vidrala

CREDIT METRICS

SEPTEMBER 2020

INDEX

VIDRALA, AT A GLANCE

SUPPLIER OF REFERENCE IN THE PACKAGING INDUSTRY

- 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 and France, through **eight complementary sites** located in five different countries.
- We sell more than **8.3 billion bottles and jars** per year, among more than 1,600 customers.
- Vidrala is a **public listed company**, with a market capitalization over EUR 2.0 billion.

OVER **3,500** EMPLOYEES

48% USE OF RECYCLED GLASS

8 MANUFACTURING SITES

19 FURNACES

ANNUAL PRODUCTION **8.3 BILLION** CONTAINERS

OVER **1,600** CUSTOMERS

ESG Credentials

INFINITE CYCLE

GOLD 2018 ecovadis CSR Rating

SUSTAINALYTICS

MAIN FIGURES FY 2019

SALES

1,010.8

EUR million
+5.5% YoY organic

EARNINGS

5.27

EUR per share
+24.0% YoY

vidrala

EBITDA

274.6

EUR million
27.2% EBITDA margin

FREE CASH FLOW

121.1

EUR million
12.0% FCF over sales

CREATING VALUE AND FUTURE IN A SUSTAINABLE WAY

OUR HISTORY

1965

The origin of Vidrala

1965 - Vidrala begins operations in Alava (Spain)

1975

Vidrala goes public

1985 - IPO Madrid and Bilbao stock exchanges

1985

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

Transformational acquisitions

2015 - Acquisition of Encirc (UK and Ireland)

2017 - Acquisition of Santos Barosa (Portugal)

2015

Strategic divestment

2019 - Sale of our manufacturing activity in Belgium

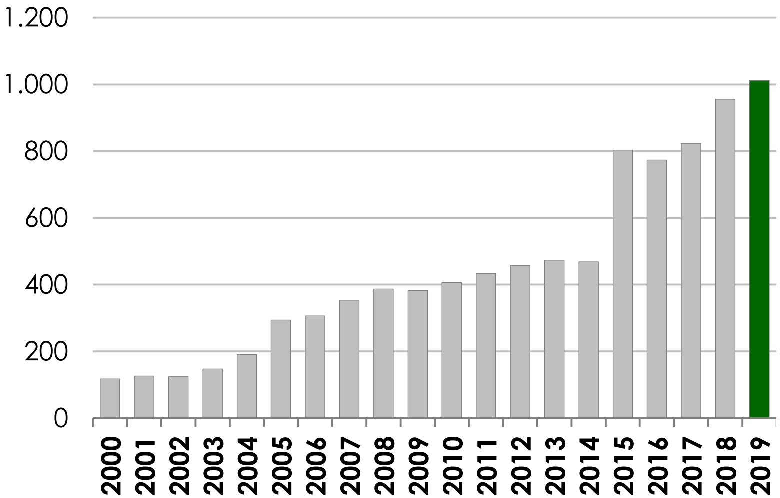
2020

CUSTOMER, COMPETITIVENESS & CAPITAL

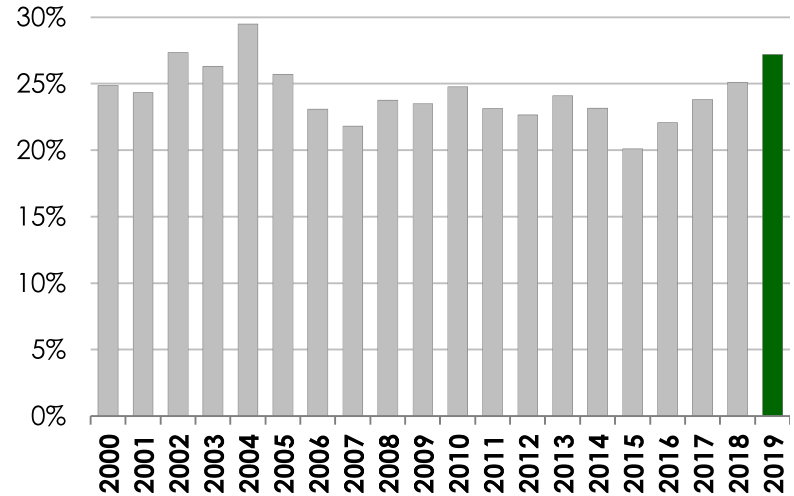
THE GUIDELINES ON WHICH WILL BE SUSTAINED OUR AMBITIOUS FUTURE

OPERATING PROFILE

NET SALES.
Since 2000, EUR million.



EBITDA MARGIN.
Since 2000, as percentage of sales.

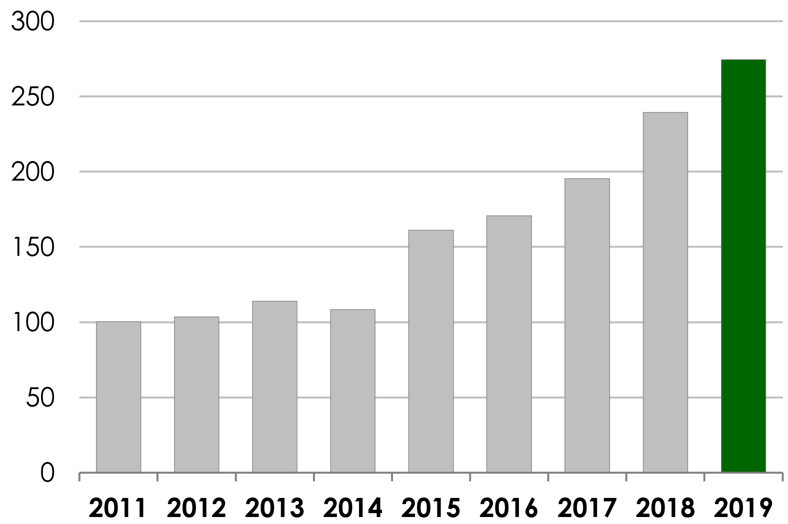


STRATEGIC DIVERSIFICATION & COHERENT GROWTH

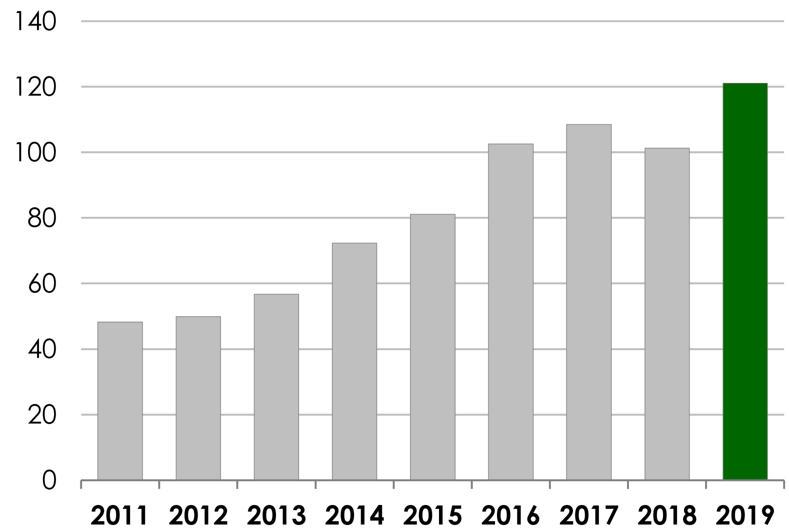
STABILITY OF MARGINS, RESILIENT TO INTEGRATIONS AND ECONOMIC CYCLES

CASH PROFILE

EBITDA.
Since 2011, EUR million.



FREE CASH FLOW.
Since 2011, EUR million.



51% ***CASH CONVERSION***
OF EBITDA 2011-2019

VALUE CREATION, MATERIALISED IN A

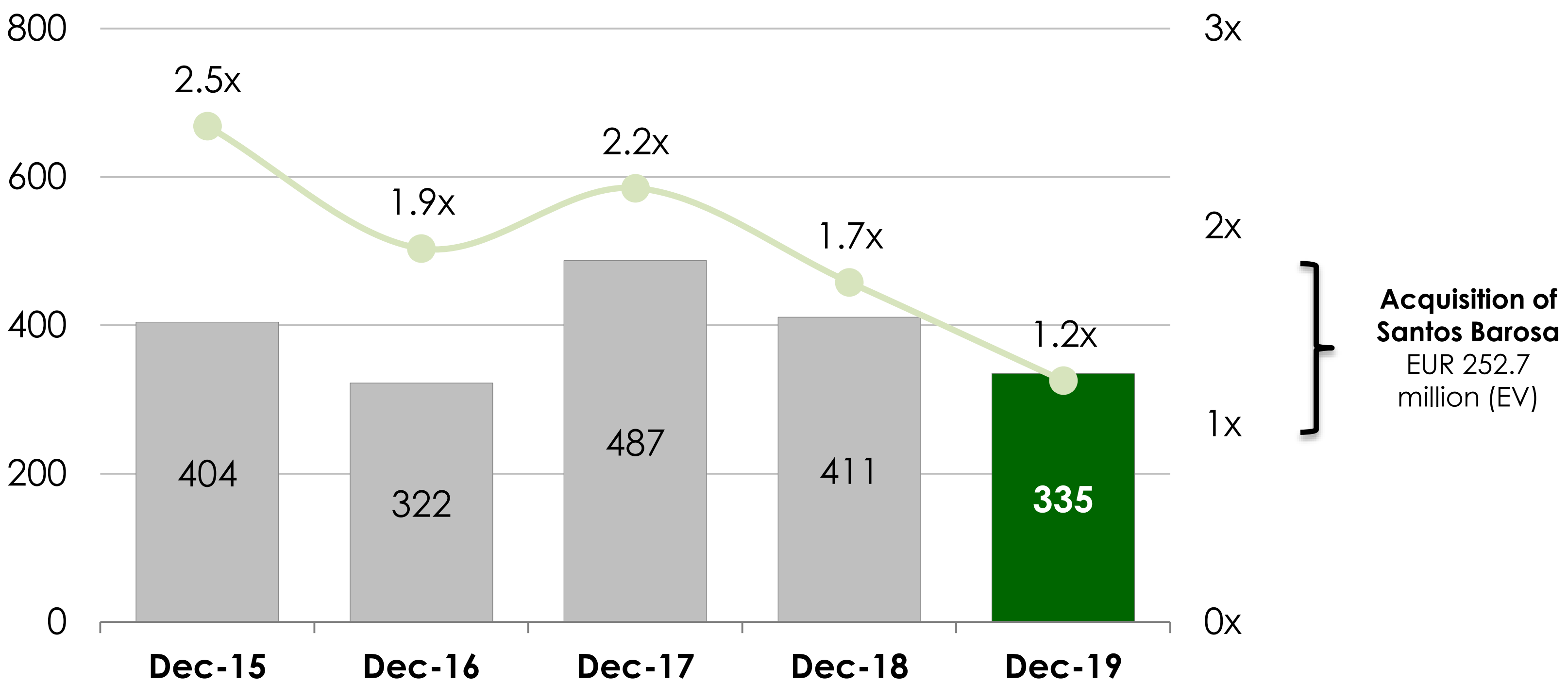
SUSTAINED CASH GENERATION

Free cash flow figures exclude M&A.

FINANCIAL PROFILE

FINANCIAL SOLVENCY.

Year-over-year evolution of debt since 2015, EUR million and times EBITDA.



ON THE BASIS OF A

SOLVENT FINANCIAL STRUCTURE

Debt/EBITDA ratio is calculated on pro-forma basis.

BUSINESS FUNDAMENTALS

Understanding the european glass packaging industry

INDUSTRY FUNDAMENTALS

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.

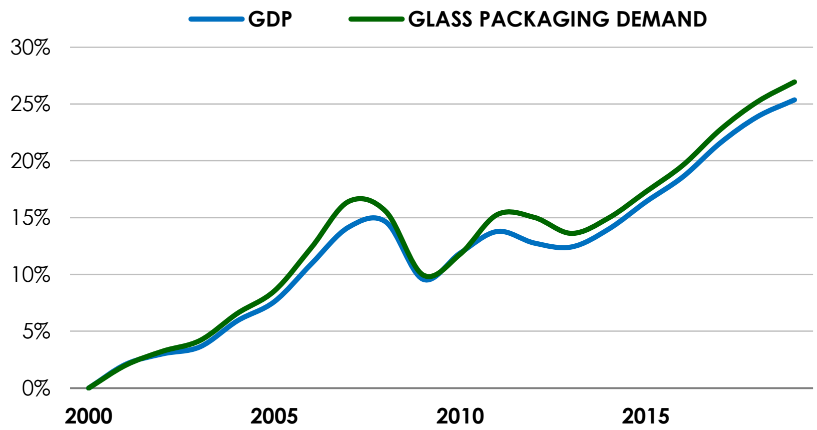
NOTEWORTHY ENTRY BARRIERS

DEMAND FUNDAMENTALS

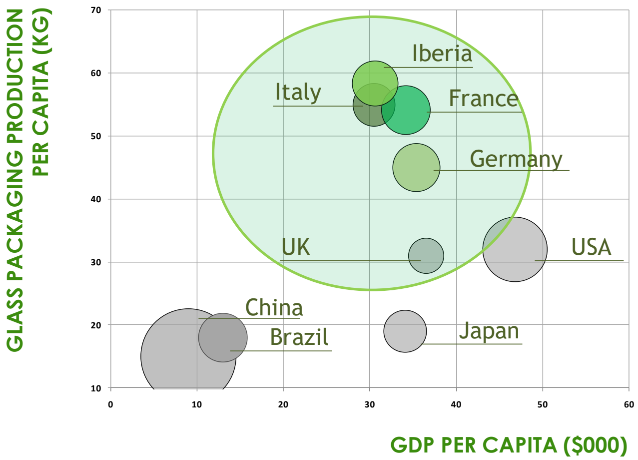
The glass packaging market in Europe
SOLID AND STABLE

Our key geographical regions
STRATEGIC MARKETS FOR THE SECTOR

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

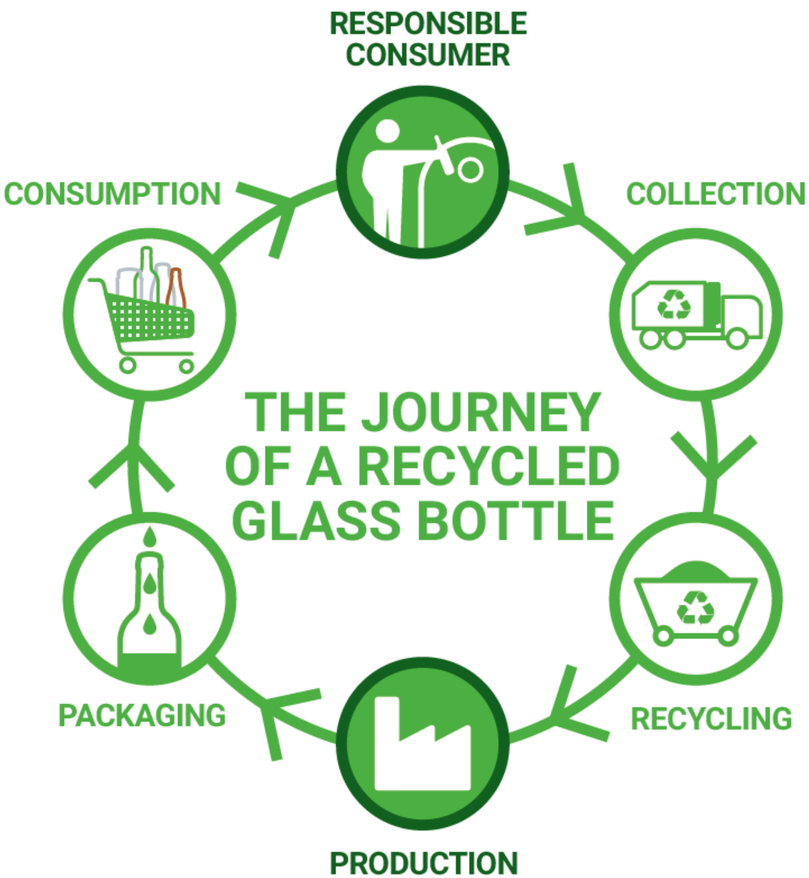


Glass packaging production vs GDP per capita.



THE GLASS PACKAGING MARKET
A MATURE AND STABLE DEMAND

PRODUCT FUNDAMENTALS



GLASS, *THE BEST OPTION*

Enviromentally 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.

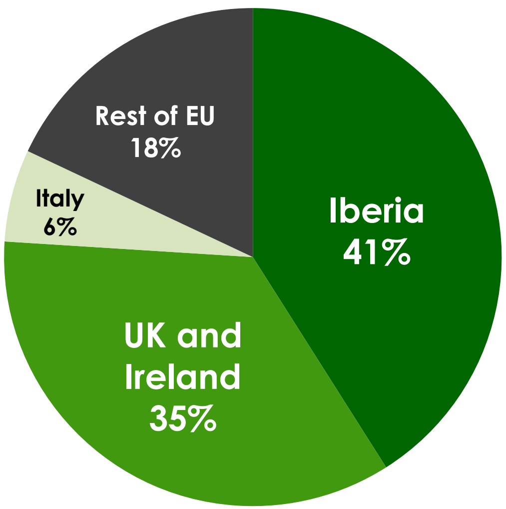
Premiumisation trend
Glass is seen by consumers as a guarantee of quality and reliability. Brands design containers, bestowing them with different shapes and colours to give their product its own personality.

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

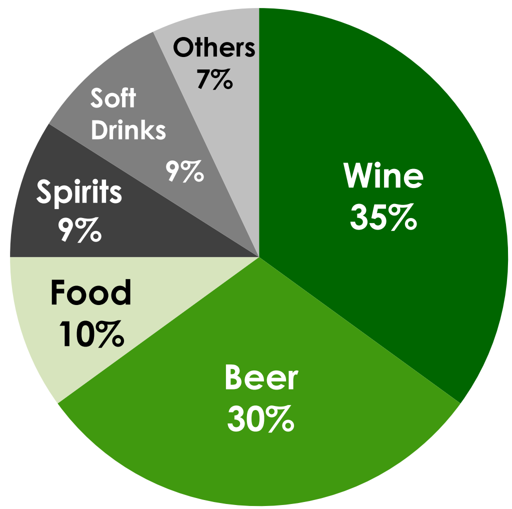
VIDRALA FUNDAMENTALS

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.

2019 SALES BREAKDOWN.
By geography.



2019 SALES BREAKDOWN.
By segment.



More than **1,600 active customers**

Top10 customers stand for **≈30% of revenue**

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

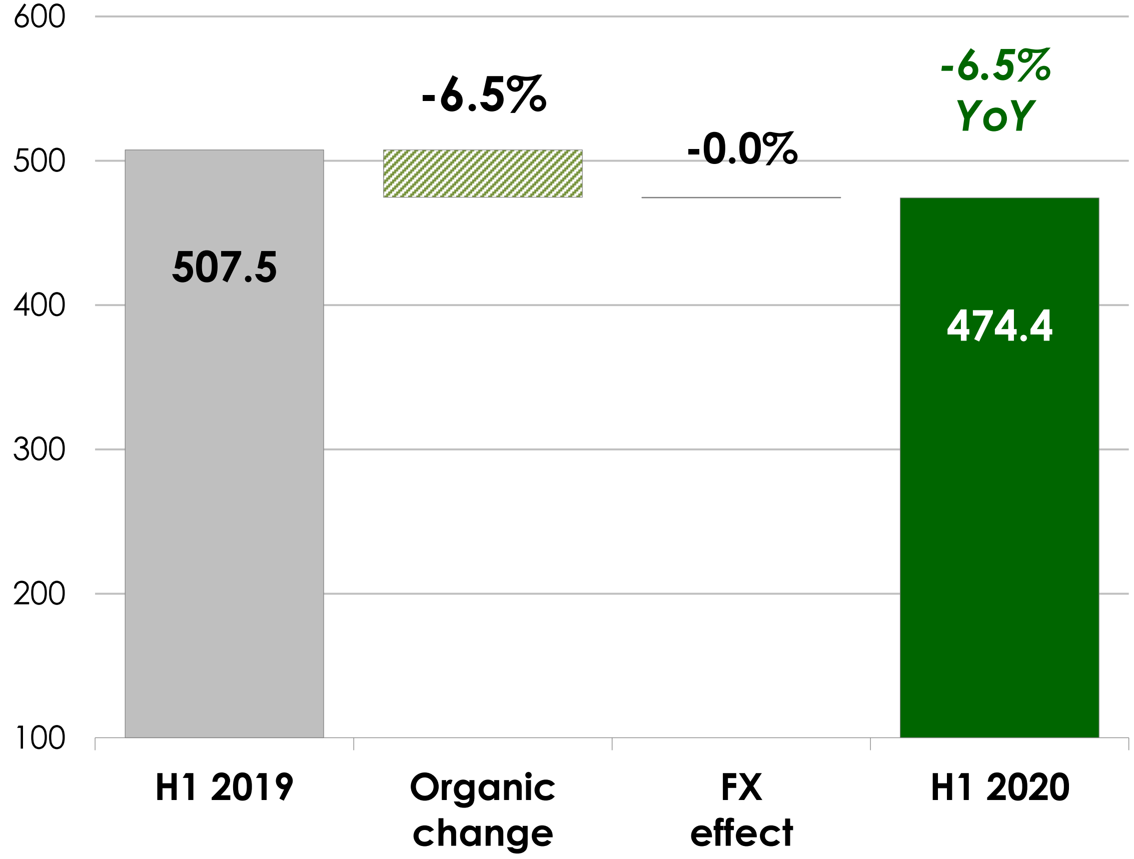
TOWARDS A STRATEGIC POSITIONING IN OUR KEY MARKETS

FINANCIALS

Latest earnings release

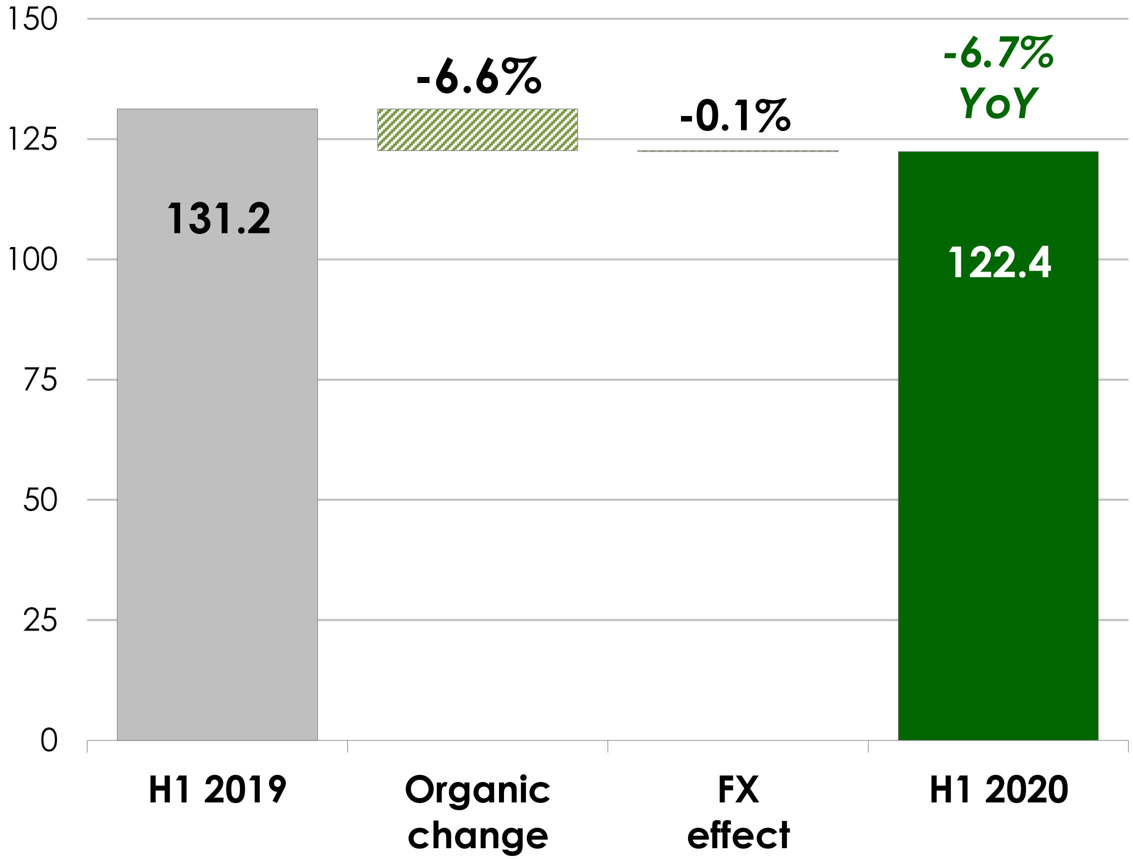
H1 2020 RESULTS. *Sales.*

SALES.
YoY change, EUR million.



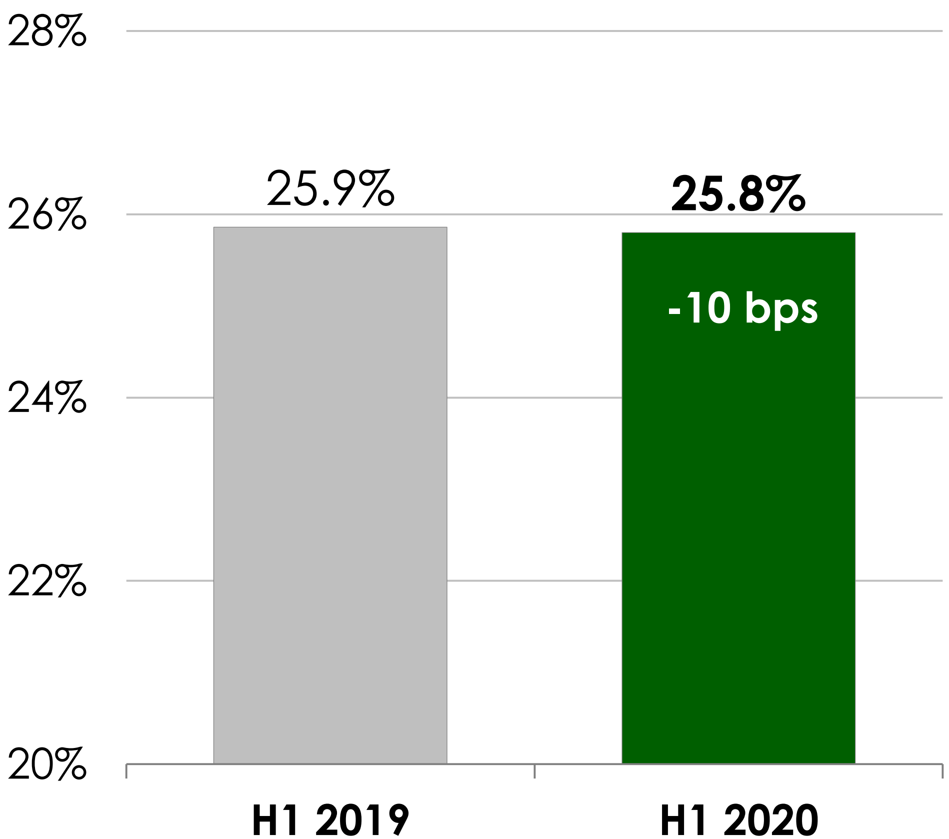
H1 2020 RESULTS. *EBITDA.*

EBITDA.
YoY change, EUR million.



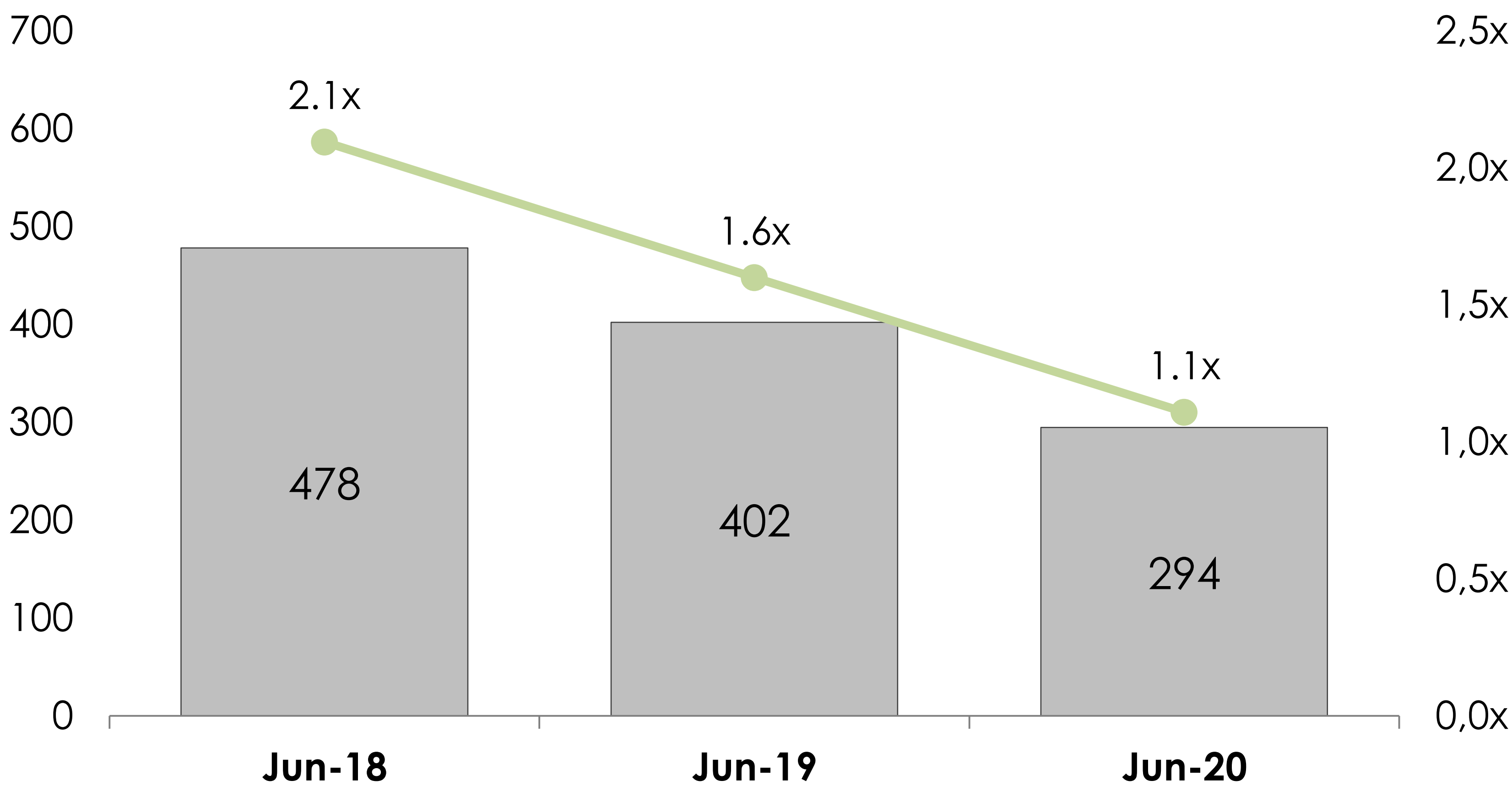
H1 2020 RESULTS. *EBITDA margin.*

EBITDA MARGIN.
YoY change, as percentage of sales.



H1 2020 RESULTS. *Debt.*

NET DEBT.
YoY evolution, in EUR million and times EBITDA.



H1 2020 MAIN HIGHLIGHTS

- ***RESILIENT TOP-LINE PERFORMANCE AMID THE PANDEMIC***
  Sales during the first six months 2020 amounted to EUR 474.4 million, showing an organic decline of 6.5%.

- ***SOLID OPERATING MARGINS***
  Operating profit, EBITDA, was EUR 122.4 million representing an operating margin of 25.8%.

- ***FURTHER DELEVERAGING, STRENGHTENING FINANCIAL POSITION***
  Debt at June 30, 2020 stood at 1.1 times last twelve months EBITDA, reflecting a year-on-year reduction of 27%.

CREDIT METRICS

Key financial ratios

METRICS

Financial profile

	2012	2013	2014	2015*	2016	2017*	2018	2019	H1 2020**
FCF/Sales	10.9%	12.0%	15.4%	11.0%	13.3%	13.2%	10.6%	12.0%	15.5%
FCF/Debt	31.0%	48.0%	106.0%	21.8%	31.8%	22.3%	24.6%	36.2%	51.6%
Debt/EBITDA	1.5x	1.0x	0.6x	2.5x	1.9x	2.2x	1.7x	1.2x	1.1x
EBITDA/Financial expenses	16.8x	23.4x	32.1x	15.1x	17.8x	28.8x	35.8x	59.5x	59.6x

Operating profile

	2012	2013	2014	2015*	2016	2017*	2018	2019	H1 2020**
EBITDA margin	22.6%	24.1%	23.2%	20.1%	22.1%	23.8%	25.1%	27.2%	27.2%
EBITDA/Tangible assets	30.0%	34.4%	33.3%	24.6%	28.8%	28.6%	35.0%	39.7%	38.8%

**Proforma figures.*
***Last 12 months figures.*

CAPITAL STRUCTURE

	2012	2013	2014	2015	2016	2017	2018	2019	H1 2020
Assets (EUR in millions)	**695**	**700**	**669**	**1200**	**1096**	**1405**	**1407**	**1458**	**1484**
Current Assets	239	256	242	434	388	451	449	489	524
Fixed Assets	456	444	427	766	708	954	958	969	960
Liabilities and shareholders´ equity (EUR in millions)	**695**	**700**	**669**	**1200**	**1096**	**1405**	**1407**	**1458**	**1484**
Equity	338	375	404	477	475	528	610	723	744
GROSS DEBT	160	118	68	420	323	529	434	364	376
Current liabilities	135	135	129	211	202	249	263	271	264
Other non-current liabilities	62	72	68	93	96	99	100	100	100

SOLVENCY RATIOS	2012	2013	2014	2015*	2016	2017*	2018	2019	H1 2020**
Debt/Ebitda	**1.5x**	**1.0x**	**0.6x**	**2.5x**	**1.9x**	**2.2x**	**1.7x**	**1.2x**	**1.1x**
Debt/Equity	**0.5x**	**0.3x**	**0.2x**	**0.8x**	**0.7x**	**0.9x**	**0.7x**	**0.5x**	**0.4x**
Ebitda/Financial Expenses	**17.0x**	**23.4x**	**32.1x**	**15.1x**	**17.8x**	**28.8x**	**35.8x**	**59.5x**	**59.6x**

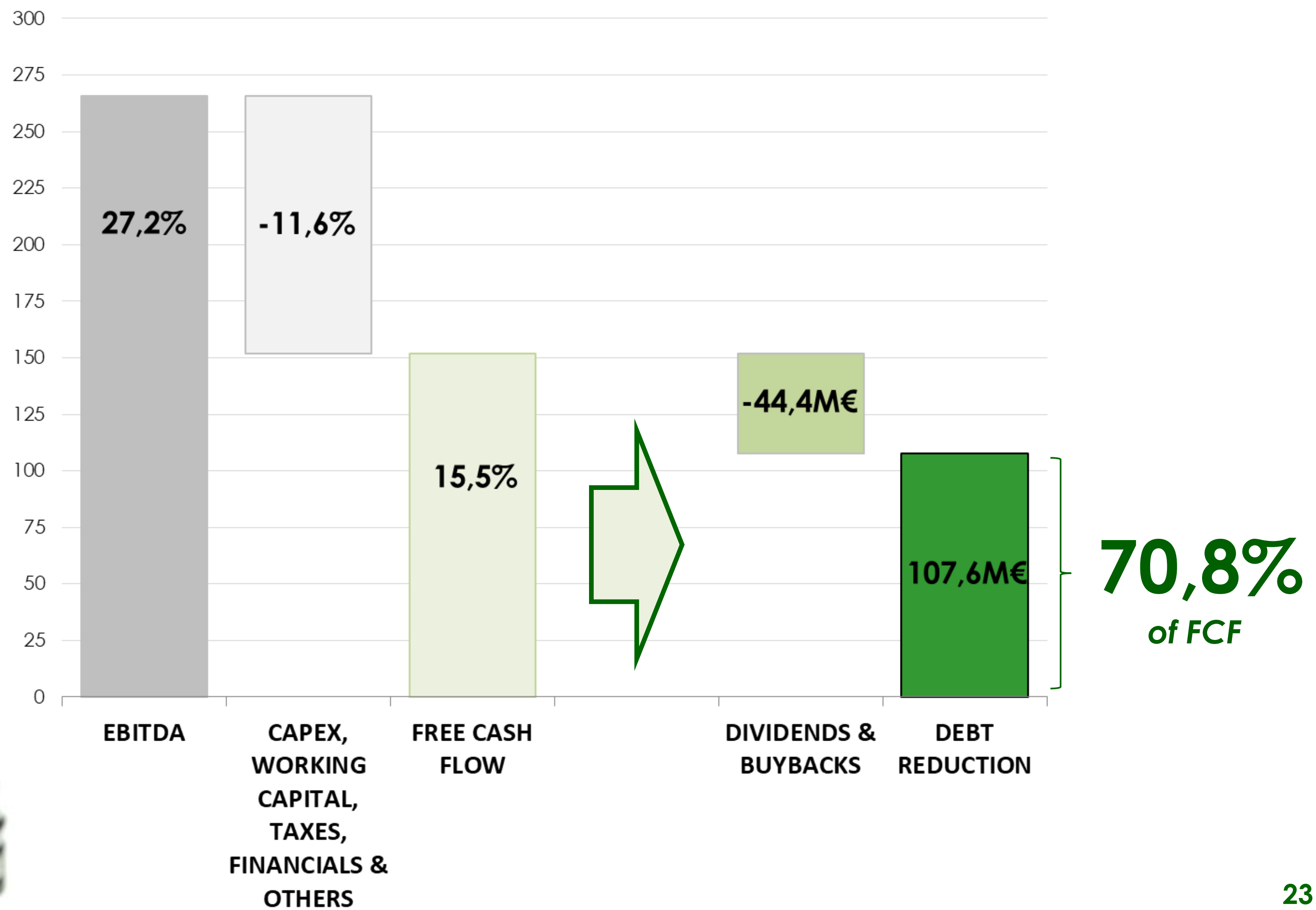
**Proforma figures.*
***Last 12 month figures.*

Source: Audited anual and semiannual reports.
Available at www.vidrala.com

CASH PROFILE

EBITDA CASH CONVERSION BRIDGE AND CASH ALLOCATION

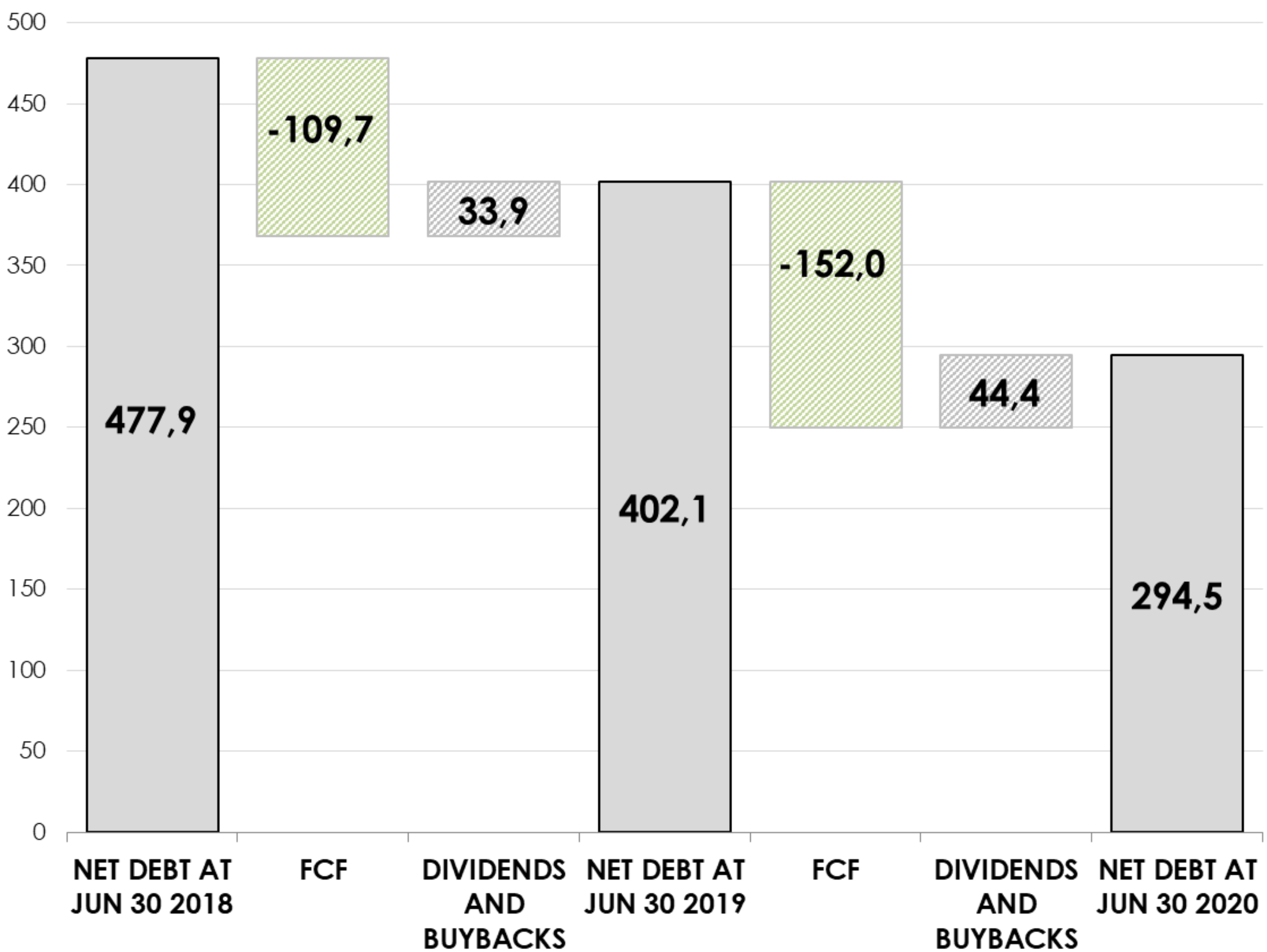
As a percentage of sales (Last 12 months as at June-20)



CASH ALLOCATION

CHANGE IN DEBT BRIDGE

EUR million



FY 2020 OUTLOOK (oficially released on July 2, 2020)

BUSINESS UPDATE

- **Sales volumes during Q2 standalone down approx. -15%, as expected**
- **Operating margins year-to-date consolidated at levels above 25% EBITDA over sales**
- **Financial position remains solid, debt reduction approx. -25% year-on-year**

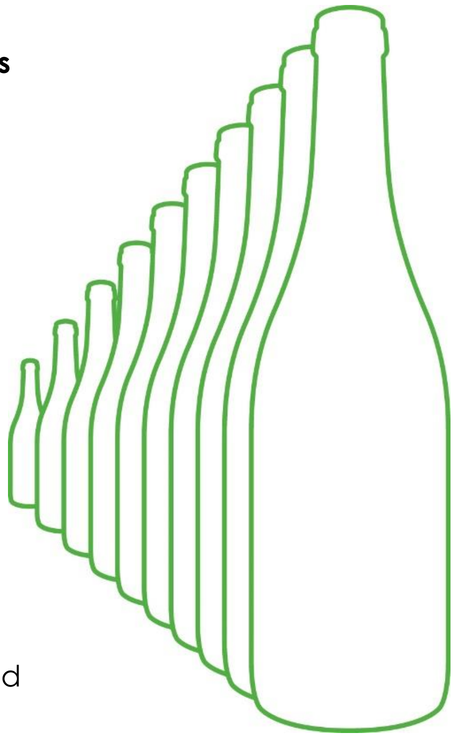
STRATEGIC GUIDELINES UNDER THE PANDEMIC

OUR VIEW, ON THE FUTURE

- Invest more now, for our business future
  - *With our customer in mind*
  - *To further improve our competitiveness*
  - *Selectively allocating capital in strategic projects*
- CapEx 2020 reaffirmed at levels of EUR 130 million, approx. 14% of sales

SECURING A SOLID FINANCIAL POSITION

- Current leverage ratio below 1.2x EBITDA
- No maturities until end of 2023
- Total current cost of debt below 1% annual
- Strong committed liquidity, currently in excess of 1.0x EBITDA
- Disciplined protection of our cash, gradually balancing production with real demand

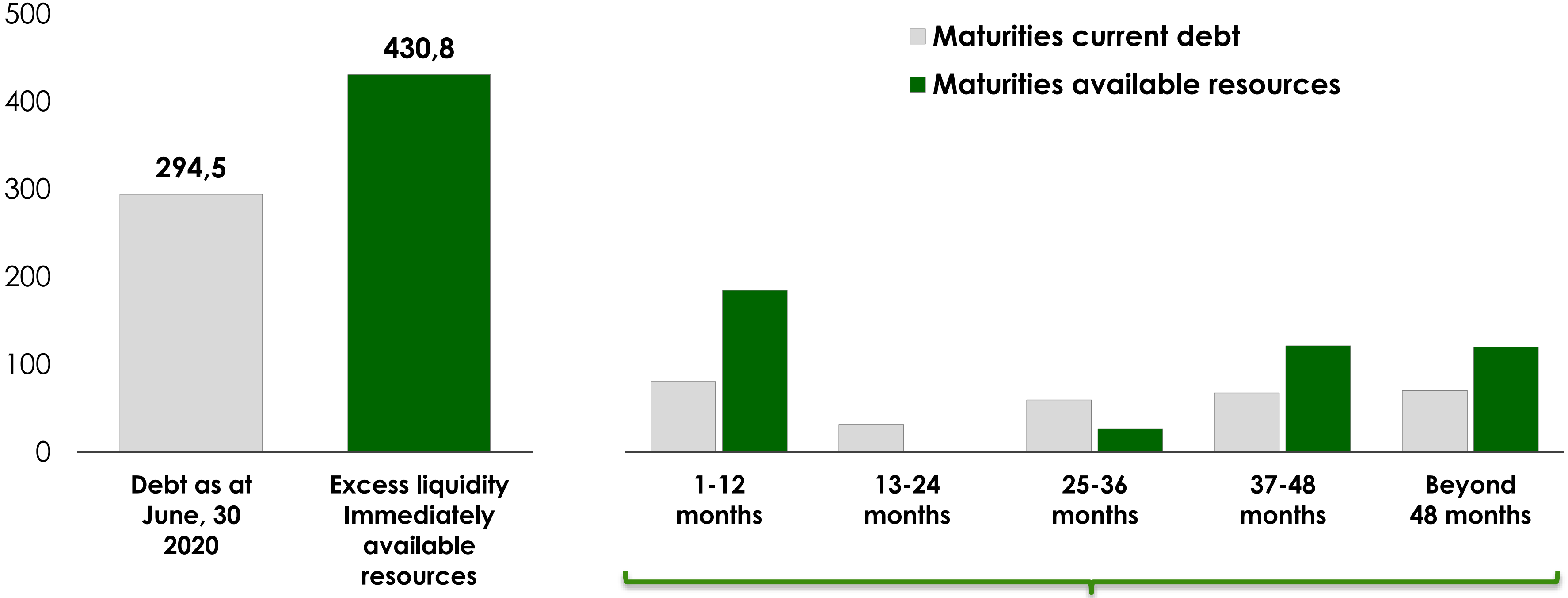


FULL YEAR 2020 OUTLOOK

- **FY 2020 sales volumes expected to decline in the range of 5-10% vs. 2019**
- **FY 2020 operating margins expected to remain solid around 25% EBITDA over sales**
- **FY 2020 earnings expected to drop in the range of 15-25% vs. 2019**
- **FY 2020 cash after capex to exceed dividend payments and to be used for further debt reduction**

- **Uncertainty high amid the pandemic, macro context weak, business conditions changing**
- **Prudency and time needed before defining new mid-term business targets**
- ***STRATEGIC INTERNAL ACTIONS WILL REMAIN FIRMLY COMMITTED TO OUR LONG TERM BUSINESS PRINCIPLES: CUSTOMER, COST AND CAPITAL***

ANNEX. Financing structure.



Debt maturity profile
Per year, EUR million.

Current financing structure *As at June 30, 2020*	Debt / EBITDA ratio	Average maturity	Estimated cost, all-in
	≈1.1x	**≈ 4 years**	**< 1.0% annual**

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