

## VIDRALA, S.A. BUSINESS PERFORMANCE 2019

### ACCUMULATED FIGURES

	Full Year 2019	Full Year 2018	Reported change	Change on a constant currency basis
<b>Sales</b> (EUR million)	<b>1,010.8</b>	955.4	+5.8%	+5.5%
<b>EBITDA</b> (EUR million)	<b>274.6</b>	239.4	14.7%	+14.5%
<b>Earnings per share adjusted</b> (EUR)	<b>5.27</b>	4.25	+24.0%	
<b>Debt / EBITDA</b> (multiple)	<b>1.2x</b>	1.7x	-0.5x	

**Important:** In order to improve comparability, earnings per share has been adjusted for the effect of the bonus share issue carried out in December 2019.

- ✓ Sales in the year 2019 amounted to EUR 1,010.8 million, showing an organic growth of 5.8%.
- ✓ Operating profit, EBITDA, amounted to EUR 274.6 million representing an operating margin of 27.2%.
- ✓ Earnings per share rose 24% over the same period last year, to EUR 5.27 per share.
- ✓ Debt at year end stood at EUR 334.9 million, equivalent to 1.2 times last twelve months EBITDA.



## Introduction

***Vidrala is a consumer packaging company. We make glass containers for food and beverages products and offer a variety of packaging services that include logistic solutions and beverages filling activities. Our industrial knowledge, glass manufacturing skills, range of services and understanding of customer and consumer needs make us a partner for many of the most favourite food and beverages brands. Our products and our services contribute to maintain our customers' reputation and play a role in their strategies, helping to develop the consumers' brand experiences.***

### **Sustainable solutions for a new consumer world**

Packaging is an essential part of modern day living. It protects and preserves, enables efficient distribution of consumer products and contributes to a sustainable economy helping reduce wastes from spoilage and securing long periods of preservations for food and beverages products. The consumption lifestyles we experience today in our daily habits are possible, in part, thanks to the existence of a sustainable packaging supply chain.

The global food and beverages market is large and growing. The use of primary packaging for these products increases proportionally. According to market researches, in 2019 the global packaging market for food and beverages grew by 2%. Demographics and consumer spending remain as the key levers for long term growth, while some other factors are reshaping the use of packaging nowadays. These drivers refer, mainly, to evolving populations, urbanisation, changing consumer trends and the increasing importance of sustainability.

With consumers focusing increasingly on convenience, value, health, wellbeing and sustainability, packaging is set to remain playing a key role in modern societies. As the world becomes more environmentally focused around consumption habits, and packaging is part of this, our customers are looking for more sustainable alternatives to plastic. The glass container, an infinitely recyclable solution, is an efficient choice for packagers, brand owners and consumers.

### **Modern lifestyles**

As geographies progress, urbanisation grows and middle classes evolve worldwide, demand for packaging rises. The retail industry requires packaging solutions to solve distances between producers and consumers, provide preservation, protect the product and secure shelf-lives. Simultaneously, in developed regions like Europe, the rise of big cities and the increase of more and smaller households boosts demand for more units of products, in individual containers.

The modern consumer, living in urban areas, refocuses its preferences towards quality, health, convenience, premiumisation and on-the-go purchasing. New distribution channels, as online sales, accelerate the process providing a marketplace where products are well informed, easily accessible and rapidly delivered. Equally, ageing populations are fueling demand for healthy and easy to use packaging with a traditional look and feel.

### **A future in glass**

Under this changing consumer world, glass arises as an optimal packaging choice. The glass container secures the highest protection and the most optimal preservation enabling efficient distribution of products that require to be consumed in optimal conditions. Glass packaging is safe, healthy and inert. Glass is appealing and helps brand owners to connect with end consumers, identifying and promoting their goods, acting as a marketing tool and an iconic representation of the product inside. More important, glass can be recycled forever. It's the ultimate sustainable packaging. Surveys across the developed world show that consumers and packagers increasingly prefer glass as the packaging material of choice.

More than 60 billion glass containers for food and beverages were sold in Western Europe during 2019. It represents an increase of approximately 2% compared to the previous year. At Vidrala we met the challenge. We manufactured more than 8.3 billion units of glass containers, serving approximately 15% of the market on the basis of a firm focus on customer service, progressing in our strategic vision to become the glass packaging supplier of choice.



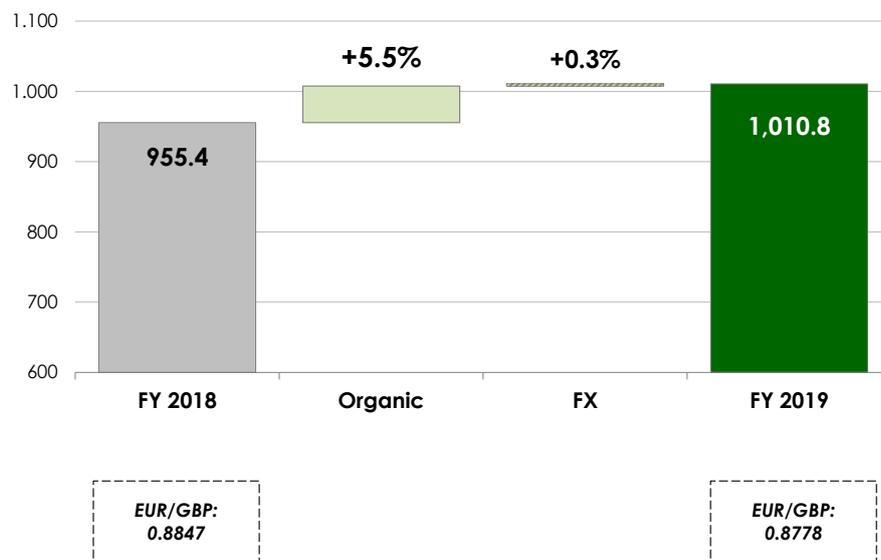
**Earnings performance**

**Sales**

Net sales registered by Vidrala during the FY 2019 amounted to EUR 1,010.8 million, representing an increase of 5.8% over the previous year. On a constant currency basis, sales grew organically 5.5%.

**SALES  
YEAR OVER YEAR CHANGE**

EUR million



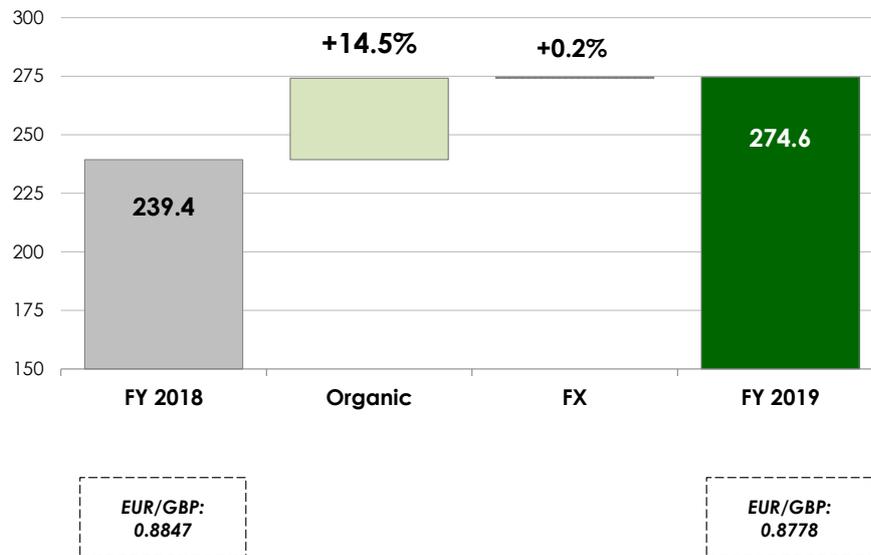
### Operating results

Operating profit –EBITDA– obtained over 2019 reached EUR 274.6 million. This represents an increase of 14.7% over the figure reported last year reflecting an organic growth, on a constant currency basis, of 14.5%.

EBITDA margins reached 27.2% representing an expansion of 210 basis points over the previous year.

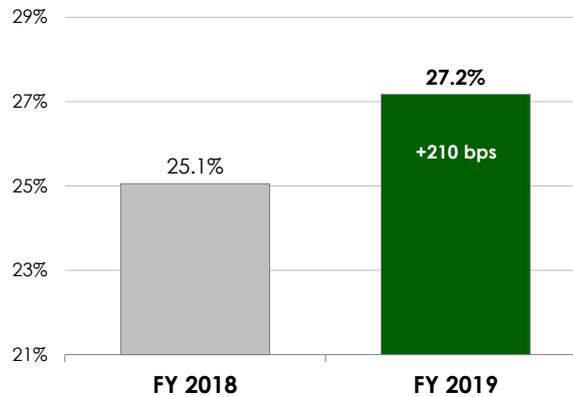
#### EBITDA YEAR OVER YEAR CHANGE

EUR million



#### OPERATING MARGINS EBITDA YEAR OVER YEAR CHANGE

As percentage of sales



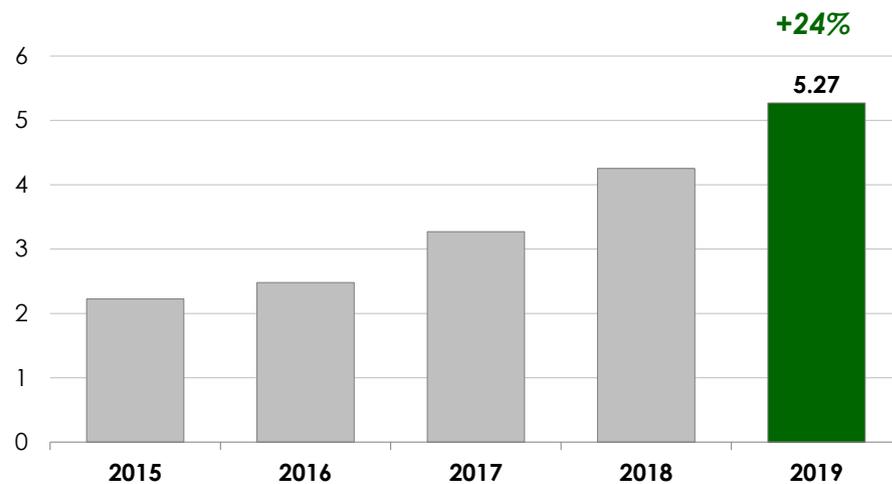
## Results and financial position

Net profit for the full year 2019 amounted to EUR 143.3 million. As a result, earnings per share during the period reached EUR 5.27 per share. This represents an increase of 24.0% over the previous period.

Net debt at December 31, 2019 stood at EUR 334.9 million. Leverage ratio stood at 1.2 times twelve months EBITDA.

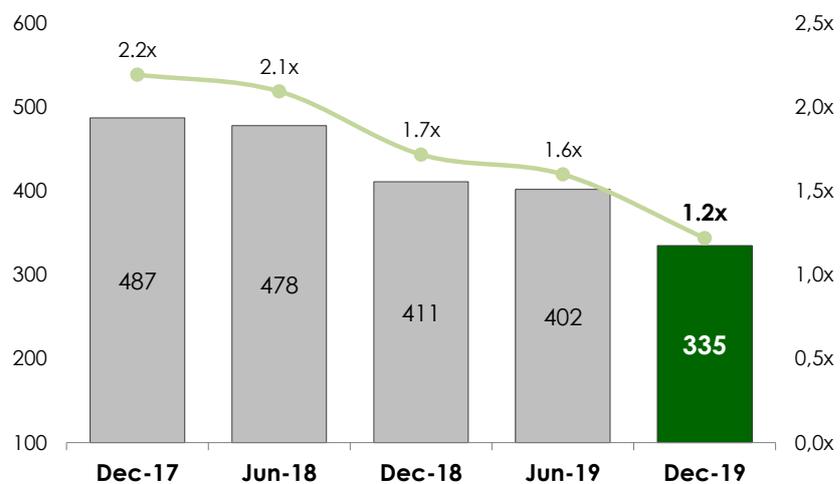
### EARNINGS PER SHARE SINCE 2015

EUR per share



### DEBT SIX-MONTHLY EVOLUTION SINCE 2017

Debt in EUR million and times EBITDA



## Key figures

	Full Year 2019	Full Year 2018
<b>Sales</b> (EUR million)	1,010.8	955.4
<b>EBITDA</b> (EUR million)	274.6	239.4
<b>EBITDA margin</b> (as percentage of sales)	27.2%	25.1%
<b>EBIT</b> (EUR million)	177.5	147.1
<b>Net profit</b> (EUR million)	143.3	116.0
<b>Free cash flow</b> (EUR million)	121.1	101.3
<b>Debt</b> (EUR million)	334.9	411.1
<b>Debt / EBITDA</b> (multiple)	1.2x	1.7x
<b>Debt / shareholders' equity</b> (multiple)	0.5x	0.7x
<b>EBITDA / net financial expenses</b> (multiple)	59.5x	35.8x
<b>Total assets</b> (EUR million)	1,457.9	1,407.3
<b>Shareholders' equity</b> (EUR million)	723.4	610.0



## Business outlook

Consumption of food and beverages products preserved in glass containers grows at the pace of evolving demographics, modern lifestyles, premiumisation and increasing preferences of brand owners and consumers for glass versus less sustainable packaging materials. Demand in our areas of activity is expected to remain broadly stable, showing a moderate growth that will be consistent with the different regional economic frameworks and the rate of development of the above mentioned favorable consumer behaviors.

Under this context, priorities in Vidrala during 2020 will remain firmly focused on further enhancing our customer service on a sustainable manner. With that purpose in mind, we will invest more, with our customer in perspective, executing a well-defined and consistent long term industrial plan. At the same time, operational excellence will remain at the heart of our management actions and we will pursue continuous improvements with emphasis on securing safe, sustainable and cost competitive manufacturing activities, to meet the challenge of profitability under different market and competitive environments.

That said, the first effects from our ambitious investment plan, the benefits from our recent footprint realignment and the operating action plans on track should help improve our competitiveness and support our operating margins in the year ahead. Simultaneously, the more intense period of capex ahead will temporary reduce our cash generation.

In any case, the long-term strategic guidelines inside Vidrala will remain intact, firmly committed to our three priorities: customer, cost and capital. The recent strategic action to divest our operations in Belgium and the subsequent increase in our investment efforts on a selective number of projects prove that the right allocation of capex is understood in Vidrala as a crucial factor for long term success and a source of advantage. We will maintain a strict capital discipline and a focus on long term returns.



## Relevant information for shareholders

The shareholder remuneration policy implemented by Vidrala is based on the gradual growth in cash dividends as the main way of distributing benefits. The shareholder remuneration policy implemented by Vidrala is based on the gradual growth in cash dividends as the main way of distributing benefits. Annual payments are typically increased by attendance bonuses to the shareholders' annual general meeting. In addition, Vidrala tries to define complementary tools for shareholder remuneration that are considered efficient and consistent with prevailing business conditions.

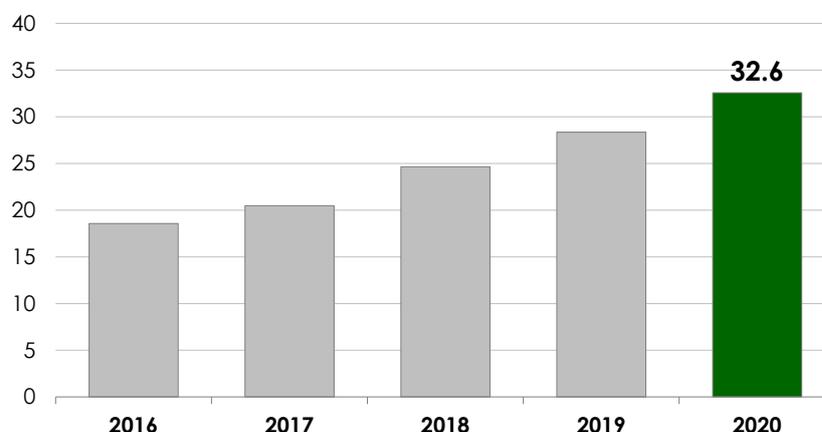
Consistent with that policy, cash dividends distributed during the year 2019 amounted to EUR 1.0581 per share, and EUR 4.00 cents per share were offered as attendance bonus to the general meeting, accumulating an annual cash distribution of EUR 1.0981 per share. This represents an increase of 9.6% over the prior year.

Likewise, during November 2019, Vidrala executed a free share capital increase in a proportion of one new share for every twenty existing shares to be freely allocated between all shareholders. All outstanding company shares, without distinction, were fully granted for this 5% bonus share issue.

Regarding the dividend payments for 2020, Vidrala has proposed a results distribution that represents –considering the effect of the new shares assigned free of charge after the bonus share issue completed in December 2019– an increase in the annual dividend of 15%. The first interim payment was paid on February 14, 2020 for EUR 84.30 cents per share. A second complementary payment is proposed to be paid on July 14, 2020 for an amount EUR 32.09 cents per share. Additionally, EUR 4.00 cents per share will be offered as attendance bonus to the general meeting. Overall, cash remuneration during 2020 would accumulate EUR 1.2039 per share.

### **SHAREHOLDERS' REMUNERATION CASH DIVIDENDS AND AGM ATTENDANCE BONUSES**

*EUR million, since 2016*



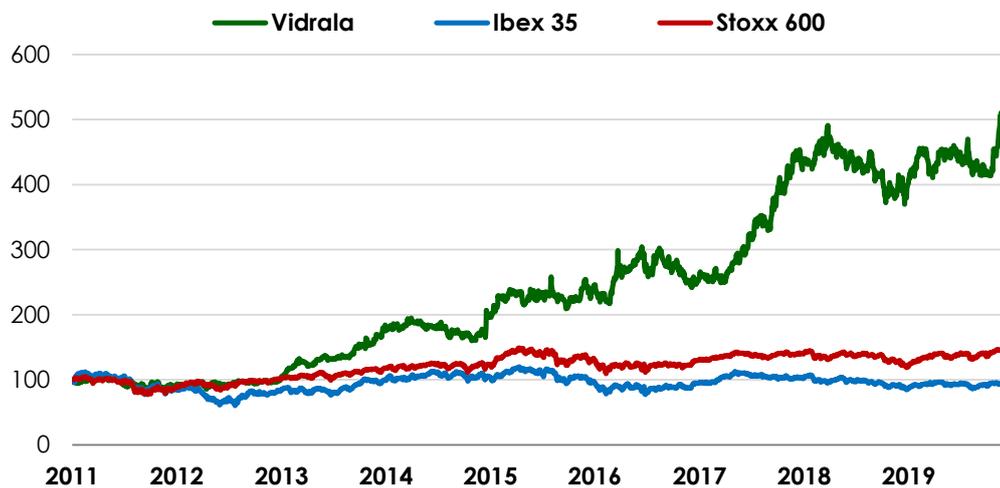
As an additional extraordinary measure, on December 20, 2019, the Company announced a share buy-back program, through which up to a maximum of 270,000 shares will be acquired for a maximum cash amount of EUR 27 million. The purpose of the programme is to reduce the share capital of Vidrala by the redemption of own shares, with the aim of contributing to the shareholders' remuneration policy through the increase in earnings per share.

### Share performance

The share price closed 2019 at EUR 93.70, equivalent to a market capitalisation at the end of the year of EUR 2,561 million.

#### SHARE PRICE PERFORMANCE

Comparative performance in percentage terms, base 2011



	Full Year 2019
Price at the end of the period (EUR)	93.70
Market capitalisation (EUR million)	2,561
Cash remuneration (EUR per share)	1.0981
Interim (Feb-2019)	0.7664
Complementary (Jul-2019)	0.2917
AGM attendance bonus (Jun-2019)	0.0400

## Annex I. Alternative Performance Measures (APM).

Vidrala publishes this information in order to promote comparability and interpretation of its financial information and in compliance with the Directive of the European Securities and Markets Authority (ESMA) on Alternative Performance Measures (APM).

See below, the alternative performance measures used by Vidrala, as well as its basis of calculation. For further detail, please check the reference document published on the corporate website ([link](#)).

**EBITDA.** Vidrala calculates EBITDA as earnings before interest, taxes, depreciation and amortization (as reported in the consolidated income statement).

**Consolidated net debt.** Vidrala calculates consolidated net debt as the sum of all long-term liabilities and short-term obligations, and then subtracting cash and cash equivalents (as reported in the consolidated balance sheet).

**Free cash flow.** Vidrala calculates free cash flow by adding –to the real variation in net debt balances (as reported in the consolidated balance sheet)– payments during the period dedicated to dividends and net treasury stock purchases (as reported in the consolidated statement of cash flows).

*Other magnitudes referred to in this report:*

- **EBITDA margin** is calculated as accumulated EBITDA during the reported period divided by net sales.
- **Organic** refers to the variation on a like-for-like (comparable perimeter) and constant currency basis.
- **Debt/EBITDA** ratio is calculated as consolidated net debt at the end of the reported period divided by EBITDA obtained in the last 12 months.

**Annex II. 2020 events calendar.****Past events**

February 14, 2020

Payment of a first interim cash dividend from 2019 results

February 27, 2020

FY 2019 Earnings Release (8:00h CET)

**Upcoming events**

April 23, 2020

Q1 2020 Earnings Release (8:00h CET)

April 23, 2020

Annual General Meeting (12:00h CET)

July 14, 2020

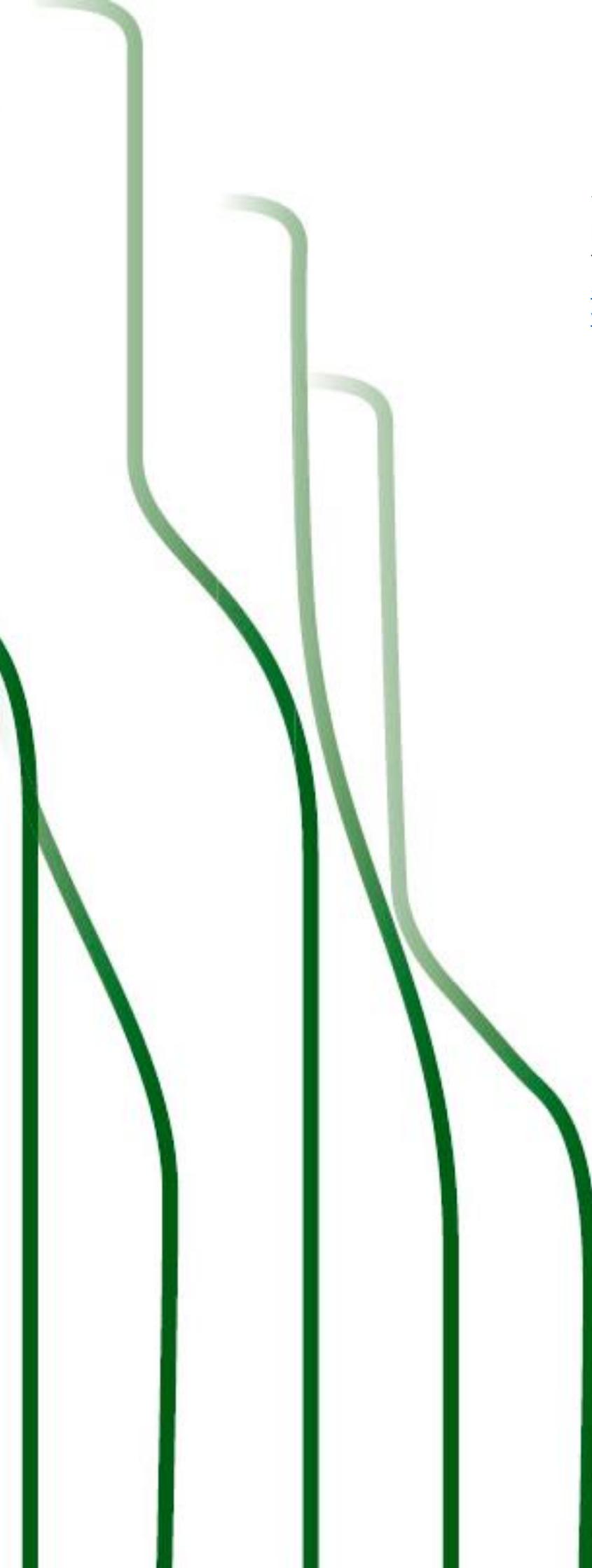
Payment of a complementary cash dividend from 2019 results

July 24, 2020

Q2 2020 Earnings Release (8:00h CET)

October 21, 2020

Q3 2020 Earnings Release (8:00h CET)



**VIDRALA, S.A.**

**Investor relations**

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