

# **Libbey Inc.**

## **Executing a Transformation**



# Libbey Management

- ◆ John Meier – *Chairman and Chief Executive Officer*
- ◆ Ken Boerger – *Vice President and Treasurer*

# Cautionary Statement

Material presented at this meeting includes forward-looking statements about Libbey Inc. These statements are subject to risks and uncertainties, including market conditions, competitive pressures, the value of the U.S. dollar and significant cost increases. Please refer to the Company's Form 8-K filed October 26, 2006, and Form 10-K for fiscal year-end December 31, 2005, for further information.

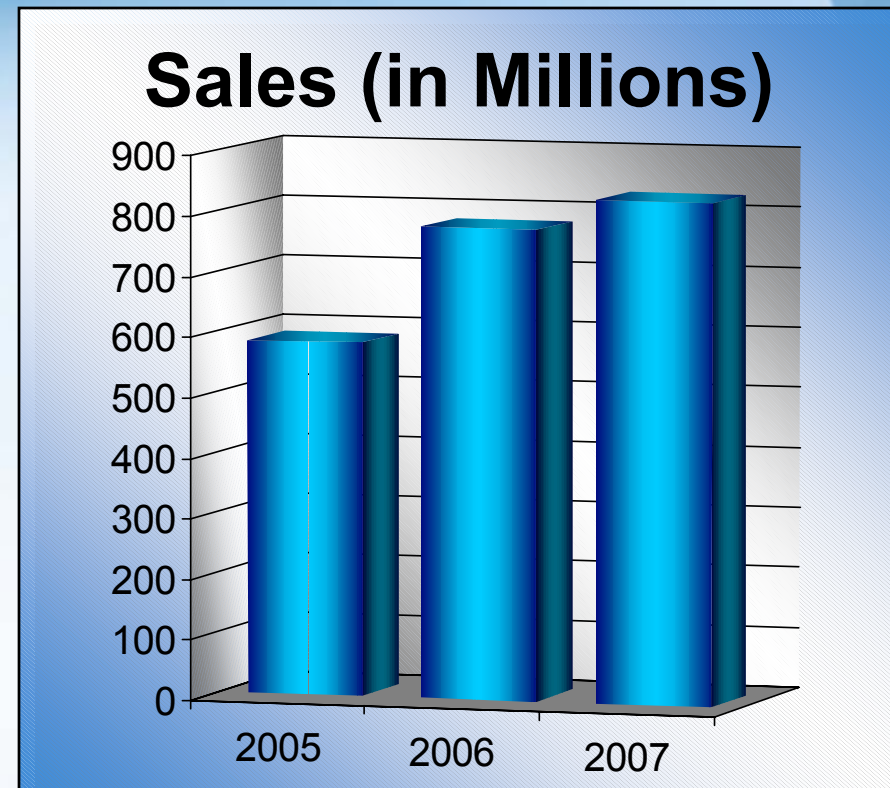
# Libbey: 2006 and Beyond

- ◆ We are executing a transformational strategy
- ◆ We are expanding our manufacturing footprint into international low-cost countries
- ◆ We are the #2 glass tableware manufacturer in the world
- ◆ We have an exceptionally strong foundation in our core North American businesses



# Libbey: Executing a Transformation

- ◆ #2 player in the World in Glass Tableware
  - ✦ Worldwide market is \$6.9 billion, in 2005
  - ✦ Libbey pro-forma worldwide market share estimated at just under 9%
- ◆ Libbey Sales to exceed \$800 million in 2007 versus \$568 million in 2005
  - ✦ Crisa acquisition of 2006 integrated into North America
  - ✦ North America approximately 80% of sales
  - ✦ International approximately 20% of sales



# Libbey: Executing a Transformation

## Transforming the Manufacturing Footprint

- ◆ In 2007 approximately 50% of total Libbey global units expected to be produced in Mexico, Portugal, and China
  - ⊕ Weighted average labor costs less than \$5.00/hr (fully loaded) for Mexico, Portugal, and China
    - ⊕ Mexico, a heavy influence at \$4.00/hr
  - ⊕ Rationalization program in Mexico yields \$13-\$15 million in annualized savings, commencing July 1<sup>st</sup>, 2007
  - ⊕ Closing of California plant (2005) equals \$11-\$13 million in annualized savings
  - ⊕ State of the Art factory in China operational in Q1, 2007
    - ⊕ Labor costs equal \$1.10/hr (fully loaded)



# Shifting Manufacturing Footprint to Lower Labor Cost Facilities



# Libbey's Growing Global Presence



- ◆ Producing in five countries, on three continents
- ◆ 2<sup>nd</sup> Largest producer in the world
  - ⊕ Largest producer in the Western Hemisphere
- ◆ In the E.U. we are now the 3rd largest manufacturer in units
  - ⊕ Acquired Royal Leerdam (Netherlands) in 2002; Crisal (Portugal) in 2005
- ◆ In Mexico we are now the distinct market leader with 63% share
  - ⊕ Acquired Crisa in 2006
- ◆ In China we expect to have the most modern, cost-effective facility in the country
  - ⊕ Operational in Q1, 2007
- ◆ Libbey Inc. now exports to over 100 countries

# Rationale for the Crisa Transaction



- ◆ Libbey now controls its destiny in Mexico with 100% ownership
- ◆ Acquired an additional \$160 million in revenue
- ◆ Crisa has 63% market share in Mexico
- ◆ Wages and fringes average 16% of our USA operations
- ◆ Glass tableware enters USA duty free from Mexico in 2008
  - ⊕ Rest of world pays 22% average
- ◆ Proximity to USA- only 150 miles away
- ◆ With Crisa we have doubled our manufacturing output in North America, the world's largest market

# Libbey's Expansion into China

- ◆ China is already our #1 export market from the USA
- ◆ New glass factory broadens Libbey's access to our fastest growing market... China
  - ⊕ Enables deeper penetration into high volume markets
  - ⊕ Also serves Pac-Rim export markets
- ◆ Multinational customers in China a plus for continued growth:
  - ⊕ Carrefour, IKEA, Intercontinental, Marriott, METRO, TGI Friday's, Wal\*Mart
- ◆ Large and growing market dynamics driving growth
  - ⊕ Beijing's Olympic economic impact for 2008
  - ⊕ Macau gaming markets to grow at 20% CAGR, 2005-2010
  - ⊕ China tourism growing dramatically; expect 150 million foreign tourists in 2008



# Libbey's Strong Foundation

**56%**

USA  
**Foodservice**  
Glass Market  
Share

**25%**

USA  
**Retail**  
Glass  
Market  
Share

**63%**

Crisa's  
Mexican  
Glass  
Market  
Share

**#2**

In the World

Royal  
Leerdam,  
Producer  
of  
Stemware

# Libbey's Foodservice Portfolio

**Libbey**<sup>®</sup>



**Syracuse**<sup>®</sup>  
C H I N A  
A Libbey **FOODSERVICE** Company



**WORLD**<sup>®</sup>  
T A B L E W A R E  
A Libbey **FOODSERVICE** Company



**TRAEX**<sup>®</sup>  
A Libbey **FOODSERVICE** Company



# Libbey USA Foodservice platform

- ◆ Price Increases Achieved  
34 out of the last 36 years

- ◆ Powerful Marketing Program
  - ✿ Drives Distributor Performance

- ◆ Strong Distributor Network of More than 500
  - ✿ Ensures Deep Penetration
  - ✿ Also featuring: Syracuse China, WTI, and TRAEX

- ◆ Extensive Length of Line is a Competitive Advantage
  - ✿ Over 1000 Items
  - ✿ Average Set of Molds Between \$30k - \$80k each

- ◆ Leading 56% Share in Annuity-like Business
  - ✿ 90% of Yearly Sales are Replacement Sales
  - ✿ Beverage Service most Profitable Part of Restaurant Business. Glass Cost per Serving is Very Inexpensive

# Libbey: The Supplier of Choice to U.S. Full Service Restaurant Chains

| Rank* | Chain                                 | Primary Glassware Supplier** |
|-------|---------------------------------------|------------------------------|
| 1     | Applebee's Neighborhood Grill and Bar | Libbey                       |
| 2     | Chili's Grill and Bar                 | Libbey                       |
| 3     | Outback Steakhouse                    | Libbey                       |
| 4     | Red Lobster                           | Libbey                       |
| 5     | The Olive Garden                      | Libbey                       |
| 6     | Denny's                               | Arc/Cardinal                 |
| 7     | IHOP                                  | Libbey and Arc/Cardinal      |
| 8     | T.G.I Friday's                        | Libbey                       |
| 9     | Cracker Barrel                        | Libbey                       |
| 10    | Ruby Tuesday                          | Libbey                       |

## Top 10 Full Service Chains

Source: \*Technomics Information Services, 2005

\*\*Libbey Management and Distributors

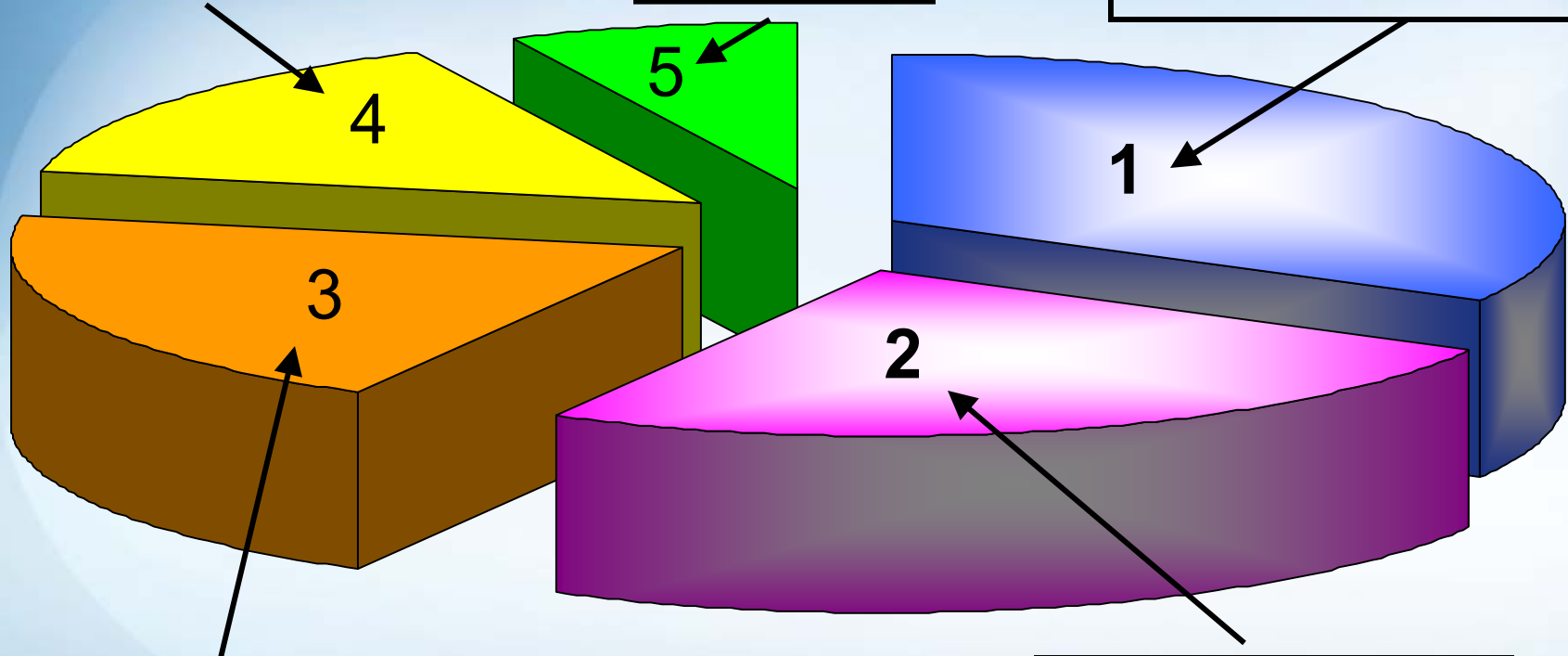
# Libbey: The Retail Story

Retailers Choose Libbey for Our:

Speed to market

Private label flexibility

Leading brand names in USA and Mexico



Advantages of a proven domestic supplier

Innovative products and packaging

# Libbey: The Retail Story

**Libbey®**

The #1 Brand  
Purchased in  
Beverageware Across  
the U.S. Retail  
Channel\*

- 25% Market Share

- ◆ Direct Sales to Leading National Retailers



\* 2005 survey from NPD Houseworld, an independent provider of retail sales tracking data to the Housewares industry

# Libbey: The Retail Story



# Libbey: The Retail Story



## ◆ Top International Retail Customers include:

◆ Carrefour

◆ Gigante

◆ IKEA

◆ Metro

◆ Soriana

◆ Wal\*Mart

◆ Zellers

# Libbey Worldwide

## B to B and OEM Business

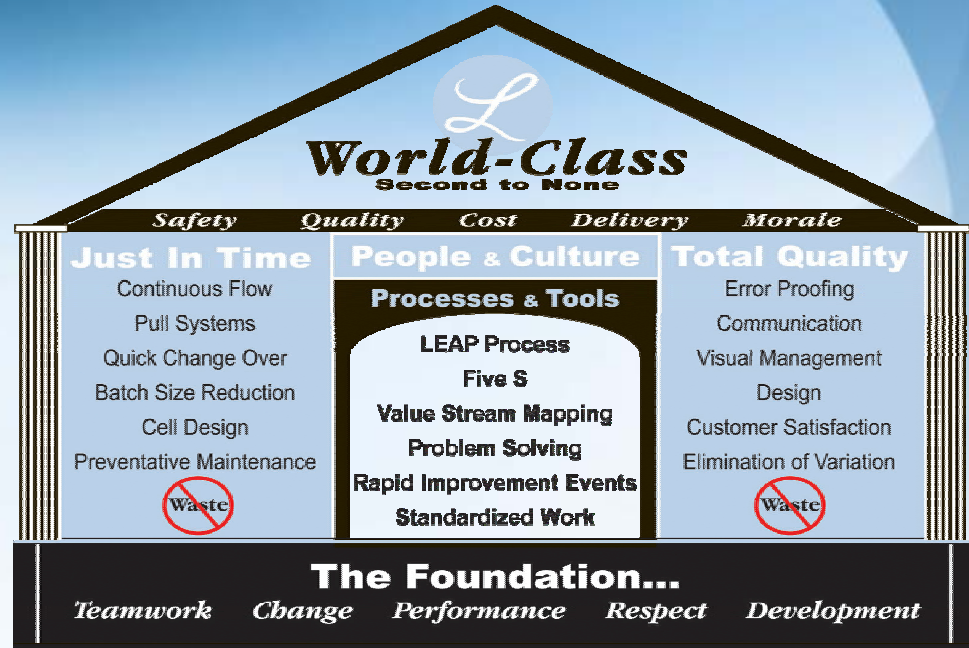
- ◆ Key Supplier to Candle Companies in All Markets
- ◆ Leading Supplier in Floral Markets
- ◆ Leading Supplier to B to B (Business to Business)
- ◆ Products - Beverageware, candle holders, ornamental products, floral vases, canisters and OEM products



# Libbey: Executing a Transformation

## LEAN: A new way of life at Libbey

- ◆ All USA factories engaged in LEAN in 2006
- ◆ European factories fully engaged in 2007
- ◆ Mexican factories adopt LEAN following completion of capacity rationalization
- ◆ China, our newest facility, is designed with all LEAN best practices



**Libbey Lean Enterprise**  
*Securing Our Future...*

# Summary Consolidated Pro-forma Results

| (\$ in millions)                       | Three months ended<br>September 30, |         | Nine months ended<br>September 30, |         |
|--|-------------------------------------|---------|------------------------------------|---------|
|  | 2006                                | 2005    | 2006                               | 2005    |
| Pro-forma net sales                    | \$183.3                             | \$175.6 | \$550.2                            | \$528.0 |
| Libbey adjusted pro-forma (EBITDA)     | \$14.9                              | \$20.3  | \$43.5                             | \$49.4  |
| Crisa adjusted pro-forma (EBITDA)      | \$5.3                               | \$5.9   | \$26.2                             | \$21.6  |
| Consolidated pro-forma adjusted EBITDA | \$20.2                              | \$26.2  | \$69.7                             | \$71.0  |

# 2003 to Projected 2006 Financial Overview

| (\$ in millions)   | Actual           |         |         | Pro Forma              | Pro Forma                  |
|--------------------|------------------|---------|---------|------------------------|----------------------------|
|                    | FYE December 31, |         |         | 9 MOS<br>September 30, | 9 MOS YTD +<br>Q4 Guidance |
|                    | 2003             | 2004    | 2005    | 2006                   | 2006                       |
| Net Sales          | \$513.6          | \$544.8 | \$568.1 | \$550.2                | \$756.4 to \$758.4         |
| Libbey Adj. EBITDA | \$75.8           | \$68.9  | \$49.3  |                        |                            |
| <i>% margin</i>    | 14.8%            | 12.6%   | 8.7%    |                        |                            |
| PF Adj. EBITDA     |                  |         |         | \$69.7                 | \$88.2 to \$89.2           |
| <i>% margin</i>    |                  |         |         | 12.7%                  | 11.7% to 11.8%             |

# Key Financial Initiatives between 2005-2007

- ◆ California Shutdown (2005)
  - ✦ Annual Savings of \$11-\$13 Million this year
- ◆ USA Salary Headcount Reduction (2005)
  - ✦ Annual Savings \$4.5 Million this year
- ◆ Pro-forma Savings of Dissolving Mexican JV
  - ✦ \$11 Million, commencing July 2006
- ◆ Additional Savings from Crisa Plant Rationalization
  - ✦ \$13-\$15 Million, commencing July 2007

# Guidance

- ◆ Sales expected to increase 3 to 4 percent for Q4 2006 as compared with pro forma Q4 2005
- ◆ EBITDA projected to be between \$18.5 million and \$19.5 million in Q4 2006
  - ⊕ Impacted by capacity rationalization in Mexico
  - ⊕ Expected to be substantially complete by Y/E 2006
- ◆ 2007 sales expected to exceed \$800 million
- ◆ 2007 EBITDA expected to be in range of \$95 million to \$105 million

# Reasons to Invest in Libbey

- ◆ Worldwide Libbey is now the #2 glass tableware manufacturer
  - ✦ Largest glass tableware manufacturer in Western Hemisphere
- ◆ Significant expansion of manufacturing footprint into international low-cost countries (Mexico, China, Portugal)
- ◆ Innovative products and industry leading/proprietary technology
- ◆ #1 market share (56%) in dynamic U.S. Foodservice channel
- ◆ Leading brand names
- ◆ Experienced management team

**Libbey®**

