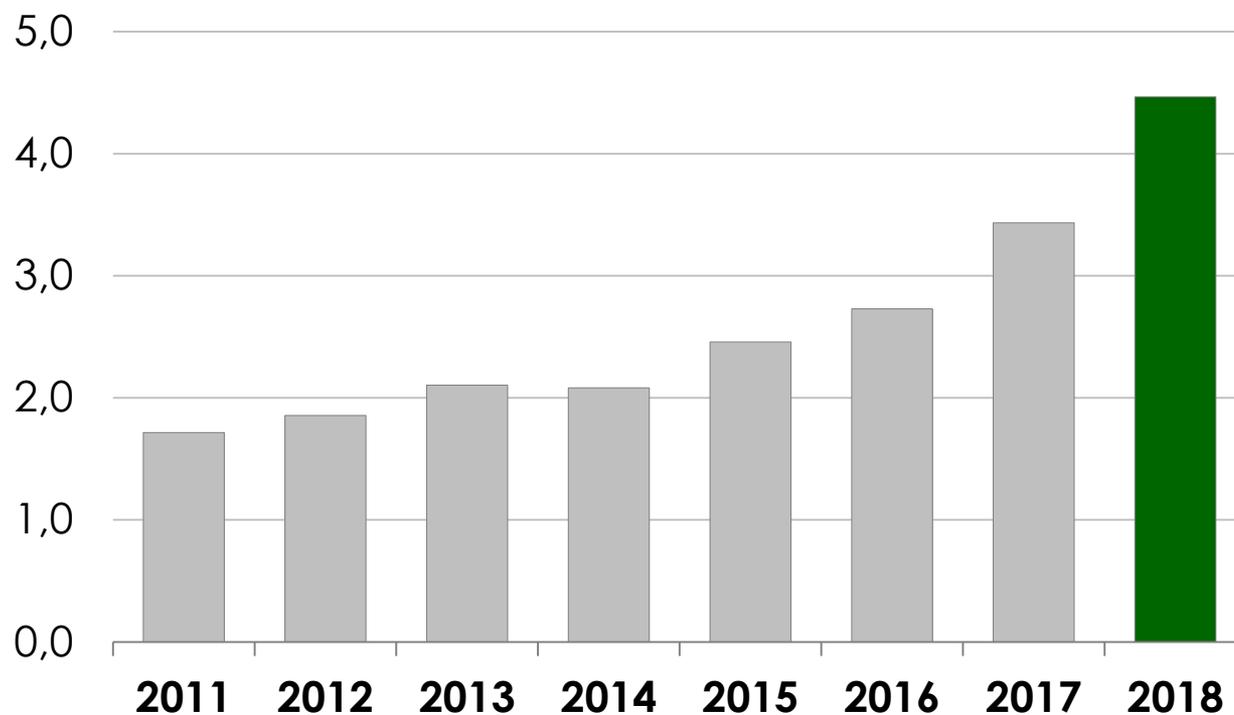
ON THE BASIS OF A  
SOLVENT FINANCIAL STRUCTURE

# EARNINGS PROFILE



## EARNINGS PER SHARE.

Since 2011, EUR per share.

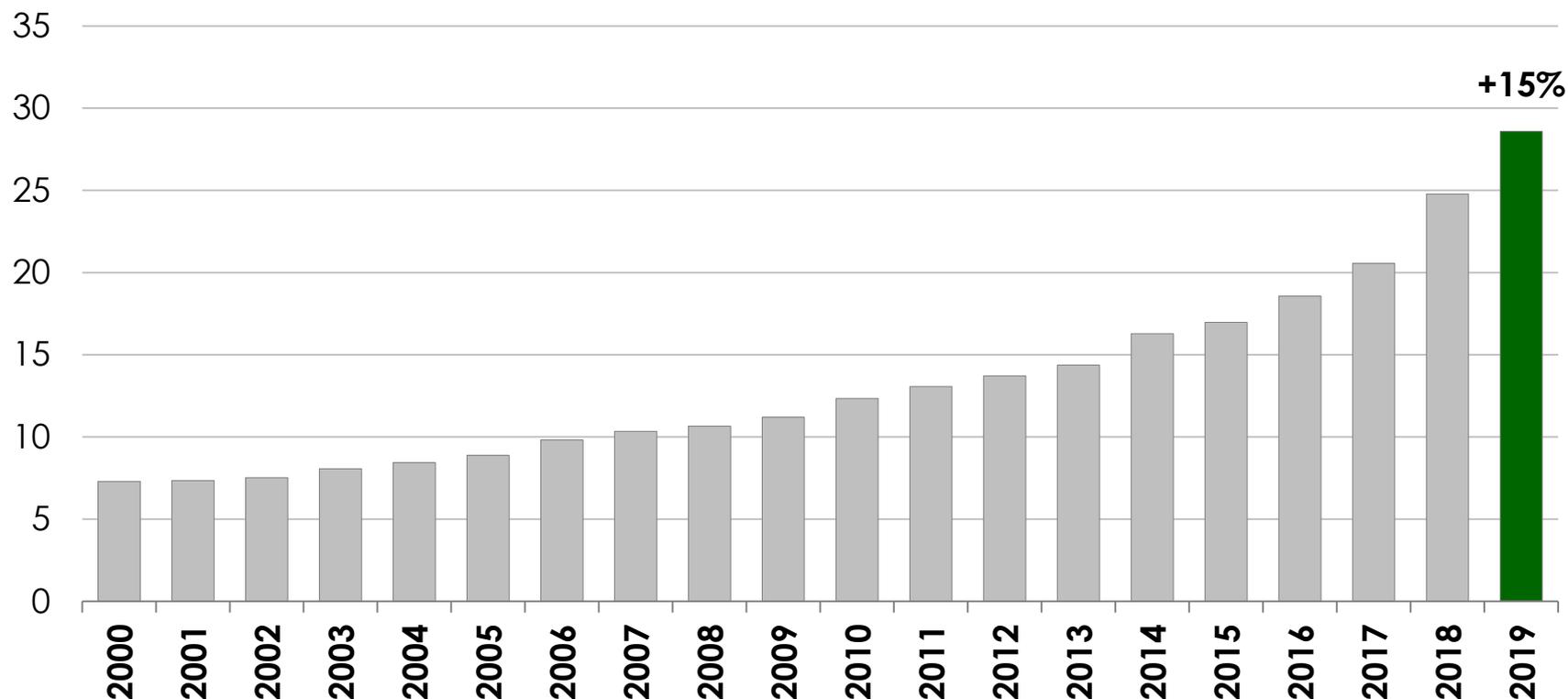


# SHAREHOLDER REMUNERATION



## CASH DIVIDENDS.

Since 2000, EUR million.



A DIVIDEND POLICY FOCUSED ON LONG TERM STABILITY

ANNUAL GROWTH, COHERENT WITH PREVAILING BUSINESS CONDITIONS

# 2018 RESULTS DISTRIBUTION



## PROPOSED DIVIDEND PAYMENTS FOR 2019.

EUR cents per share.

**February 14<sup>th</sup>, 2019**

Interim dividend

**EUR 76.64**  
cents per share

**+10%**  
YoY change

**July 12<sup>nd</sup>, 2019**

Complementary dividend

**EUR 29.17**  
cents per share

**+10%**  
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 15%\***

\*This figure takes into account the effect of the new shares assigned free of charge after bonus share issue completed in December 2018.





# **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.

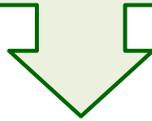


NOTEWORTHY ENTRY BARRIERS

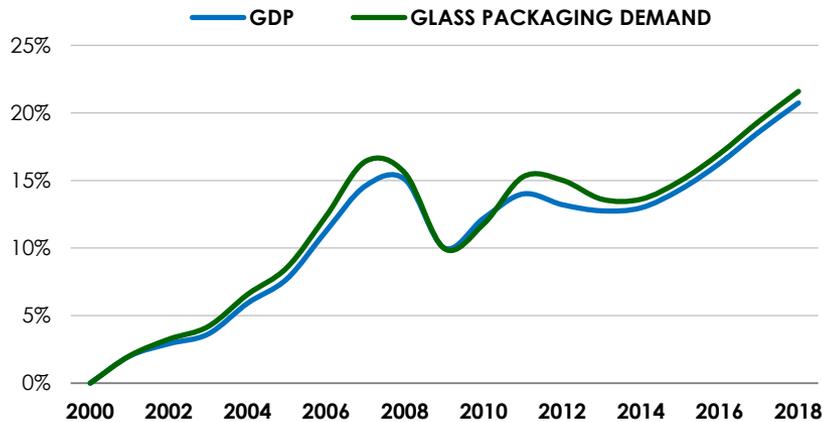
# DEMAND FUNDAMENTALS



The glass packaging market in Europe  
**SOLID AND STABLE**



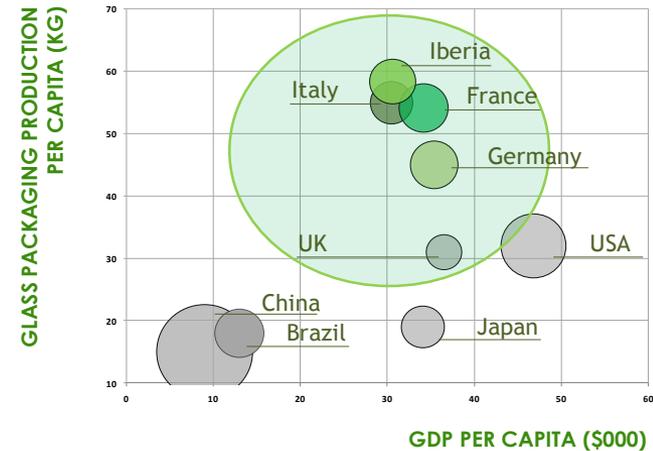
**Glass containers demand in Europe vs GDP.**  
*Annual variation (accumulated), base year 2000.*



Our key geographical regions  
**STRATEGIC MARKETS FOR THE SECTOR**



**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

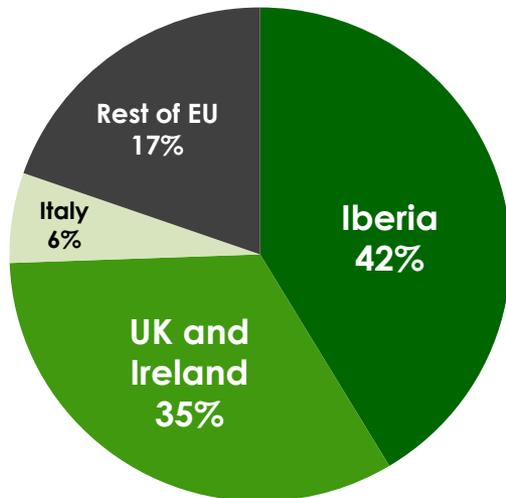
# VIDRALA FUNDAMENTALS



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.

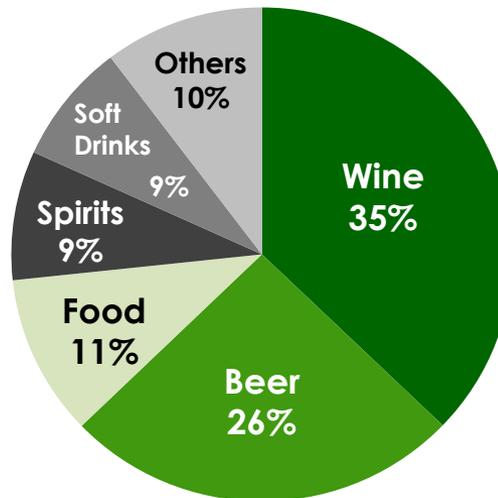
## 2018 SALES BREAKDOWN.

By geography.



## 2018 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.

2018 vs 1990.

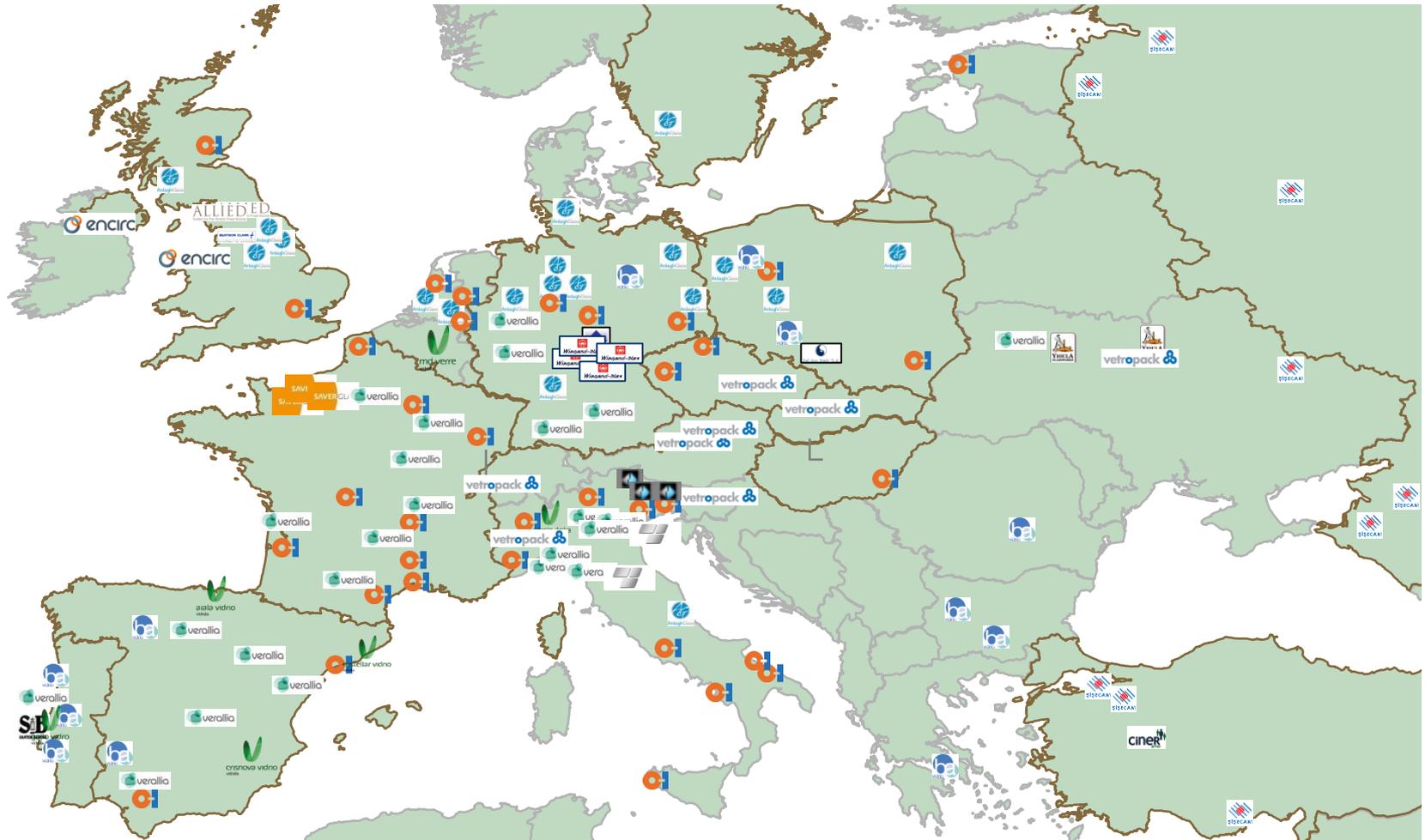


A DYNAMIC ATTITUDE TOWARDS CONSOLIDATION

# COMPETITIVE LANDSCAPE



## LOCATION OF PRODUCTION SITES



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



# FINANCIALS

*Latest earnings release*

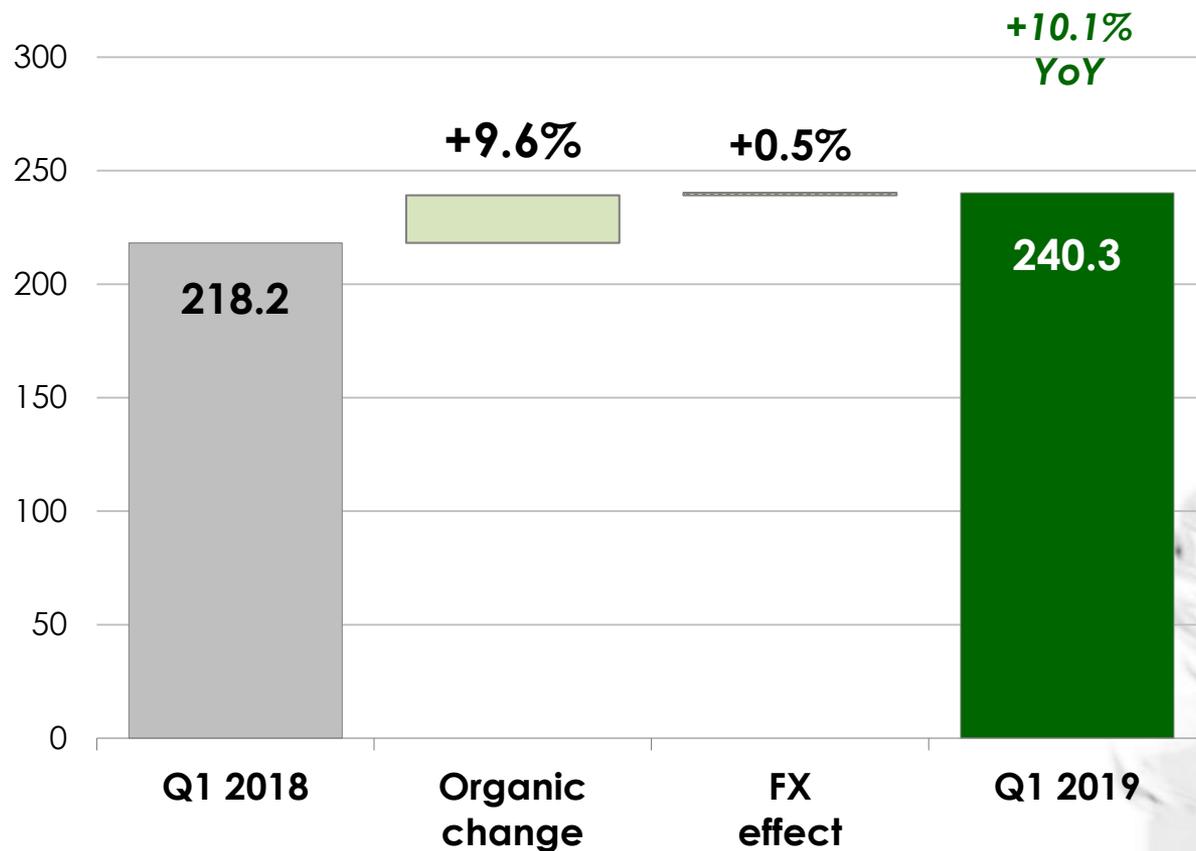


# Q1 2019 RESULTS. Sales.



## SALES.

YoY change, EUR million.



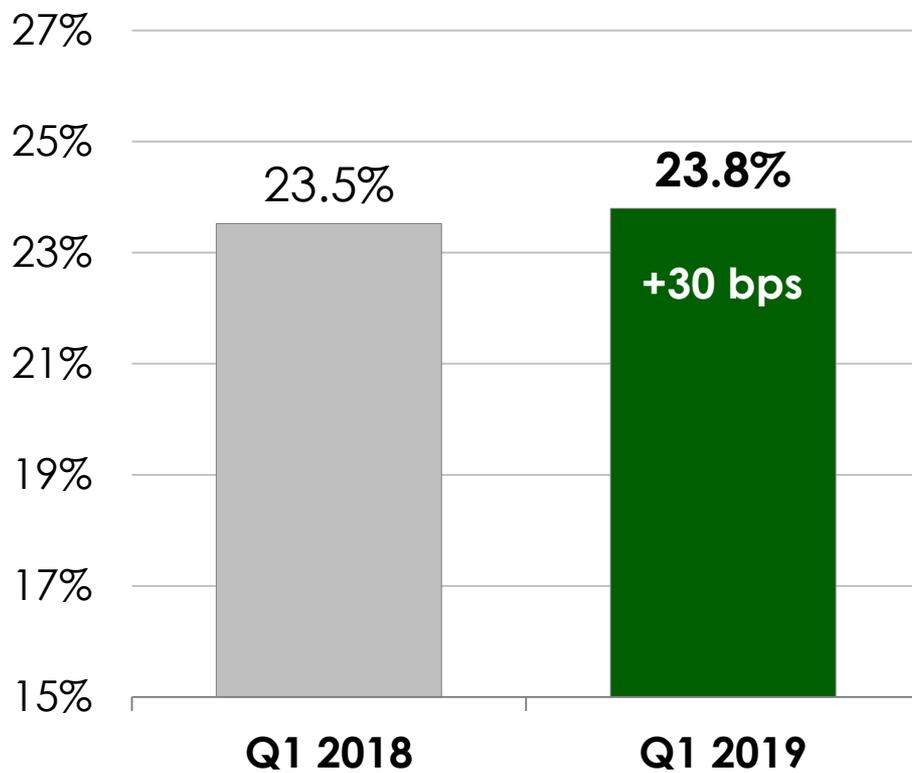


# Q1 2019 RESULTS. *EBITDA margin.*



## EBITDA MARGIN.

YoY change, as percentage of sales.

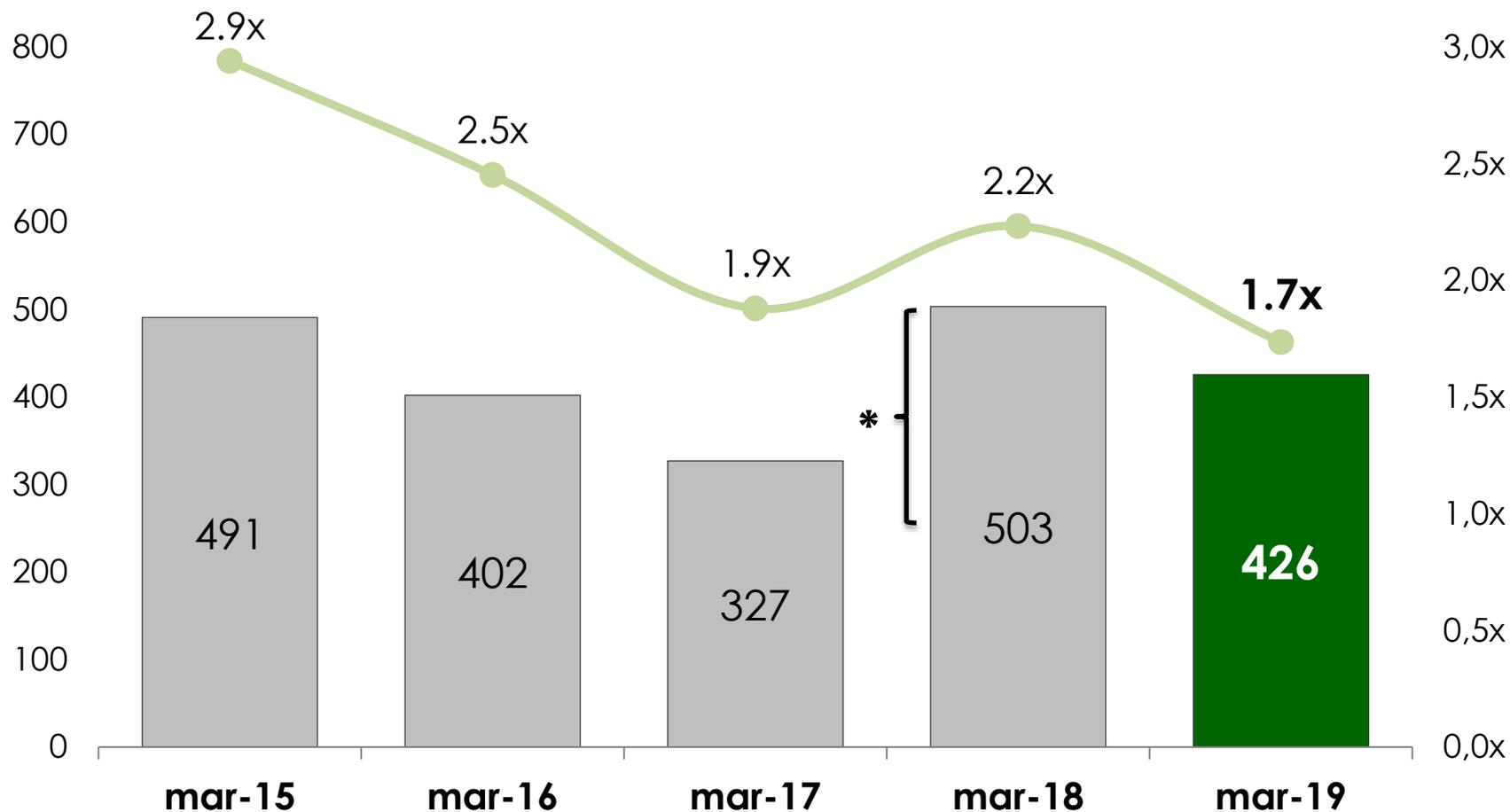


# Q1 2019 RESULTS. Debt.



## NET DEBT.

YoY evolution since 2015, in EUR million and times EBITDA.



\*The increase is due to the acquisition of Santos Barosa, whose enterprise value (EV) amounted to EUR 252.7 million.

# 2019 OUTLOOK



	Actuals Full Year 2018	Last Twelve Months at March 2019	Full Year 2019 Trends
<b>Sales growth</b>	<b>+3.8% YoY organic</b> <i>like-for-like</i>	<b>+5.4% YoY organic</b> <i>like-for-like</i>	 <p><b>Mid-digit growth supported on price/mix and moderate volume contribution.</b></p>
<b>Operating margins</b>	<b>25.1%</b> <i>EBITDA/sales</i>	<b>25.1%</b> <i>EBITDA/sales</i>	 <p><b>Gradual modest expansion supported on top-line growth and cost control initiatives. FY EBITDA margins reassured at &gt;25%.</b></p>
<b>Earnings</b>	<b>EUR 4.47</b> <i>per share</i>	<b>EUR 4.69</b> <i>per share</i>	 <p><b>Double-digit growth in EPS for FY 2019, supported on operational profits and lower financial expenses.</b></p>
<b>FCF</b> <i>Free Cash Flow</i>	<b>101.3</b> <i>EUR million</i> 10.6% FCF/sales	<b>111.8</b> <i>EUR million</i> 11.4% FCF/sales	 <p><b>FY free cash flow generation to be above EUR 120 million, reaching the target of 12% over sales, before the more intense capex needs expected for the year 2020.</b> ≈40% of cash allocated to shareholder remuneration through dividends and buy backs, ≈60% to be used for deleveraging.</p>



**VIDRALA, S.A.**

Investor Relations

Tel: +34 94 671 97 50

[atencion\\_al\\_inversor@vidrala.com](mailto:atencion_al_inversor@vidrala.com)

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