Gruppo Zignago Vetro

Interim Financial Report at 30 June 2019

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Zignago Vetro SpA

Registered office: Fossalta di Portogruaro (VE), Via Ita Marzotto 8

Share Capital: Euro 8,800,000 fully paid-in

Tax and Venice Company Register No.: 00717800247

www.gruppozignagovetro.com

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AT 26 JULY 2019

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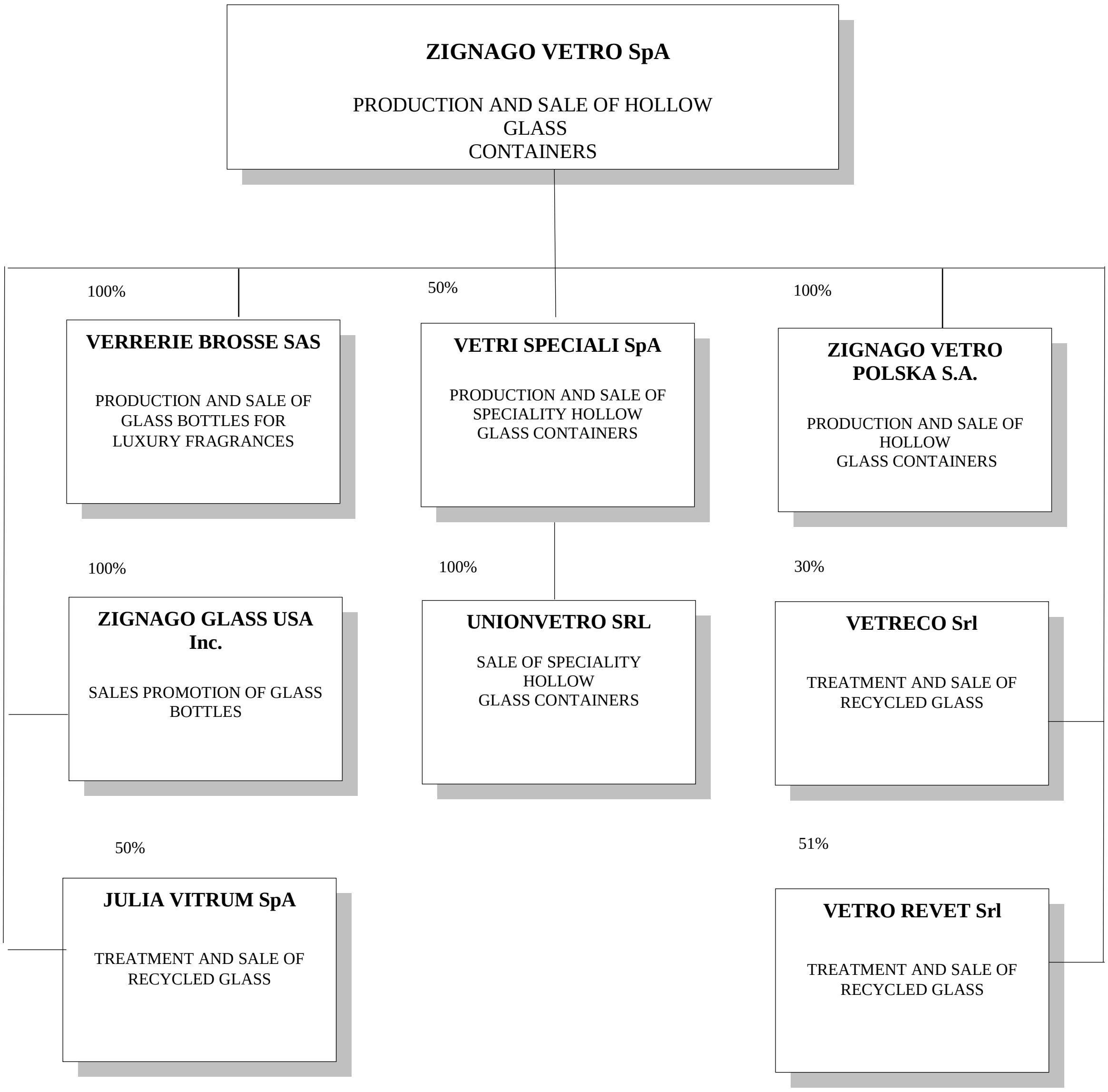

COMPANY BODIES

Board of Directors
in office for the three-year period 2019 - 2021

chairman
Paolo Giacobbo

vice chairman
Nicolò Marzotto

chief executive officer
Paolo Giacobbo

directors
Alessia Antonelli
Ferdinando Businaro
Roberto Cardini
Giorgina Gallo
Daniela Manzoni
Gaetano Marzotto
Luca Marzotto
Stefano Marzotto
Franco Moscetti
Barbara Ravera
Manuela Romei

Control and Risks Committee

Alessia Antonelli
Luca Marzotto
Giorgina Gallo

Remuneration Committee

Daniela Manzoni
Stefano Marzotto
Franco Moscetti

Committee for Transactions with Related Parties

Ferdinando Businaro
Barbara Ravera
Manuela Romei

Lead Independent Director

Franco Moscetti

Board of Statutory Auditors
in office for the three-year period 2019 - 2021

statutory auditors
Alberta Gervasio - chairman
Carlo Pesce
Andrea Manetti

alternate auditors
Cesare Conti
Chiara Bedei

Supervisory Board

Alessandro Bentsik - chairman

Massimiliano Agnetti
Nicola Campana

Independent Auditors
for the period 2016 - 2024

KPMG SpA

Management

chief financial officer
and investor relations manager
Roberto Celot

general manager for Italy
Roberto Cardini

commercial management
Biagio Costantini
Stefano Bortoli

Directors' Report

THE ZIGNAGO VETRO GROUP

The Zignago Vetro Group operates in the production and marketing of high-quality hollow glass containers prevalently for the Food and Beverage, Cosmetics and Perfumery and "Specialty Glass" sectors (highly customised glass containers in small batches, typically used for wine, liquors and oils).

The Zignago Vetro Group operates in the market with a business-to-business model, supplying containers to its clients, which are then used in their respective industrial activities. Specifically, in the Italian market, the Group is one of the leading producers and distributors of glass containers for the food and beverage sector, while at international level it has a strong market share in the cosmetics and perfumery and specialty glass sectors.

* * *

The Annual and Condensed Interim Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union in accordance with Regulation No. 1606/2002 ("IFRS").

In particular, the condensed interim consolidated financial statements of the Group at 30 June 2019 (hereafter the "Condensed Interim Financial Statements") are prepared in accordance with IAS 34 "Interim Reporting" and Article 154-ter of the CFA, following the summary form permitted under the standard. The condensed interim financial statements therefore do not include all the information published in the annual report and must be read together with the financial statements at 31 December 2018 for full and complete disclosure of the Group financial position, results of operations and cash flow.

The accounting policies adopted for the preparation of the Condensed Interim Financial Statements are the same as those utilised for the consolidated financial statements of the Zignago Vetro Group for the year ended 31 December 2018, except for the adoption of the new standards, amendments and interpretations approved by the IASB and endorsed for adoption in Europe and obligatory for accounting periods beginning 1 January 2019.

We recall that IFRS 11 - Joint arrangements, applicable for the Group from 1 January 2014, replaces *IAS 31 Interests in Joint Ventures* and *SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, and identifies, on the basis of the rights and obligations of the participants, two types of agreements - joint operations and joint ventures - and governs the consequent accounting treatment to be adopted for recognition in the financial statements, removing the option to consolidate jointly controlled companies proportionally and requiring jointly controlled companies defined as joint ventures to be recognised using the equity method.

In the condensed interim consolidated financial statements of the Group at 30 June 2019 and the comparative financial statements at 30 June 2018 and the financial statements at 31 December 2018, the Group recognised the investments held in Vetri Speciali, Vetreco and Julia Vitrum, which are classified as joint ventures under the equity method, instead of the proportional consolidation method.

However, in the Directors’ Report the figures (and the subsequent comments) are based on the “management view of the Group business”, which provides for the proportional consolidation of joint ventures, in continuity with the accounting policies adopted until 31 December 2013. These figures however must not be considered as an alternative to those provided for by IFRS, but rather exclusively for supplementary disclosure and reflective of management’s view of the business.

For this purpose, a reconciliation of the Statement of Financial Position and of the Income Statement, prepared according to IFRS in force from 1 January 2014 and those in force at 31 December 2013, is provided in the Directors’ Report.

Pursuant to CONSOB communication DEM 6064293 of 28 July 2006 and ESMA/2015/1415 recommendations on alternative performance indicators utilised by the Parent - which although not specifically defined by IAS/IFRS are considered particularly useful to monitor the business performance - we provide the following information:

- net financial debt is defined by the Company as the sum of current loans and borrowings, cash and cash equivalents and non-current loans and borrowings, net of cash and cash equivalents and current financial assets. This net figure is the same as the net financial position as per CONSOB communication No. DEM/6064293 of 28 July 2006;
- value of production: the Company defines this as the arithmetical sum of revenues, the change in finished products, semi-finished products, and work-in-progress and the internal work capitalised;
- value added: the Company defines this as the difference between value of production and raw materials consumed (purchase costs plus or minus the change in raw materials and service costs);
- EBITDA: the Company defines this as a difference between value added and personnel expense (including those of temporary workers), plus the effect of the measurement of joint ventures using the equity method. EBITDA is a measure utilised by the issuer to monitor and measure operating performance although it is not an accounting measure under IFRS. The measurement criteria of this indicator may not be in line with that utilised by other entities and therefore it may not be entirely comparable.

Within this context, the issuer utilised a calculation model in line with its core business which included the effects deriving from the application of IFRS 11. The Company considers the results deriving from its equity investments in joint ventures as operating items and non-financial items of the Group’s business, related to a clearly defined investment strategy and as such classified within the Groups interim operating results;

- EBIT: the Company defines this as the difference between EBITDA and depreciation & amortisation of property, plant and equipment and intangible assets and accruals to the provision for impairment;
- Operating profit: this performance measure is also contained in IFRS and is defined as the difference between EBIT and the net balance of non-recurring operating costs and income. We point out that this latter item includes incidental income and costs, capital gains and losses on sales of assets, insurance compensation and other minor positive and negative items;
- Free cash flow: the Company defines this as the sum of the cash flows from operating activities and cash flows from investing activities.

The figures reported in the Directors’ Report and in the tables of the Notes are shown in thousands of Euro for greater clarity.
The amounts in the Directors’ Report are expressed in millions of Euro, while those in the Notes are stated in thousands of Euro.

* * *

The Zignago Vetro Group, according to management’s view, operates through seven Business Units, each being a separate legal entity. Given this, information concerning the operating performance of the various business segments and geographical areas (segment reporting as per IFRS 8) is included in the illustration of the financial reporting data for each company and is an integral part of this Directors’ Report.

Segment reporting which coincides with the various legal entities is provided below, independently of the respective consolidation method applied.

Disclosure by region is not considered appropriate for the Group.

The operating segments (“Business Units”) are identified as follows:

- Zignago Vetro SpA: this Business Unit carries out the production of glass containers for food and beverages and for cosmetics and perfumery;

- Zignago Glass USA Inc.: this Business Unit carries out the sales promotion of glass containers for food and beverages and for cosmetics and perfumery in North America;

- Verrerie Brosse SAS: this Business Unit carries out the production of glass containers for perfumes;

- Vetri Speciali SpA: this Business Unit includes the production of specialty containers, principally for wine, vinegar and olive oil;

- Zignago Vetro Polska SA: this Business Unit undertakes the production of a wide range of customised containers for cosmetic and perfumery containers and also for food and beverage niche markets worldwide;

- Vetreco Srl, Vetro Revet Srl and Julia Vitrum SpA: these Business Units are engaged in the processing of raw glass into the finished material ready for use by glassmakers.

The consolidation scope of the Zignago Vetro Group at 30 June 2019 and at 31 December 2018 was as follows:

- Zignago Vetro SpA (parent)

The companies consolidated using the line-by-line method are as follows:

- Verrerie Brosse SAS
- Zignago Vetro Polska S.A.
- Zignago Glass USA Inc.
- Vetro Revet Srl

The companies valued under the equity method are the following:

- Vetri Speciali SpA
- Vetreco Srl
- Julia Vitrum SpA

The consolidation scope at 30 June 2018 did not include Julia Vitrum SpA, incorporated on 16 April 2019.

The basis of consolidation and measurement criteria, including the equity investments held by Zignago Vetro S.p.A. are outlined in the paragraph "accounting principles and measurement criteria" in the notes to the consolidated financial statements.
In the Directors' Report, as previously stated, the figures are based on the "management view of the Group business", which provides for the proportional consolidation of joint ventures, in continuity with the accounting policies adopted until 31 December 2013.

Legally-required audit

The appointment for the legally-required audit of the Annual Financial Statements and the review of the condensed interim financial statements was awarded to **KPMG SpA** for the 2016-2024 period.

Significant events in the first half of 2019

Distribution of dividends

The Shareholders' Meeting of Zignago Vetro SpA on 2 May 2019 approved the distribution of a dividend of Euro 0.36 per share, totalling Euro 31.569 million, with payment date of 15 May 2019.

Treasury shares

On 2 May 2019, the Shareholders' Meeting of Zignago Vetro SpA revoked, for the part not executed, the resolution granted in favour of the Board of Directors to purchase and sell treasury shares, as approved by the Shareholders' Meeting of 27 April 2018 and authorised the Board of Directors to purchase and sell treasury shares for a maximum number not exceeding the total nominal amount, including any shares held by subsidiaries, corresponding to one-fifth of the share capital. The new authorisation is proposed for a period of 18 months, commencing from 2 May 2019. The minimum purchase price shall not be less than 20%, and the maximum price not more than 20%, of the share price registered on the trading day prior to each transaction; the sale price shall not be 20% higher or lower than the share price registered on the trading day prior to each transaction. These price limits will not be applied where the sale of shares is to employees, including management, executive directors and consultants of Zignago Vetro and its subsidiaries in relation to incentive stock option plans.
In the first six months of 2019, no treasury shares were acquired or sold.
At 30 June 2019, the company still had in portfolio 308,975 treasury shares, corresponding to 0.35% of the share capital, purchased for Euro 1.09 million.

On 16 April 2019, the company Julia Vitrum SpA was incorporated as a Joint Venture, with registered office in San Vito al Tagliamento (PN). The company processes raw glass into glass ready for production and is considered a strategic Group investment.

The Shareholders' Meeting of 02.05.2019 authorised the share incentive plan regarding ordinary Zignago Vetro Spa shares called the "2019-2021 stock options plan", reserved for the Chairman and/or the Chief Executive Officer of the company, in addition to the Senior executives on the Internal Executive Committee. The plan regulation and the subsequent communication to beneficiaries shall be formalised in the second half of the year.

Operating performance

The first half of 2019 featured generally favourable market conditions across all Group sectors.
Beverage and Food glass container demand grew across all the main market segments, both in Italy and more widely across Europe, supported by improved end-consumption, particularly for more export-focused finished product sectors and a growing appreciation among consumers for glass packaging.
The global Perfumery markets also performed well, particularly in the specialised categories, thanks mainly to emerging country demand. Luxury perfumery overall continued to grow, in line with the previous year, although slowing in recent months - most likely due to stock levels accumulating along the supply chain. Cosmetic container demand was up, driven mainly by the emerging countries, with the exception of nail varnish containers, which remains weak.

Consolidated revenues in the first half of 2019 amounted to Euro 210 million, up 10.4% on the same period in the previous year (Euro 190 million).

Materials and external services in H1 2019, including changes in inventories and internal production, amounted to Euro 106 million, compared to Euro 94.7 million in the first half of 2018 (+11.9%). As a percentage on revenues, these costs increased from 49.9% to 50.6%.

The **consolidated added value** in the first half of 2019 was Euro 103.6 million, compared to Euro 95.2 million in the same period of the previous year (+8.9%). The margin was 49.4% compared to 50.1%.

Personnel expense in the first half of 2019 amounted to Euro 47.4 million compared to Euro 43.7 million in the first half of 2018 (+8.2%). The increase is related to wage cost movements and higher personnel numbers. It accounted for 22.6% of revenues in H1 2019 (reducing on 23% in H1 2018).

Consolidated EBITDA in the first half year of 2019 was Euro 56.3 million compared to Euro 51.4 million in the same period of 2018 (+9.4%), a 26.8% revenue margin (27.1% in H1 2018).

Consolidated EBIT in H1 2019 totalled Euro 30.7 million compared to Euro 28.8 million in the first half of 2018 (+6.6%). The EBIT margin was 14.7% (15.2% in the first half of 2018).

The **consolidated operating profit** in the first half of 2019 was 1.0% higher than the same period in the previous year (respectively Euro 30.9 million and Euro 30.6 million). The revenue margin was 14.7% in the first half of 2019 compared to 16.1% in H1 2018.

The **consolidated profit before tax** for the period was Euro 29.7 million compared to Euro 26.8 million in the same period of the previous year (+10.6%). The revenue margin was 14.1% in the first six months of 2019 compared to 14.1% in H1 2018.

The tax rate in the period was 25.1% compared to 27.4% in H1 2018.

The **consolidated net profit** in H1 2019 was Euro 22.4 million compared to Euro 20 million in the same period of the previous year (+12.1%). The revenue margin was 10.7% compared to 10.5% in 2018.

The **cash flow** generated from the profit and amortisation/depreciation in H1 2019 amounted to Euro 47.4 million, compared to Euro 40.9 million in the same period of the previous year (increasing Euro 6.4 million).

The key data of the Zignago Vetro Group **reclassified consolidated income statement** in H1 2019 and 2018, according to management's view as described previously, are shown below.

	H1 2019		H1 2018		Change
	Euro thou.	%	Euro thou.	%	%
Revenues	209,689	100.0%	189,912	100.0%	10.4%
Changes in finished and semi-finished products and work in progress	6,105	2.9%	(3,261)	(1.7%)	n.a.
Internal production of fixed assets and contributions on investments	1,531	0.7%	2,254	1.2%	(32.1%)
Value of production	217,325	103.6%	188,905	99.5%	15.0%
Cost of goods and services	(113,682)	(54.2%)	(93,722)	(49.4%)	21.3%
Value added	103,643	49.4%	95,183	50.1%	8.9%
Personnel expense	(47,350)	(22.6%)	(43,745)	(23.0%)	8.2%
EBITDA	56,293	26.8%	51,438	27.1%	9.4%
Amortisation & Depreciation	(24,978)	(11.9%)	(20,943)	(11.0%)	19.3%
Accruals to provisions	(592)	(0.3%)	(1,661)	(0.9%)	(64.4%)
EBIT	30,723	14.7%	28,834	15.2%	6.6%
Net recurring non-operating income	168	0.1%	1,746	0.9%	(90.4%)
Operating Profit	30,891	14.7%	30,580	16.1%	1.0%
Net financial expense	(1,615)	(0.8%)	(1,735)	(0.9%)	(6.9%)
Net exchange rate gains/(losses)	383	0.2%	(2,022)	(1.1%)	n.a.
Profit before taxes	29,659	14.1%	26,823	14.1%	10.6%
Income taxes	(7,449)	(3.6%)	(7,350)	(3.9%)	1.3%
(Tax-rate H1 2019: 25.1%)					
(Tax-rate H1 2018: 27.4%)					
(Profit) Loss non-con. int.	222	0.1%	547	0.3%	(59.4%)
Profit for the period	22,432	10.7%	20,020	10.5%	12.0%

Consolidated net revenues for H1 2019 and 2018 were as follows:

(Euro thousands)	H1 2019	H1 2018	Change %
Zignago Vetro SpA	109,900	101,369	8.4%
Verrerie Brosse SAS	32,520	31,683	2.6%
Vetri Speciali SpA	47,772	41,111	16.2%
Zignago Vetro Polska SA	24,005	20,564	16.7%
Vetreco	2,207	2,362	(6.6%)
Zignago Glass USA Inc.	221	158	39.9%
Vetro Revet	3,504	2,167	61.7%
Julia Vitrum	---	---	0.0%
Total aggregate	220,129	199,414	10.4%
Elimination inter-company revenues	(10,440)	(9,502)	9.9%
Total Consolidated	209,689	189,912	10.4%

Consolidated revenues by geographic segment for the first half 2019 and 2018 were broken down as follows:

(Euro thousands)	H1 2019	H1 2018	Change %
Italy	132,471	119,878	10.5%
European Union (Italy excluded)	65,987	60,254	9.5%
Other areas	11,231	9,780	14.8%
Total Consolidated	209,689	189,912	10.4%

Consolidated revenues outside Italy for the first half 2019 amounted to Euro 77 million, compared to Euro 70 million in the first half of 2018 (+10.3%) and account for 36.8% of total revenues (36.9% in the first half 2018). The breakdown by Company was as follows:

(Euro thousands)	H1 2019	H1 2018	Change %
Zignago Vetro SpA	21,478	19,304	11.3%
Verrerie Brosse SAS	29,871	30,135	(0.9%)
Vetri Speciali SpA and its subsidiary	9,748	7,481	30.3%
Zignago Vetro Polska SA	16,121	13,114	22.9%
Total	77,218	70,034	10.3%

The contribution to the **consolidated profit** for the first half of 2019 and 2018 of each of the Companies included in the consolidation scope was as follows:

(Euro thousands)	H1 2019	H1 2018	Change %
Zignago Vetro SpA	19,046	21,683	(12.2%)
Verrerie Brosse SAS	2,892	1,569	84.3%
Vetri Speciali SpA	9,144	7,393	23.7%
Zignago Vetro Polska SA	1,500	(443)	n.a.
Vetreco Srl	360	130	176.9%
Zignago Glass USA Inc.	(107)	(190)	(43.7%)
Vetro Revet Srl	(454)	(1,116)	(59.3%)
Julia Vitrum Spa	(21)	---	n.a.
Total aggregate	32,360	29,026	11.5%
Consolidation adjustments	(9,928)	(9,006)	10.2%
Profit for the period	22,432	20,020	12.0%

The consolidation adjustments relate principally to the elimination of the Vetri Speciali SpA dividends (Euro 10.2 million in 2019, Euro 9.9 million in 2018) and items concerning the proportional consolidation of the subsidiaries.

The key data of the **reclassified consolidated income statement** of the Zignago Vetro Group in H1 2019 and 2018, based on the application of international accounting standards, and therefore IFRS 11, are illustrated below.

	H1 2019		H1 2018		Change
	Euro thou.	%	Euro thou.	%	%
Revenues	160,232	100.0%	146,975	100.0%	9.0%
Changes in finished and semi-finished products and work in progress	6,503	4.1%	277	0.2%	n.a.
Internal production of fixed assets and contributions on investments	1,531	1.0%	2,254	1.5%	(32.1%)
Value of production	168,266	105.0%	149,506	101.7%	12.5%
Cost of goods and services	(92,086)	(57.5%)	(76,304)	(51.9%)	20.7%
Value added	76,180	47.5%	73,202	49.8%	4.1%
Personnel expense	(36,722)	(22.9%)	(34,148)	(23.2%)	7.5%
Effect of measurement of JV using Equity method	9,483	5.9%	8,065	5.5%	17.6%
EBITDA	48,941	30.5%	47,119	32.1%	3.9%
Amortisation & Depreciation	(20,648)	(12.9%)	(17,400)	(11.8%)	18.7%
Accruals to provisions	(466)	(0.3%)	(1,420)	(1.0%)	(67.2%)
EBIT	27,827	17.4%	28,299	19.3%	(1.7%)
Net recurring non-operating income	(56)	---	(148)	(0.1%)	n.a.
Operating Profit	27,771	17.3%	28,151	19.2%	(1.3%)
Net financial expense	(1,373)	(0.9%)	(1,619)	(1.1%)	(15.2%)
Net exchange rate gains/(losses)	381	0.2%	(1,967)	(1.3%)	n.a.
Profit before taxes	26,779	16.7%	24,565	16.7%	9.0%
Income taxes	(4,569)	(2.9%)	(5,092)	(3.5%)	(10.3%)
(Tax-rate H1 2019: 17.1%)					
(Tax-rate H1 2018: 20.7%)					
(Profit) Loss non-con. int.	222		547		
Group Profit	22,432	14.0%	20,020	13.6%	12.0%

For a better understanding of the performances for H1 2019, stated in accordance with management's view, a reconciliation is provided below of the reclassified income from joint ventures measured using the equity method and that utilising the proportional consolidation criteria, as adopted by the Group until 31 December 2013.

	Proportional consolidation					
	H1 2019 IAS/ IFRS	Vetri Speciali SpA	Vetreco Srl	Adjustment to Parent principles	Neutralisation JV using the equity criteria	H1 2019 pre-IFRS 11 (management view)
	Euro thou.	Euro thou.	Euro thou.	Euro thou.	Euro thou.	Euro thou.
Revenues	160,232	47,772	2,207	(522)	---	209,689
Changes in finished and semi-finished products and work in progress	6,503	(506)	108	---	---	6,105
Internal production of fixed assets and contributions on investments	1,531	---	---	---	---	1,531
Value of production	168,266	47,266	2,315	(522)	---	217,325
Cost of goods and services	(92,086)	(20,733)	(1,364)	501	---	(113,682)
Value added	76,180	26,533	951	(21)	---	103,643
Personnel expense	(36,722)	(10,422)	(206)	---	---	(47,350)
Effect of measurement of JV using Equity method	9,483	---	---	---	(9,483)	---
EBITDA	48,941	16,111	745	(21)	(9,483)	56,293
Amortisation & Depreciation	(20,648)	(4,170)	(160)	---	---	(24,978)
Accruals to provisions	(466)	(126)	---	---	---	(592)
EBIT	27,827	11,815	585	(21)	(9,483)	30,723
Net recurring non-operating income	(56)	224	---	---	---	168
Operating Profit	27,771	12,039	585	(21)	(9,483)	30,891
Net financial expense	(1,373)	(170)	(72)	---	---	(1,615)
Net exchange rate gains/(losses)	381	2	---	---	---	383
Profit before taxes	26,779	11,871	513	(21)	(9,483)	29,659
Income taxes	(4,569)	(2,727)	(153)	---	---	(7,449)
(Profit) Loss non-con. int.	222	---	---	---	---	222
Profit for the period	22,432	9,144	360	(21)	(9,483)	22,432

Statement of financial position

The **reclassified statement of financial position** of the Zignago Vetro Group at 30 June 2019, prepared according to management's view as described previously, is presented in condensed form and compared with 31 December and 30 June 2018.

	30.06.2019		31.12.2018		30.06.2018	
	Euro thou.	%	Euro thou.	%	Euro thou.	%
Trade receivables	107,578		81,207		92,205	
Other receivables	19,346		25,075		16,375	
Inventories	104,641		99,241		90,100	
Current non-financial payables	(97,347)		(92,573)		(81,694)	
Payables on fixed assets	(13,010)		(25,640)		(15,376)	
A) Working capital	121,208	26.0%	87,310	20.9%	101,610	26.9%
Net tangible and intangible assets	314,267		294,681		243,741	
Goodwill	43,230		43,184		42,768	
Other equity investments and non-current assets	4,363		8,169		7,909	
Non-current provisions and non-financial payables	(16,259)		(16,124)		(18,468)	
B) Net fixed capital	345,601	74.0%	329,910	79.1%	275,950	73.1%
A+B= Net capital employed	466,809	100.0%	417,220	100.0%	377,560	100.0%
Financed by:						
Current loans and borrowings	175,187		108,534		90,969	
Cash and cash equivalents	(30,886)		(36,253)		(45,278)	
Current net debt	144,301	30.9%	72,281	17.3%	45,691	12.1%
Non-current loans and borrowings	131,401	28.1%	144,798	34.7%	157,436	41.7%
C) Net financial debt	275,702	59.1%	217,079	52.0%	203,127	53.8%
Opening equity	200,132		177,497		177,470	
Dividends paid in the period	(31,569)		(28,061)		(28,061)	
Change in translation reserve & other share. eq. changes	325		5,676		5,312	
Profit for the period	22,432		45,020		20,020	
D) Group equity	191,320	41.0%	200,132	48.0%	174,741	46.3%
E) Non-controlling interest equity	(213)		9		(308)	
D+E) Total Consolidated Equity	191,107	40.9%	200,141	48.0%	174,433	46.2%
C+D+E = Total financial debt and equity	466,809	100.0%	417,220	100.0%	377,560	100.0%

Working capital at 30 June 2019 increased overall by Euro 33.9 million on 31 December 2018. Trade receivables increased Euro 26.4 million, with inventories increasing Euro 5.4 million and current non-financial payables by Euro 4.7 million. Other receivables reduced Euro 5.7 million, while fixed asset payables decreased Euro 12.6 million.

Net fixed capital at 30 June 2019 increased on 31 December 2018 by Euro 15.6 million. In particular, in the period investments (Euro 38.3 million), net of disposals, were higher than depreciation (Euro 25 million).

Capital expenditure in the first half of 2019 amounted to Euro 38.3 million (Euro 27.7 million in H1 2018) and concerns:

- Zignago Vetro SpA for Euro 23.2 million relating to the replacement and construction of plant, machinery and equipment and for the purchase of moulds (Euro 15.9 million in the same period of 2018); the investments include the completion of construction on the new production plant begun in 2018;
- Verrerie Brosse SAS for Euro 1 million (Euro 1.5 million in the first half of 2018), principally for plant and industrial equipment, including moulds;
- Vetri Speciali SpA for Euro 5.8 million (Euro 9.4 million in H1 2018), mainly for the replacement of plant and equipment;
- Zignago Vetro Polska for Euro 7.4 million for new plant, in addition to equipment and moulds (Euro 0.9 million in H1 2018 for new plant);
- Vetreco and Vetro Revet respectively for Euro 0.4 million and Euro 0.2 million for new plant and equipment.

At 30 June 2019, the Zignago Vetro Group had 2,601 **employees.** At 31 December 2018, there were 2,567 employees, while at 30 June 2018 employees numbered 2,350. The employees of Vetri Speciali SpA and Vetreco have been fully incorporated.

The composition of Group personnel at 30 June 2019 is shown in the table below.

Composition	Executives	White-collar	Blue-collars
Workforce	33	553	2,015
Average age	52	52	42
Years worked	12	16	14

Consolidated equity amounted to Euro 191.1 million at 30 June 2019 (at 31 December 2018: Euro 200.1 million; at 30 June 2018: Euro 174.4 million). The decrease on 31 December 2018 is principally due to the distribution of dividends (Euro -31.6 million) and the profit for the period (Euro +22.4 million).

The **consolidated net financial debt** at 30 June 2019 was Euro 275.7 million (Euro 217 million at 31 December 2018, Euro 203.1 million at 30 June 2018).

The cash flow movements in the consolidated net financial debt at 30 June 2019 and at 31 December 2018 and 30 June 2018 were as follows:

	30 June 2019	31 December 2018	30 June 2018
	(Euro thousands)	(Euro thousands)	(Euro thousands)
Net debt at January 1	**(217,079)**	**(195,482)**	**(195,482)**
Self-financing:			
- profit for the period	22,432	45,020	20,020
- amortisation & depreciation	24,978	39,006	20,943
- net change in provisions	135	(1,635)	709
- net gains from sale of property, plant and equipment	(93)	(1,704)	(1,633)
	47,452	**80,687**	**40,039**
Increase in working capital	(21,268)	(282)	(4,224)
Investments in property, plant and equipment	(57,194)	(79,687)	(20,075)
Investments in intangible assets	(46)	(215)	201
Net Decrease (increase) of other medium/long term assets	3,806	(2,797)	(1,271)
Sales price of property, plant and equipment sold	93	2,576	1,337
	(74,609)	**(80,405)**	**(24,032)**
Free cash flow	**(27,157)**	**282**	**16,007**
Dividends distributed	(31,569)	(28,061)	(28,061)
Acquisition of Unionvetro investment	---	---	(1,292)
Sale of treasury shares	---	6,275	6,275
Effect on equity of currency conversion of financial statements in foreign currencies and other changes	103	(93)	(574)
	(31,466)	(21,879)	(23,652)
Increase of net debt	**(58,623)**	**(21,597)**	**(7,645)**
Net debt at end of period	**(275,702)**	**(217,079)**	**(203,127)**

The net financial debt includes approx. Euro 6.6 million for financial liabilities regarding leases according to the new IFRS 16 standard.

The **reclassified statement of financial position** of the Zignago Vetro Group at 30 June 2019, according to IFRS in force at 30 June 2018, including the effects from IFRS 11, as from 1 January 2014, compared with 31 December 2018 and 30 June 2018, is reported below:

	30.06.2019		31.12.2018		30.06.2018	
	Euro thou.	%	Euro thou.	%	Euro thou.	%
Trade receivables	84,036		64,903		73,711	
Other receivables	23,396		20,602		13,778	
Inventories	84,907		79,183		74,369	
Current non-financial payables	(81,391)		(72,748)		(65,215)	
Payables on fixed assets	(12,022)		(23,793)		(10,587)	
A) Working capital	98,926	23.9%	68,147	18.5%	86,056	26.4%
Net tangible and intangible assets	247,358		229,567		181,607	
Goodwill	2,740		2,694		2,682	
Equity investments measured using the equity method	74,526		74,757		67,340	
Other equity investments & non-current assets	3,718		5,645		3,818	
Non-current provisions and non-financial payables	(13,231)		(13,291)		(15,619)	
B) Net fixed capital	315,111	76.1%	299,372	81.5%	239,828	73.6%
A+B= Net capital employed	414,037	100.0%	367,519	100.0%	325,884	100.0%
Financed by:						
Current loans and borrowings	145,815		81,948		63,199	
Cash and cash equivalents	(26,718)		(32,338)		(39,234)	
Current net debt	119,097	28.8%	49,610	13.5%	23,965	7.4%
Non-current loans and borrowings	103,833	25.1%	117,768	32.0%	127,486	39.1%
C) Net financial debt	222,930	53.8%	167,378	45.5%	151,451	46.5%
Opening equity	200,132		177,497		177,470	
Dividends	(31,569)		(28,061)		(28,061)	
Other equity changes	325		5,676		5,312	
Cash Flow Hedge reserve						
Profit for the period	22,432		45,020		20,020	
D) Closing equity	191,320	46.2%	200,132	54.5%	174,741	53.6%
E) Consolidated equity	(213)		9		(308)	
C+D+E = Total financial debt & equity	414,037	100.0%	367,519	100.0%	325,884	100.0%

For a better understanding of the statement of financial position at 30 June 2019, stated in accordance with management's view, a reconciliation is provided below of the financial position of joint ventures measured using the equity method and that utilising the proportional consolidation method, as adopted by the Group until 31 December 2013.

		Proportional consolidation					
	30.06.2019 IAS/IFRS	Vetri Speciali SpA	Vetreco Srl	Julia Vitrum Spa	Adjustment to Parent principles	Neutralisation JV using the equity criteria	30.06.2019 pre-IFRS 11 (management view)
	Euro thou.	Euro thou.	Euro thou.	Euro thou.	Euro thou.	Euro thou.	Euro thou.
Trade receivables	84,036	22,226	1,457	---	(141)	---	107,578
Other receivables	23,396	542	584	169	(5,345)	---	19,346
Inventories	84,907	19,411	323	---	---	---	104,641
Current non-financial payables	(81,391)	(20,076)	(1,365)	(6)	5,491	---	(97,347)
Payables on fixed assets	(12,022)	(978)	(10)	---	---	---	(13,010)
A) Working capital	98,926	21,125	989	163	5	---	121,208
Net tangible and intangible assets	247,358	62,222	4,689	---	---	---	314,267
Goodwill	2,740	40,490	---	---	---	---	43,230
Equity investments measured using the equity method	74,526	---	---	---	---	(74,526)	---
Other equity investments & non-current assets	3,718	641	7	---	---	---	4,363
Non-current provisions and non-financial payables	(13,231)	(3,003)	(24)	---	---	---	(16,259)
B) Net fixed capital	315,111	100,350	4,672	---	---	(74,526)	345,601
A+B= Net capital employed	414,037	121,475	5,661	163	5	(74,526)	466,809
Financed by:							
Current loans and borrowings	145,815	28,757	615	---	---	---	175,187
Cash and cash equivalents	(26,718)	(3,419)	(434)	(316)	---	---	(30,887)
Current net debt	119,097	25,338	181	(316)	---	---	144,301
Non-current loans and borrowings	103,833	22,963	4,607	---	5	---	131,401
C) Net financial debt	222,930	48,301	4,788	(316)	5	---	275,702
Opening equity	200,132	74,243	513	---	---	(74,756)	200,132
Dividends	(31,569)	(10,213)	---	---	---	10,213	(31,569)
Other equity changes	325	---	---	500		(500)	325
Cash Flow Hedge reserve	---	---	---	---		---	---
Profit for the period	22,432	9,144	360	(21)	---	(9,483)	22,432
D) Closing equity	191,320	73,174	873	479	---	(74,526)	191,320
C+D= Total financial debt							
Non-controlling interest equity	(213)	---	---	---	---	---	(213)
& equity	414,037	121,475	5,661	163	5	(74,526)	466,809

Research, development and advertising costs

The companies of the Group undertook research and development focused on plant, process and product innovation which resulted in, among other developments, the use of new materials, the introduction of new products and the application of new technical-production solutions for the "food and beverages", "cosmetics and perfumery" and "special containers" sectors.
The Parent also carried out research and development for the design and introduction of new information management systems, including improvements to the process IT set up, in order to create more efficient and effective operating instruments.
Therefore, the Company availed of the tax credit under Law 190/2014, establishing this amount according to the methodologies communicated in the Tax Agency Circular.

Environmental information

In the first half of 2019, the commitment of the Zignago Vetro Group continued in the protection of the environment with the continual improvement of the policies of territorial protection and management of environmental issues with actions aimed to reduce atmospheric emissions and energy consumption in the utilisation of natural resources and the optimisation of the production cycle, while remaining continually attentive to new and future technology developed internationally.

Risks related to personnel, safety and management

The Companies of the Zignago Vetro Group implement plant management policies to minimise the risk of accidents ensuring high levels of security in line with best industrial practices, utilising insurance to guarantee an extensive degree of protection for company structures, third party risks and interruptions in production activity. The company trains and motivates the workforce to guarantee efficiency and normal operational continuity.

Personal data security and protection

With regards to the obligations under Regulation (EU) 679/2016 (European General Data Protection ("GDPR")), the Group companies adopted the technical and organisational measures necessary to ensure the confidentiality and protection of processed data as set out in Article 32 of the Regulation.

Financial instruments: Group objectives & policies and description of risks

The main financial instruments used by the Zignago Vetro Group consist of trade receivables and payables, cash & cash equivalents, bank borrowing and interest rate swap contracts.

As regards the Group's financial management, the cash flow from operating activities are considered to be consistent with objectives for repayment of existing debt and such as to assure appropriate financial balance and adequate return on equity via dividend flows.

At 30 June 2019 the Zignago Vetro SpA Group had undertaken 7 interest rate swaps in order to hedge the interest rate risk on non-current loans undertaken by the parent Zignago Vetro SpA. The mark-to-market of these derivatives at 30 June 2019 were as follows (in Euro):

Company	Bank	Underlying	Date of signing	Notional amount at reference date	Maturity	Market value 30.06.2019
Zignago Vetro SpA	Unicredit	Loan	27/10/2017	38,000,000	27/10/2021	(433,264)
Zignago Vetro SpA	Mediobanca	Loan	21/01/2015	5,528,571	31/12/2020	(52,729)
Zignago Vetro SpA	Mediobanca	Loan	31/03/2015	7,371,429	31/12/2020	(70,305)
Zignago Vetro SpA	Banco Brescia	Loan	18/12/2014	1,920,419	18/12/2019	(6,923)
Zignago Vetro SpA	Intesa SanPaolo	Loan	13/12/2018	40,000,000	30/12/2022	(527,853)
Zignago Vetro SpA	Friuladria	Loan	27/12/2018	10,000,000	29/12/2023	(187,342)
Zignago Vetro SpA	BNL	Loan	22/12/2014	30,000,000	22/06/2021	(467,067)
Total				132,820,419		(1,745,483)

The above-mentioned transactions were undertaken for hedging purposes. However, these transactions do not comply with all the requirements of IFRS to qualify for hedge accounting. For these transactions Zignago Vetro SpA does not use the so-called hedge accounting method and records the economic effects of hedging directly to profit or loss.

We consider that the Zignago Vetro Group is not exposed to credit risk any higher than the industry average, given that most receivables relate to customers of well-established commercial reliability and that receivables are insured. Allowance for impairment has in any case been made to cover against any residual credit risks. We specify that such allowances were made in the period and in previous periods against specific positions involved in procedures or with longer past-due status than the Group companies average collection times. Collective allowances for impairment have also been made for potential bad debts.
In relation to the currency risk, the Group did not subscribe to any currency hedging instruments and, in accordance with the Group policy to date, derivative financial instruments are not taken out for trading purposes. Therefore, the Group remains exposed to the currency risk on the assets and liabilities in foreign currencies at period-end, which is not considered significant. A number of Group subsidiaries are located in countries not within the Eurozone: the United States and Poland.

As the Group's functional currency is the Euro, the income statements of these companies are translated into Euro at the average exchange rate and, on like-for-like basis for revenues and profit in the local currency, changes in the exchange rate may impact the value in Euro of revenues, costs and profit (loss).

Zignago Vetro SpA is exposed to fluctuations in some commodity prices, in particular those relating to energy factors, such as fuel, utilised in the production process. In order to neutralise the price effect, as these fluctuations may significantly impact production costs, the Company assesses hedging operations through the use of derivative financial instruments.
At 30 June 2019, Zignago Vetro did not have any fuel hedging derivative contracts.

The Group's present reference market does not include areas possibly requiring country-risk management. Trade transactions substantially take place in western countries, primarily in the Euro and USD areas.

* * *

Pursuant to the Bank of Italy/ Consob /Isvap document No. 2 of 6 February 2009 and IAS 1.25-26, it is considered, based on the strong profitability, solid financial position and in spite of the current economic environment, that there are no uncertainties or risks with regard to the going concern of the business.

Reconciliation between the Zignago Vetro Group and the Parent Zignago Vetro SpA profit for the period and equity

The reconciliation between the profit for the period and equity at 30 June 2019 of the Parent and the Consolidated profit for the period and equity are summarised below:

(Euro thousands)	Net profit H1 2019	Equity 30.06.2019
Financial statements of the Parent	**19,046**	**113,346**
Consolidation adjustments:		
- interests in joint ventures measured using equity method	9,483	47,647
- reversal of inter-group dividend	(10,213)	---
- reversal of inter-company Profit	60	(145)
- goodwill on acquisition of investee Zignago Polska SA	---	723
- goodwill on acquisition of Vetro Revet Srl investment	---	2,017
- IFRS 16	(7)	(7)
- Loan investee Zignago Polska	10	(166)
	(667)	**50,069**
Carrying amount of equity investments:		
Zignago Brosse SAS		(4,000)
Zignago Glass USA Inc.		(189)
Zignago Polska SA		(10,327)
Vetro Revet Srl		(3,030)
	---	**(17,546)**
Profit for the period and equity of the subsidiaries:		
Zignago Brosse SAS	2,892	22,787
Zignago Glass USA Inc.	(107)	(667)
Zignago Polska SA	1,500	23,554
Vetro Revet Srl	(454)	(223)
	3,831	**45,451**
(Profit) loss non-con. int.	**222**	**(213)**
Consolidated Financial Statements	**22,432**	**191,107**

* * * *

It is considered that the information provided, together with the information illustrated below and relating to the performance of the individual companies, represents a true, balanced and exhaustive analysis of the situation of the Group and of the results of operations, overall and in the various sectors, in accordance with the size and complexity of the Group's business operations.

For greater clarity, the result of operations and statement of financial position of the parent and subsidiaries are presented according to the contribution of each of them to the Condensed Interim Consolidated Financial Statements. They are shown according to normal reporting practices.

THE COMPANY

Zignago Vetro SpA

In the first half of the year the Beverages and Food glass container sector featured good levels of demand, supported by improved end-consumption, particularly for more export-focused finished product sectors and a growing appreciation among consumers for glass packaging.
The Perfumery container market also reported continued growth, particularly for the higher-quality product brackets and driven in part by the emerging markets. The Cosmetics market reported good levels of Skincare demand, with stable Make up demand and the nail varnish segment remaining weak.

The Zignago Vetro SpA reclassified income statement for the first half of 2019 compared to the same period of the previous year is presented on the next page.

	H1 2019		H1 2018		Change
	Euro thou.	%	Euro thou.	%	%
Revenues	109,900	100.0%	101,369	100.0%	8.4%
Changes in finished and semi-finished products and work in progress	4,710	4.3%	287	0.3%	1541.1%
Internal production of fixed assets and contributions on investments	1,176	1.1%	1,822	1.8%	(35.5%)
Value of production	115,786	105.4%	103,478	102.1%	11.9%
Cost of goods and services	(67,801)	(61.7%)	(54,611)	(53.9%)	24.2%
Value added	47,985	43.7%	48,867	48.2%	(1.8%)
Personnel expense	(21,392)	(19.5%)	(19,768)	(19.5%)	8.2%
EBITDA	26,593	24.2%	29,099	28.7%	(8.6%)
Amortisation & Depreciation	(14,106)	(12.8%)	(10,798)	(10.7%)	30.6%
Accruals to provisions	(110)	(0.1%)	(1,183)	(1.2%)	(90.7%)
EBIT	12,377	11.3%	17,118	16.9%	(27.7%)
Net recurring non-operating income	22	---	(49)	---	(144.9%)
Operating Profit	12,399	11.3%	17,069	16.8%	(27.4%)
Investment income	10,213	9.3%	9,962	9.8%	2.5%
Net financial expense	(779)	(0.7%)	(959)	(0.9%)	(18.8%)
Net exchange rate gains/(losses)	(4)	---	(123)	(0.1%)	(96.7%)
Profit before taxes	21,829	19.9%	25,949	25.6%	(15.9%)
Income taxes	(2,783)	(2.5%)	(4,266)	(4.2%)	(34.8%)
(Tax-rate H1 2019: 12.7%)					
(Tax-rate H1 2018: 16.4%)					
Profit for the period	19,046	17.3%	21,683	21.4%	(12.2%)

Revenues in the first half of 2019 of Euro 109.9 million grew 8.4% on the first half of the previous year (Euro 101.4 million). Sales of glass containers and accessories (these latter referring to Zignago Vetro SpA services on the market) amounted to Euro 104.7 million, up 7.7% (Euro 97.2 million in the first half of 2018).

Exports increased in H1 2019 by 14.2% on the first half of the previous year, accounting for 21.7% of containers and accessories revenues (20.4% in 2018).

Revenues by geographic area, excluding sundry materials and services:

(Euro thousands)	H1 2019	H1 2018	Change %
Italy	82,003	77,313	6.1%
European Union (Italy excluded)	18,079	15,970	13.2%
Other areas	4,608	3,902	18.1%
Total	104,690	97,185	7.7%
of which export	22,687	19,872	14.2%
%	21.7%	20.4%	

Raw material and service costs on revenues, net of changes in inventories and internal production, in H1 2019 were 56.3% compared to 51.8% in H1 2018 – amounting to Euro 61.9 million in H1 2019 and Euro 52.5 million in the first half of 2018.

The added value was 43.7% of revenues in the first half of 2019 compared to 48.2% in the first half of 2018.

Personnel expense increased 8.2% in H1 2019 compared to the same period of 2018. It was 19.5% of revenues in the first half of 2019 (19.5% in H1 2018).

EBITDA totalled Euro 26.6 million in H1 2019, compared to Euro 29 million in the first half of 2018 (-8.6%), a margin of 24.2% (28.7% in 2018).

EBIT in the first half of 2019 reduced 27.7% on the previous year (Euro 12.4 million compared to Euro 17.1 million), reporting a revenue margin of 11.3% (16.9% in H1 2018).

Investment income in the first half of 2019 amounting to Euro 10.2 million comprises Vetri Speciali SpA dividends (Euro 9.9 million in 2018).

Net financial expense in H1 2019 amounted to Euro 0.8 million, compared to Euro 0.9 million in the same period of the previous year, principally due to the fair value measurement of interest rate derivatives, which in the first half of 2019 resulted in financial expense of Euro 0.8 million, and the obtaining of new loans.

The profit before taxes in H1 2019 was Euro 21.8 million compared to Euro 25.9 million in H1 2018 (Euro -4.1 million; -15.9%). The margin was 19.9% compared to 25.6%.

The tax rate in the period, taking account of the largely exempt investment income in the separate financial statements of Zignago Vetro, was 12.7%, compared to 16.4% in H1 2018.

The profit in H1 2019 amounted to Euro 19 million, compared to Euro 21.7 million in the first half of 2018 (-12.2%).

The cash flow generated from the profit for the period and amortisation/depreciation in the first half of the year amounted to Euro 33.2 million, compared to Euro 32.5 million in the same period of the previous year (+2.1%). Cash flow as a percentage of revenues was 30.2% compared to 32%.

The **reclassified statement of financial position** of Zignago Vetro SpA at 30 June 2019 and 31 December 2018 and 30 June 2018 was as follows:

	30.06.2019		31.12.2018		30.06.2018	
	Euro thou.	%	Euro thou.	%	Euro thou.	%
Trade receivables	66,716		50,964		56,626	
Other receivables	13,480		14,786		6,695	
Inventories	53,564		49,337		47,636	
Current non-financial payables	(58,549)		(53,216)		(46,011)	
Payables on fixed assets	(9,563)		(23,357)		(10,102)	
A) Working capital	65,648	24.4%	38,514	16.8%	54,844	28.1%
Net tangible and intangible assets	166,954		153,697		107,478	
Equity investments	44,425		43,925		43,160	
Non-consolidated investments and other non-current assets	1,987		3,025		2,156	
Non-current provisions and non-financial payables	(10,108)		(10,421)		(12,167)	
B) Net fixed capital	203,258	75.6%	190,226	83.2%	140,627	71.9%
A+B= Net capital employed	268,906	100.0%	228,740	100.0%	195,471	100.0%
Financed by:						
Current loans and borrowings	124,825		62,428		44,476	
Cash and cash equiv. & fin. receivables	(64,562)		(69,125)		(80,570)	
Current net debt	60,263	22.4%	(6,697)	(2.9%)	(36,094)	(18.5%)
Non-current loans and borrowings	95,297	35.4%	109,568	47.9%	118,114	60.4%
C) Net financial debt	155,560	57.8%	102,871	45.0%	82,020	42.0%
Opening equity	125,869		113,554		113,554	
Dividends	(31,569)		(28,061)		(28,061)	
Profit for the period	19,046		34,035		21,683	
Cash Flow Hedge reserve					---	
Other changes	---		6,341		6,275	
D) Closing equity	113,346	42.2%	125,869	55.0%	113,451	58.0%
C+D = Total financial debt and equity	268,906	100.0%	228,740	100.0%	195,471	100.0%

The working capital at 30 June 2019 rose on 31 December 2018 by Euro 27.1 million (+70.5%). Trade receivables increased Euro 15.8 million compared to 31 December 2018, due to seasonal effects and increased sales, with other receivables reducing Euro 1.3 million, while inventories increased Euro 4.2 million compared to 31 December 2018. Current non-financial payables increased Euro 5.3 million compared to 31 December 2018, while fixed asset payables decreased Euro 13.8 million.

Net fixed capital at 30 June 2019 was Euro 13 million higher than 31 December 2018, mainly due to higher net investments (overall Euro 23.2 million) than amortisation and depreciation in the period (Euro 14.1 million) and as a result of the adoption of the new IFRS 16, which required the recognition to fixed assets of an additional Euro 4.2 million.

Net capital employed at 30 June 2019 increased Euro 40.2 million compared to 31 December 2018.

Equity at 30 June 2019 decreased on 31 December 2018 by Euro 12.5 million following the distribution of dividends for Euro 31.5 million.

The net financial debt at 30 June 2019 was Euro 155.6 million, increasing Euro 52.7 million on 31 December 2018. It includes approx. Euro 3.8 million for financial liabilities regarding leases according to the new IFRS 16 standard.

Employees of the Company at 30 June 2019 numbered 696, broken down as follows: 14 executives, 147 white-collar and 437 blue-collar. 12 workers were hired under temporary contracts.
At 31 December 2018, employees numbered 671: 13 executives, 143 white-collar and 515 blue-collar.
At 30 June 2018, there were 650 employees, of which: 13 executives, 150 white-collar and 487 blue-collar.

Based on the available information, it would appear reasonable to forecast that demand for the coming months of the year will remain in line with that witnessed in the first half of the year.

THE CONSOLIDATED SUBSIDIARIES

Verrerie Brosse SAS

Registered office: Vieux-Rouen-sur-Bresle (France)
Business sector: glass bottles for luxury fragrances

Chairman	Maurizio Guseo
"Board of Directors"	Maurizio Guseo - General Manager Roberto Celot Alberto Faggion Franco Grisan Nicolò Marzotto Michele Pezza Sergio Pregliasco

In the first half of 2019 "Luxury perfumery" container demand overall continued to grow, in line with the previous year, although slowing in recent months - most likely due to stock levels accumulating along the supply chain. The use of flankers was again significant.

The Carafes market for quality spirits is stable.

The **reclassified consolidated income statement** of Verrerie Brosse in H1 2019 compared to the same period of the previous year is shown below:

	H1 2019		H1 2018		Change
	Euro thou.	%	Euro thou.	%	%
Revenues	32,520	100.0%	31,683	100.0%	2.6%
Changes in finished and semi-finished products and work in progress	2,395	7.4%	(178)	(0.6%)	n.a.
Value of production	34,915	107.4%	31,505	99.4%	10.8%
Cost of goods and services	(18,367)	(56.5%)	(16,807)	(53.0%)	9.3%
Value added	16,548	50.9%	14,698	46.4%	12.6%
Personnel expense	(9,255)	(28.5%)	(9,137)	(28.8%)	1.3%
EBITDA	7,293	22.4%	5,561	17.6%	31.1%
Amortisation & Depreciation	(2,606)	(8.0%)	(2,842)	(9.0%)	(8.3%)
Accruals to provisions	(300)	(0.9%)	(180)	(0.6%)	66.7%
EBIT	4,387	13.5%	2,539	8.0%	72.8%
Net recurring non-operating income (charges)	(9)	---	(47)	(0.1%)	n.a.
Operating Profit	4,378	13.5%	2,492	7.9%	75.7%
Net financial expense	(128)	(0.4%)	(108)	(0.3%)	18.5%
Net exchange rate gains/(losses)	11	---	(34)	(0.1%)	n.a.
Profit before taxes	4,261	13.1%	2,350	7.4%	81.3%
Income taxes	(1,369)	(4.2%)	(781)	(2.5%)	75.3%
Profit for the period	2,892	8.9%	1,569	5.0%	84.3%

Revenues in the first half of 2019 of Euro 32.5 million increased 2.6% on the same period of the previous year (Euro 31.7 million).

Revenues by geographic segment:

(Euro thousands)	H1 2019	H1 2018	change %
Italy	2,648	1,525	73.6%
European Union (Italy excluded)	28,207	28,395	(0.7%)
Other areas	1,665	1,763	(5.6%)
Total	32,520	31,683	2.6%

Material costs and external services, including inventory changes, in the first half of 2019 were 49.1% of revenue compared to 53.6% in the first half of 2018.

Personnel expenses in the first half of 2019 accounted for 28.5% of revenue, compared to 28.8% in the same period of 2018.

EBITDA in the first half of 2019 totalled Euro 7.3 million, compared to Euro 5.6 million in the same period of 2018. The margin was 22.4% compared to 17.6%.

EBIT in H1 2019 totalled Euro 4.4 million (Euro 2.5 million in the first half of the previous year).

The profit before taxes in H1 2019 was Euro 4.3 million (Euro 2.4 million in the first half of 2018).

The profit for the period was Euro 2.9 million.

The cash flow generated from the profit for the period and amortisation/depreciation in the first half of 2019 and 2018 amounted to Euro 5.5 million and Euro 4.4 million respectively.

The **reclassified statement of financial position** of Verrerie Brosse at 30 June 2019 and 31 December 2018 and 30 June 2018 was as follows:

	30.06.2019		31.12.2018		30.06.2018	
	Euro thou.	%	Euro thou.	%	Euro thou.	%
Trade receivables	11,347		8,562		11,679	
Other receivables	1,984		3,410		2,982	
Inventories	23,210		20,994		18,107	
Current non-financial payables	(10,512)		(11,110)		(10,832)	
Payables on fixed assets	(227)		(634)		(434)	
A) Working capital	25,802	62.8%	21,222	55.4%	21,502	56.1%
Net tangible and intangible assets	16,663		18,250		18,060	
Equity investments and other non-current assets	422		437		543	
Non-current provisions and non-financial payables	(1,772)		(1,576)		(1,744)	
B) Net fixed capital	15,313	37.2%	17,111	44.6%	16,859	43.9%
A+B= Net capital employed	41,115	100.0%	38,333	100.0%	38,361	100.0%
Financed by:						
Current loans and borrowings	26,289		26,791		26,832	
Cash and cash equivalents	(10,150)		(11,486)		(10,044)	
Current net debt	16,139	39.3%	15,305	39.9%	16,788	43.8%
Non-current loans and borrowings	2,189	5.3%	3,133	8.2%	4,136	10.8%
C) Net financial debt	18,328	44.6%	18,438	48.1%	20,924	54.5%
Opening equity	19,895		15,869		15,868	
Other equity changes			---			
Profit for the period	2,892		4,026		1,569	
D) Closing equity	22,787	55.4%	19,895	51.9%	17,437	45.5%
C+D = Total financial debt and Equity	41,115	100.0%	38,333	100.0%	38,361	100.0%

Working capital at 30 June 2019 increased Euro 4.6 million on 31 December 2018 (Euro -0.6 million concerning increased current non-financial payables, increased trade receivables of Euro 2.8 million and higher inventories of Euro 2.2 million). Compared to 30 June 2018, working capital increased Euro 4.3 million due to the decrease in other receivables (Euro -1.0 million), the decrease in trade receivables (Euro -0.3 million), higher inventories (Euro +5.1 million) and the decrease in current non-financial payables (-Euro 0.3 million).

Net fixed capital at 30 June 2019 decreased on 31 December 2018 by Euro 1.8 million, owing principally to investments (Euro 1 million) lower than amortisation/depreciation (Euro 2.6 million).

The net financial debt amounted to Euro 18.3 million at 30 June 2019 (Euro 18.4 million at 31 December 2018 and Euro 20.9 million at 30 June 2018).

At 30 June 2019, there were 349 employees (at 31 December and 30 June 2018 respectively 363 and 369 employees).

According to the available information, it is expected that the market conditions seen in the final months of the first half of the year will continue into the second half and thereby shape growth.

Zignago Vetro Polska S.A.

Registered office: Trabkj (Poland)
Business sector: glass containers

Chairman:	Paolo Giacobbo
“Management Board”:	Michele Pezza – General Manager Roberto Cardini Roberto Celot Alberto Faggion Franco Grisan Nicolò Marzotto Stefano Marzotto Sergio Pregliasco
“Supervisory Board”:	Paolo Nicolai - chairman Stefano Perosa Carlo Pesce

In the first half of 2019, the global Perfume container market continued to expand, supported also by emerging market demand and particularly on the higher end of the market, while European demand remains stable.
For the Cosmetics market, nail varnish container demand was again weak, while positive signs emerged from the Skincare and Make up segments.

The European Beverage and Foods market continues to perform well, supported by strong consumption.

The Zignago Vetro Polska SA **reclassified income statement** for the first half of 2019 compared to the same period of the previous year is shown below:

	H1 2019		H1 2018		Change
	Euro thou.	%	Euro thou.	%	%
Revenues	24,005	100.0%	20,564	100.0%	16.7%
Changes in finished and semi-finished products and work in progress	(652)	(2.7%)	120	0.6%	n.a.
Internal production of fixed assets	355	1.5%	432	2.1%	(17.8%)
Value of production	23,708	98.8%	21,116	102.7%	12.3%
Cost of goods and services	(13,211)	(55.0%)	(11,463)	(55.7%)	15.2%
Value added	10,497	43.7%	9,653	46.9%	8.7%
Personnel expense	(4,957)	(20.6%)	(4,224)	(20.5%)	17.4%
EBITDA	5,540	23.1%	5,429	26.4%	2.0%
Amortisation & depreciation	(3,531)	(14.7%)	(3,621)	(17.6%)	(2.5%)
Accruals to provisions	(56)	(0.2%)	(57)	(0.3%)	(1.8%)
EBIT	1,953	8.1%	1,751	8.5%	11.5%
Net recurring non-operating income (charges)	(48)	(0.2%)	(30)	(0.1%)	n.a.
Operating Profit	1,905	7.9%	1,721	8.4%	10.7%
Net financial expense	(384)	(1.6%)	(432)	(2.1%)	n.a.
Net exchange rate gains/(losses)	374	1.6%	(1,850)	(9.0%)	n.a.
Profit/(loss) before taxes	1,895	7.9%	(561)	(2.7%)	n.a.
Income taxes	(395)	(1.6%)	118	0.6%	n.a.
Profit/(loss) for the period	1,500	6.2%	(443)	(2.2%)	n.a.

Revenues in H1 2019 totalled Euro 24 million, compared to Euro 20.6 million in H1 2018 (+16.7%).
Revenues include, in addition to glass containers, also decoration services and the contribution charged to clients for the creation of moulds for specific products and other services.

Revenue by geographic segment

(Euro thousands)	H1 2019	H1 2018	change %
Italy	7,550	7,342	2.8%
European Union (Italy excluded)	14,678	11,437	28.3%
Other areas	1,777	1,785	(0.4%)
Total	24,005	20,564	16.7%

Materials and external services, including changes in inventories and internal production of fixed assets, amounted in the first six months of 2019 to Euro 13.5 million – 56.3% of revenues (Euro 10.9 million and 53.1% in H1 2018).

Personnel expense amounted to Euro 5 million and accounted for 20.6% of revenues (Euro 4.2 million and 20.5% in the same period of the previous year). The increase in the first six months of 2019 compared to the same period of 2018 (+17.4%) is principally due to the expanded workforce, related to the installation of the new production line.

EBITDA in H1 2019 amounted to Euro 5.5 million - 23.1% revenue margin (Euro 5.4 million in H1 2018 - 26.4% revenue margin).

EBIT totalled Euro 2 million in H1 2019 compared to Euro 1.8 million in H1 2018, with an 8.1% revenue margin compared to 8.5% in the previous year.

The profit before taxes in H1 2019 was Euro 1.9 million. In the same period of 2018, it amounted to Euro 0.6 million.

The first half of 2019 reported a profit of Euro 1.5 million, compared to a loss of Euro 0.4 million in H1 2018.

The cash flow generated by the profit for the period and amortisation/depreciation amounted to Euro 5 million, 21% of revenues (in H1 2018 Euro 3.2 million, 15.5% of revenues).

The **reclassified statement of financial position** of Zignago Vetro Polska SA at 30 June 2019 and 31 December 2018 and 30 June 2018 was as follows:

	30.06.2019		31.12.2018		30.06.2018	
	Euro thou.	%	Euro thou.	%	Euro thou.	%
Trade receivables	7,624		6,520		6,033	
Other receivables	847		803		595	
Inventories	8,249		9,099		8,776	
Current non-financial payables	(6,867)		(6,471)		(5,150)	
Payables on fixed assets	(2,232)		(498)		(321)	
A) Working capital	7,621	12.3%	9,453	15.6%	9,933	16.6%
Net tangible and intangible assets	54,306		49,869		50,569	
Equity investments and other non-current assets	1,222		2,077		1,031	
Non-current provisions and non-financial payables	(1,086)		(989)		(1,559)	
B) Net fixed capital	54,442	87.7%	50,957	84.4%	50,041	83.4%
A+B = Net capital employed	62,063	100.0%	60,410	100.0%	59,974	100.0%
Financed by:						
Current loans and borrowings	4,550		4,186		4,163	
Cash and cash equivalents	(5,314)		(3,539)		(2,377)	
Current net debt	(764)	(1.2%)	647	1.1%	1,786	3.0%
Non-current loans and borrowings	39,273	63.3%	37,992	62.9%	39,956	66.6%
C) Net financial debt	38,509	62.0%	38,639	64.0%	41,742	69.6%
Opening equity	21,771		19,535		19,535	
Other equity changes	1,500		(594)		(860)	
Profit for the period	283		2,830		(443)	
D) Closing equity	23,554	38.0%	21,771	36.0%	18,232	30.4%
C+D= Total financial debt and Equity	62,063	100.0%	60,410	100.0%	59,974	100.0%

The working capital at 30 June 2019 decreased Euro 1.8 million compared to 31 December 2018. Net fixed capital amounted to Euro 54.4 million at 30 June 2019, increasing Euro 3.5 million on 31 December 2018, principally due to amortisation/depreciation (Euro 3.5 million) lower than investments (Euro 1 million).

The debt at 30 June 2019 was Euro 38.5 million, while at 31 December 2018 and 30 June 2018 respectively Euro 38.6 million and Euro 41.7 million. It includes approx. Euro 1.5 million for financial liabilities regarding leases according to the new IFRS 16 standard.

At 30 June 2019 employees numbered 657, while at 31 December and 30 June 2018 respectively 634 and 634.

It is forecast that market conditions permitting continued company business volume growth may again be apparent in the current year.

Vetri Speciali SpA

Registered office: Trento – Via Manci, 5
Business sector: specialty glass containers

Chairman:	Stefano Marzotto
Vice Chairman:	Vitaliano Torno
Chief Executive Officer:	Osvaldo Camarin
Directors:	Luca Marzotto
	Massimo Noviello
Statutory Auditors:	Lorenzo Buraggi - chairman
	Carlo Pesce
	Stefano Meneghini

As for the wider glass containers market, special container demand in the first half of the year was generally strong across all market segments. The wines and sparkling wines and spirits segment was particularly buoyant, featuring persistent demand among operators for innovative solutions which add value to the final product.

The **reclassified income statement** of Vetri Speciali SpA for H1 2019 compared to the same period of the previous year, for the share pertaining to Zignago Vetro SpA (50%), is summarised below:

	H1 2019		H1 2018		Changes
	Euro thou.	%	Euro thou.	%	%
Revenues	47,772	100.0%	41,111	100.0%	16.2%
Changes in finished and semi-finished products and work in progress	(506)	(1.1%)	(3,602)	(8.8%)	n.a.
Value of production	47,266	98.9%	37,509	91.2%	26.0%
Cost of goods and services	(20,733)	(43.4%)	(16,777)	(40.8%)	23.6%
Value added	26,533	55.5%	20,732	50.4%	28.0%
Personnel expense	(10,422)	(21.8%)	(9,302)	(22.6%)	12.0%
EBITDA	16,111	33.7%	11,430	27.8%	41.0%
Amortisation & Depreciation	(4,170)	(8.7%)	(3,389)	(8.2%)	23.0%
Accruals to provisions	(126)	(0.3%)	(241)	(0.6%)	n.a.
EBIT	11,815	24.7%	7,800	19.0%	51.5%
Net recurring non-operating income (charges)	224	0.5%	1,894	4.6%	n.a.
Operating Profit	12,039	25.2%	9,694	23.6%	24.2%
Net financial expense	(170)	(0.4%)	(87)	(0.2%)	95.4%
Net exchange rate gains/(losses)	2	---	(15)	---	n.a.
Profit/(loss) before taxes	11,871	24.8%	9,592	23.3%	23.8%
Income taxes & IRAP *(tax-rate at H1 2019: 23.0%)* *(tax-rate at H1 2018: 22.9%)*	(2,727)	(5.7%)	(2,199)	(5.3%)	24.0%
Profit for the period	9,144	19.1%	7,393	18.0%	23.7%

The share of revenues in the first half of 2019 amounted to Euro 47.8 million, an increase of 16.2% compared to Euro 41.1 million in the first half of the previous year.

Exports accounted for 20.4% of revenues (19.7% in the same period of 2018).

Revenues by geographic segment:

(Euro thousands)	H1 2019	H1 2018	change %
Italy	38,024	33,630	13.1%
European Union (Italy excluded)	6,583	5,294	24.3%
Other areas	3,165	2,187	44.7%
Total	47,772	41,111	16.2%

The share of material costs and external services in the first half of 2019, including the changes in the share of inventory, account for 44.5% of revenues compared to 49.6% in the first half of 2018.

The share of personnel expense in H1 2019 compared to the same period in 2018 increased by 12%, following the increase in the workforce also due to the new kiln currently being installed and wages increases.

The share of EBITDA amounted to Euro 16.1 million in H1 2019, an increase of 41% compared to the same period of 2018 (Euro 11.4 million), and a margin of 33.7% on revenues (27.8% in H1 2018).

The share of EBIT in the period was Euro 11.8 million, up 51.5% (Euro 7.8 million in the same period of 2018), with a margin of 24.7% compared to 19.0%.

The profit before taxes amounted to Euro 11.9 million in the first half of 2019, down on Euro 9.6 million in the first half of 2018 and with a margin of 24.8% compared to 23.3%.

The tax rate in the first six months of 2019 was 23%, compared to 22.9% in H1 2018.

The profit in H1 2019 amounted to Euro 9.1 million, compared to Euro 7.4 million in the first half of 2018, with a H1 2019 margin of 19.1% (18% in H1 2018).

The cash flow generated from the profit for the period and amortisation/depreciation in the first half of the year amounted to Euro 13.3 million compared to Euro 10.8 million in the same period of 2018.

The **reclassified statement of financial position** of Vetri Speciali SpA at 30 June 2019 and 31 December and 30 June 2018, for the share pertaining to Zignago Vetro SpA (50%), was as follows:

	30.06.2019		31.12.2018		30.06.2018	
	Euro thou.	%	Euro thou.	%	Euro thou.	%
Trade receivables	22,226		15,634		17,327	
Other receivables	542		3,784		3,424	
Inventories	19,411		19,800		15,304	
Current non-financial payables	(20,076)		(19,296)		(16,724)	
Payables on fixed assets	(978)		(1,151)		(4,509)	
A) Working capital	21,125	17.4%	18,771	15.7%	14,822	13.0%
Net tangible and intangible assets	62,222		60,649		57,889	
Goodwill	40,490		40,490		40,086	
Equity investments and other non-current assets	641		2,517		4,085	
Non-current provisions and non-financial payables	(3,003)		(2,802)		(2,831)	
B) Net fixed capital	100,350	82.6%	100,854	84.3%	99,229	87.0%
A+B= Net capital employed	121,475	100.0%	119,625	100.0%	114,051	100.0%
Financed by:						
Current loans and borrowings	28,757		26,017		27,214	
Cash and cash equivalents	(3,419)		(2,851)		(6,039)	
Current net debt	25,338	20.9%	23,166	19.4%	21,175	18.6%
Non-current loans and borrowings	22,963	18.9%	22,216	18.6%	26,024	22.8%
C) Net financial debt	48,301	39.8%	45,382	37.9%	47,199	41.4%
Opening equity	74,243		69,447		69,421	
Dividends	(10,213)		(9,962)		(9,962)	
Other equity changes			1			
Profit for the period	9,144		14,757		7,393	
D) Closing equity	73,174	60.2%	74,243	62.1%	66,852	58.6%
C=D Total financial debt and equity	121,475	100.0%	119,625	100.0%	114,051	100.0%

The portion of trade receivables at 30 June 2019 increased 42.2% (Euro +6.6 million) compared to 31 December 2018 and Euro +4.9 million on 30 June 2018.

The share of inventories at 30 June 2019 decreased Euro 0.4 million (-2%) compared to 31 December 2018 and increased Euro 4.1 million (+26.8%) compared to 30 June 2018.

The share of net fixed capital of Euro 100.4 million at 30 June 2019 was Euro 0.5 million lower than 31 December 2018 and Euro 1.1 million higher than 30 June 2018, due to greater capital expenditure than depreciation.
The share of debt at 30 June 2019 amounted to Euro 48.3 million, an increase of Euro 2.9 million (+6.4%) on 31 December 2018 and increasing Euro 1.1 million (+2.3%) on 30 June 2018. During the period the portion of dividends paid was Euro 10.2 million (Euro 9.9 million in 2018). It includes approx. Euro 0.9 million for financial liabilities regarding leases according to the new IFRS 16 standard.

At 30 June 2019 employees numbered 826 (100% of the data), while at 31 December and 30 June 2018 respectively 813 and 804.

Results for the current year are expected to remain at good levels, once again benefitting from strong demand.

* * *

For completeness the reclassified consolidated income statement and statement of financial position of Vetri Speciali SpA (100% of the relative data) are presented below.

The **reclassified consolidated income statement** of Vetri Speciali SpA (100% of the data) for H1 2018 and H1 2017 is shown below:

	H1 2019		H1 2018		Changes
	Euro thou.	%	Euro thou.	%	%
Revenues	95,544	100.0%	82,221	100.0%	16.2%
Changes in finished and semi-finished products and work in progress	(1,011)	(1.1%)	(7,204)	(8.8%)	n.a.
Value of production	94,533	98.9%	75,017	91.2%	26.0%
Cost of goods and services	(41,465)	(43.4%)	(33,554)	(40.8%)	23.6%
Value added	53,068	55.5%	41,463	50.4%	28.0%
Personnel expenses	(20,844)	(21.8%)	(18,604)	(22.6%)	12.0%
EBITDA	32,224	33.7%	22,859	27.8%	41.0%
Amortisation & Depreciation	(8,339)	(8.7%)	(6,777)	(8.2%)	23.0%
Accruals to provision	(251)	(0.3%)	(481)	(0.6%)	(47.8%)
EBIT	23,634	24.7%	15,601	19.0%	51.5%
Net recurring non-operating income	447	0.5%	3,788	4.6%	(88.2%)
Operating profit	24,081	25.2%	19,389	23.6%	24.2%
Net financial expense	(339)	(0.4%)	(173)	(0.2%)	96.0%
Net exchange rate gains/(losses)	3	---	(29)	---	(110.3%)
Profit before taxes	23,745	24.9%	19,187	23.3%	23.8%
Income taxes and IRAP	(5,456)	(5.7%)	(4,400)	(5.4%)	24.0%
Profit for the period	18,289	19.1%	14,787	18.0%	23.7%

The **reclassified consolidated statement of financial position** of Vetri Speciali SpA (100% of the data) at 30 June 2019, 31 December 2018 and 30 June 2018 is summarised below:

	30.06.2019		31.12.2018		30.06.2018	
	Euro thou.	%	Euro thou.	%	Euro thou.	%
Trade receivables	44,456		31,272		34,652	
Other receivables	1,084		7,567		6,848	
Inventories	38,822		36,066		30,608	
Current non-financial payables	(40,152)		(35,056)		(33,448)	
Payables on fixed assets	(1,956)		(2,301)		(9,017)	
A) Working capital	42,254	17.4%	37,548	15.7%	29,643	13.0%
Net tangible and intangible assets	124,443		121,297		115,778	
Goodwill	80,980		80,979		80,171	
Equity investments	1,281		5,033		8,170	
Non-current provisions and non-financial payables	(6,006)		(5,603)		(5,662)	
B) Net fixed capital	200,698	82.6%	201,706	84.3%	198,457	87.0%
A+B = Net capital employed	242,952	100.0%	239,254	100.0%	228,100	100.0%
Financed by:						
Current loans and borrowings	57,513		52,033		54,427	
Cash and cash equivalents	(6,837)		(5,701)		(12,078)	
Current net debt	50,676	20.9%	46,332	19.4%	42,349	18.6%
Non-current loans and borrowings	45,925	18.9%	44,431	18.6%	52,047	22.8%
C) Net financial debt	96,601	39.8%	90,763	37.9%	94,396	41.4%
Opening equity	148,489		138,893		138,841	
Dividends paid	(20,427)		(19,924)		(19,924)	
Other equity changes	---		2		---	
Profit for the period	18,289		29,520		14,787	
D) Closing equity	146,351	60.2%	148,491	62.1%	133,704	58.6%
C+D= Total financial debt and equity	242,952	100.0%	239,254	100.0%	228,100	100.0%

Vetreco Srl

Registered office: Supino (FR) – Via Morolense
Business sector: treatment and sale of recycled glass

Chairman:	Roberto Celot
Vice Chairman:	Rocco Furia
Directors:	Roberto Cardini
	Pietro Iallonardo
	Christian Pierucci
	John Gerard Sadlier
Statutory Auditors:	Alberto Faggion - chairman
	Riccardo Bolla
	Augusto Valchera

In the first half of 2019, the company reported strong operating results, increasing quantities and the further streamlining of production.

The **reclassified income statement** of Vetreco Srl (100% of the data) for H1 2019 and 2018 is reported below:

	H1 2019		H1 2018		Change
	Euro thou.	%	Euro thou.	%	Euro thou.
Revenues	7,358	100.0%	7,873	100.0%	(6.5%)
Changes in finished and semi-finished and products and work in progress	360	4.9%	212	2.7%	n.a.
Value of production	7,718	104.9%	8,085	102.7%	(4.5%)
Cost of goods and services	(4,547)	(61.8%)	(6,077)	(77.2%)	(25.2%)
Value added	3,171	43.1%	2,008	25.5%	57.9%
Personnel expense	(688)	(9.4%)	(632)	(8.0%)	8.9%
EBITDA	2,483	33.7%	1,376	17.5%	80.5%
Amortisation & Depreciation	(532)	(7.2%)	(512)	(6.5%)	3.9%
EBIT	1,951	26.5%	864	11.0%	125.8%
Net recurring non operating income (charges)	---	---	---	---	---
Operating profit	1,951	26.5%	864	11.0%	125.8%
Net financial expense	(241)	(3.3%)	(234)	(3.0%)	3.0%
Profit before taxes	1,710	23.2%	630	8.0%	171.4%
Income taxes, deferred taxes & IRAP	(509)	(6.9%)	(198)	(2.5%)	157.1%
Profit for the period	1,201	16.3%	432	5.5%	178.0%

In the first half, the company reported revenues of Euro 7.4 million, principally concerning the sale of raw glass for furnaces, raw glass third party processing and metal waste sales.

The **reclassified statement of financial position** of Vetreco Srl (100% of the data) at 30 June 2019, 31 December 2018 and 30 June 2018 was as follows:

	30.06.2019		31.12.2018		30.06.2018	
	Euro thou.	%	Euro thou.	%	Euro thou.	%
Trade receivables	4,858		2,417		4,144	
Other receivables	1,948		2,301		1,367	
Inventories	1,077		861		1,423	
Current non-financial payables	(4,550)		(4,273)		(4,472)	
Payables on fixed assets	(34)		---		(34)	
A) Working capital	3,299	17.5%	1,306	8.1%	2,428	14.7%
Net tangible and intangible assets	15,630		14,876		14,154	
Goodwill	24		22		22	
Non-current provisions and non-financial payables	(80)		(94)		(64)	
B) Net fixed capital	15,574	82.5%	14,804	91.9%	14,112	85.3%
A+B = Net capital employed	18,873	100.0%	16,110	100.0%	16,540	100.0%
Financed by:						
Current loans and borrowings	2,052		1,903		1,858	
Cash and cash equivalents	(1,445)		(3,548)		(15)	
Current net debt	607		(1,645)		1,843	
Non-current loans and borrowings	15,355		16,046		13,072	
C) Net financial debt	15,962	84.6%	14,401	89.4%	14,915	90.2%
Opening equity	1,710		1,193		1,193	
Dividends paid	---		---		---	
Other equity changes	---		---		---	
Profit for the period	1,201		516		432	
D) Closing equity	2,911	15.4%	1,709	10.6%	1,625	9.8%
C+D = Total Financial Debt and Equity	18,873	100.0%	16,110	100.0%	16,540	100.0%

Working capital amounted to Euro 3.3 million, increasing Euro 2.0 million over 31 December 2018, principally due to higher trade receivables (+Euro 2.4 million) and reduced other receivables (-Euro 0.4 million).

Net fixed capital at 30 June 2019 was Euro 0.8 million higher than 31 December 2018.

Net capital employed at 30 June 2019 increased Euro 2.8 million compared to 31 December 2018.

The increase in equity at 30 June 2019 compared to 31 December 2018 was Euro 1.2 million, relating to the profit in the period.

The net financial debt at 30 June 2019 amounted to Euro 16 million, an increase of Euro 1.6 million on 31 December 2018 (Euro 14.4 million).

The company workforce at 30 June 2019 numbered 29.
Employees at 31 December 2018 numbered 28, unchanged compared to 30 June 2018.

It is expected that the company will continue to report good results, although not as strong as expectations due to higher raw glass procurement costs.

* * *

Vetro Revet Srl

Registered office: Empoli (FI) – Via 8 marzo No. 9
Business sector: treatment and sale of recycled glass

Chairman:	Sergio Pregliasco
Directors:	Mauro Biason Alessandro Canovai Roberto Celot Alessia Scappini
Statutory Auditors:	Stefano Peppolini - Chairman Alberto Faggion Stefano Meneghini

Operating performance

The first half of 2019 featured improvements to technology and plant, in addition to extensive entry into service and operating process improvement activities. This has brought about the first signs of an uptake, with the initial positive operating results emerging in the second quarter.

Initiatives are underway to further streamline company operations, from production organisation, to raw glass procurement improvements and the cutting of processing waste.

The **reclassified income statement** of Vetro Revet Srl for H1 2018 and 2017 is reported below:

	H1 2019		H1 2018		Change
	Euro thou.	%	Euro thou.	%	%
Revenues	3,504	100.0%	2,167	100.0%	61.7%
Changes in finished and semi-products and work in progress	50	1.4%	48	2.2%	n.a.
Value added	3,554	101.4%	2,215	102.2%	60.5%
Cost of goods and services	(2,819)	(80.5%)	(2,237)	(103.2%)	26.0%
Value added	735	21.0%	(22)	(1.0%)	n.a.
Personnel expenses	(871)	(24.9%)	(850)	(39.2%)	2.5%
EBITDA	(136)	(3.9%)	(872)	(40.2%)	(84.4%)
Amortisation & Depreciation	(232)	(6.6%)	(148)	(6.8%)	56.8%
EBIT	(368)	(10.5%)	(1,020)	(47.1%)	(63.9%)
Net recurring non operating income (charges)	(21)	(0.6%)	(22)	(1.0%)	(4.5%)
Operating loss	(389)	(11.1%)	(1,042)	(48.1%)	(62.7%)
Net financial expense	(65)	(1.9%)	(74)	(3.4%)	(12.2%)
Loss before taxes	(454)	(13.0%)	(1,116)	(51.5%)	(59.3%)
Income taxes, deferred taxes & IRAP	---	---	---	---	---
Loss for the period	(454)	(13.0%)	(1,116)	(51.5%)	(59.3%)

Revenues derive almost exclusively from the sale of raw glass for furnaces.

The principal cost items are materials and external services, labour costs and amortisation and depreciation.

The loss for the first half of 2019 was Euro 0.5 million (loss of Euro 1.1 million in the first half of 2018), due to the production performances.

The **reclassified statement of financial position** of Vetro Revet Srl at 30 June 2019 and 2018 and 31 December 2018 was as follows:

	30.06.2019		31.12.2018		30.06.2018	
	Euro thou.	%	Euro thou.	%	Euro thou.	%
Trade receivables	2,088		1,559		2,346	
Other receivables	1,539		1,402		2,069	
Inventories	87		37		64	
Current non-financial payables	(3,787)		(3,946)		(4,645)	
A) Working capital	(73)	(0.9%)	(948)	(12.7%)	(166)	(2.7%)
Net tangible and intangible assets	8,696		8,722		6,331	
Other investments and non-current assets	26		27		27	
Non-current provisions & loans and borrowings	(266)		(308)		(148)	
B) Net fixed capital	8,456	100.9%	8,441	112.7%	6,210	102.7%
A+B= Net capital employed	8,383	100.0%	7,493	100.0%	6,044	100.0%
Financed by:						
Current loans and borrowings	3,571		1,554		252	
Cash and cash equivalents	(1,066)		(393)		(1)	
Current net debt	2,505		1,161		251	
Non-current loans and borrowings	5,572		5,572		5,680	
C) Net financial debt	8,077	96.3%	6,733	89.9%	5,931	98.1%
Opening equity	760		(271)		(271)	
Other equity changes	---		3,000		1,500	
Loss for the period	(454)		(1,969)		(1,116)	
D) Closing equity	306	3.7%	760	10.1%	113	1.9%
C+D = Total financial debt and equity	8,383	100.0%	7,493	100.0%	6,044	100.0%

The working capital at 30 June 2019 increased on 31 December 2018 by Euro 0.9 million.

The net fixed capital at 30 June 2019 of Euro 8.5 million was substantially unchanged on 31 December 2018.

Equity amounted to Euro 0.3 million, decreasing Euro 0.5 million on 31 December 2018, as a result of the loss in the period.

At 30 June 2019, the company workforce numbered 40. At 31 December 2018, there were 40 employees.

As a result of the initiatives being rolled out, operating results are expected to gradually further improve over the coming quarters.

Atypical and/or unusual transactions

There were no atypical and/or unusual transactions for the period ended 30 June 2019 as defined by Consob Communication DEM/6064293.

Significant events after 30 June 2019

It is indicated that the name of the Polish company Huta Szkla Czechy S.A. was changed to Zignago Vetro Polska S.A.

Outlook

Based on the information available, continued demand growth is expected on the Group's various markets.

Fossalta di Portogruaro, 26 July 2019

For the Board of Directors
The Chairman
Mr. Paolo Giacobbo

Condensed Interim Consolidated
Financial Statements

Consolidated
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Statement of financial position

(Euro thousands)	30.06.2019 (*)	31.12.2018	30.06.2018	Note
ASSETS				
Non-current assets				
Property, plant and equipment	247,185	229,391	181,298	(1)
Goodwill	2,740	2,694	2,682	(2)
Intangible assets	173	176	309	
Equity-accounted Joint Ventures	74,526	74,757	67,340	(3)
Equity investments	389	391	392	
Other non-current assets	279	1,175	721	(4)
Deferred tax assets	3,050	4,078	2,705	
Total non-current assets	**328,342**	**312,662**	**255,447**	
Current assets				
Inventories	84,907	79,183	74,369	(5)
Trade receivables	84,036	64,903	73,711	(6)
Other current assets	16,889	16,830	10,111	(7)
Tax Assets	6,507	3,773	3,677	
Cash and cash equivalents	26,718	32,338	39,234	(8)
Total current assets	**219,057**	**197,027**	**201,102**	
TOTAL ASSETS	**547,399**	**509,689**	**456,549**	
EQUITY & LIABILITIES				
EQUITY				
Share capital	8,800	8,800	8,800	
Reserves	39,991	41,765	41,408	
Treasury shares	(1,093)	(1,093)	(1,093)	
Retained earnings and profit for the period	121,190	105,640	126,824	
Other equity items	22,432	45,020	(1,198)	
TOTAL EQUITY OWNERS OF THE PARENT	**191,320**	**200,132**	**174,741**	(9)
NON-CONTROLLING INT. EQUITY	**(213)**	**9**	**(308)**	
TOTAL EQUITY	**191,107**	**200,141**	**174,433**	
LIABILITIES				
Non-current liabilities				
Provisions for risks and charges	4,441	4,257	5,483	(10)
Post-employment benefits	4,561	4,529	5,232	(11)
Non-current loans and borrowings	103,832	117,768	127,486	(12)
Other non-current liabilities	2,145	2,415	2,693	(13)
Deferred tax liabilities	2,084	2,090	2,211	
Total non-current liabilities	**117,063**	**131,059**	**143,105**	
Current liabilities				
Bank loans and borrowings and current portion	145,816	81,948	63,199	(14)
Trade and other payables	70,664	72,748	55,172	(15)
Other current liabilities	19,556	19,927	18,609	(16)
Current income taxes	3,193	3,866	2,021	(17)
Total current liabilities	**239,229**	**178,489**	**139,001**	
TOTAL LIABILITIES	**356,292**	**309,548**	**282,106**	
TOTAL EQUITY AND LIABILITIES	**547,399**	**509,689**	**456,539**	

(*) The Group adopted IFRS 16 on 1 January 2019, utilising the modified retrospective method, on the basis of which the comparative information has not been restated. Details concerning first time application of IFRS 16 are reported in the new accounting standards paragraph of the notes."

Income Statement

(Euro thousands)	H1 2019 (*)	H1 2018	Note
Revenues	**160,232**	**146,975**	(18)
Raw material, ancillary, consumables and goods	(27,822)	(32,108)	(19)
Service costs	(55,094)	(41,134)	(20)
Personnel expense	(36,598)	(34,148)	(21)
Amortisation & Depreciation	(20,648)	(17,400)	(22)
Other operating costs	(2,444)	(2,993)	
Other operating income	662	894	
Equity-accounted joint ventures	9,483	8,065	(3)
Operating profit	**27,771**	**28,151**	
Financial income	73	48	
Financial expense	(1,447)	(1,667)	(23)
Net exchange rate gains/(losses)	382	(1,967)	
Profit before taxes	**26,779**	**24,565**	
Income taxes	(4,569)	(5,092)	(24)
Profit (loss) non-con. int.	222	547	
Group Profit	**22,432**	**19,473**	
Attributable to			
Owners of the parent	22,210	20,020	
Non-controlling interests	222	(547)	
	22,432	**19,473**	
Earnings per share:			
Basic (and diluted) earnings per share	**0.253**	**0.228**	

Statement of Comprehensive Income

(Euro thousands)	H1 2019 (*)	H1 2018
Profit for the period	**22,210**	**19,473**
Items that will be subsequently reclassified to profit or loss		
Translation difference for foreign operations	279	(876)
Profit/(loss) cash flow hedge		
Tax effect	---	---
	279	*(876)*
Total items that will be subsequently reclassified to profit or loss	***279***	***(876)***
Items that will not be subsequently reclassified to profit or loss		
Actuarial gains/(losses) on defined benefit plans	---	---
Tax effect	---	---
	---	---
Total items that will not be subsequently reclassified to profit or loss	---	---
Other comprehensive income (expense) for the period, net of taxes	**279**	**(876)**
Total comprehensive income for the period	**22,489**	**18,597**
Attributable to:		
Owners of the parent	22,711	19,144
Non-controlling interests (Loss)	(222)	(547)

Statement of Cash Flows

(Euro thousands)

		H1 2019 (*)	H1 2018
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit before taxes		**26,779**	**24,565**
Adjustments to reconcile net profit with cash flow generated from operating activities:			
Amortisation & Depreciation		20,475	17,409
Losses/(gains) on sale of property, plant & equipment			
Accrual to allowance for impairment		466	110
Net changes to post-employment benefits		32	(173)
Net changes to other provisions		184	1,106
Change in assets and liabilities items due to translation effect		(596)	2,366
Financial income and exchange gains		(455)	1,919
Financial expenses and exchange losses		1,065	3,634
Income taxes paid in the period		(6,953)	(2,341)
Equity-accounted joint ventures		(9,483)	(8,065)
Dividends distributed by equity-accounted joint ventures		10,213	9,962
Changes in operating assets and liabilities:			
Decrease/(increase) in trade receivables		(19,599)	(6,328)
Decrease/(increase) in other current assets		(59)	3,164
Decrease/(increase) in inventories		(5,724)	(279)
Increase/(decrease) in trade & other payables		9,405	(3,344)
Increase/(decrease) in other current liabilities		(371)	(138)
Change in other non-current assets and liabilities		621	(206)
Total adjustments and changes		**(779)**	**18,796**
Net Cash Flows from operating activities	**(A)**	**26,000**	**43,361**
CASH FLOW FROM INVESTING ACTIVITIES:			
Gross investments in intangible assets		(55)	(5)
Gross investments in property, plant and equipment		(31,824)	(17,846)
Increase/(decrease) in payables for purchases of non-current assets		(11,489)	4,066
Sales price of securities		---	6,275
Sales price of property, plant and equipment		93	47
Net cash flow used in investing activities	**(B)**	**(43,275)**	**(7,463)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid in the period		(1,081)	(3,634)
Interest received in the period and currency effect		69	(1,919)
Net increase (decrease) of short-term bank payables		63,978	(8,029)
Net change non-current loans and borrowings		(20,234)	13,861
Dividends distributed		(31,569)	(28,061)
Other changes		213	308
Net cash flow used in financing activities	**(C)**	**11,376**	**(27,474)**
Change in assets and liabilities items due to translation effect	**(D)**	**279**	**(876)**
Net change in cash and cash equivalents	**(A+B+C+D)**	**(5,620)**	**7,548**
Cash & cash equivalents at beginning of the period		**32,338**	**31,686**
Cash & cash equivalents at end of period		**26,718**	**39,234**

Statement of changes in Equity

	Share capital	Legal reserve	Revaluation reserve	Other reserves	Capital paid-in	Treasury shares	Translation reserve	Actuarial profit/(loss) on ind. deferred benefit plans	Retained earnings	Profit for the period	Total non-controlling interest equity	Total non-controlling interest equity	Total consolidated equity
31 December 2017	**8,800**	**1,760**	**27,334**	**7,945**	**157**	**(3,748)**	**(633)**	**(957)**	**97,033**	**39,874**	**177,565**	**(496)**	**177,069**
Application IFRS 15 adj.	---	---	---	---	---	---	---	---	(95)	---	(68)	---	(68)
Balance at 31 December 2017 restated	**8,800**	**1,760**	**27,334**	**7,945**	**157**	**(3,748)**	**(633)**	**(957)**	**96,938**	**39,874**	**177,497**	**(496)**	**177,001**
Profit (Loss)	---	---	---	---	---	---	---	---	---	20,020	20,020	(547)	19,473
Other profits/(losses), net of tax effect	---	---	---	---	---		(876)	---	---	---	(876)	---	(876)
Total Comp. Income (expense)	---	---	---	---	---	---	(876)	---	---	20,020	19,144	(547)	18,597
Allocation of result	---	---	---	---	---	---	---	---	39,874	(39,874)	---	---	---
Sale of treasury shares	---	---	---	3,533	---	2,655	---	---	---	---	6,188	---	6,188
Movement non-controlling interests eq.	---	---	---	---	---	---	---	---	---	---	---	735	735
Application IFRS 15 adj.	---	---	---	---	---	---	---	---	---	---	(27)		(27)
Distribution dividends	---	---	---	---	---	---	---	---	(28,061)	---	(28,061)	---	(28,061)
30 June 2018	**8,800**	**1,760**	**27,334**	**11,478**	**157**	**(1,093)**	**(1,509)**	**(957)**	**108,751**	**20,020**	**174,741**	**(308)**	**174,433**
Profit (Loss)	---	---	---	---	---	---	---	---	---	25,000	25,000	(418)	24,582
Other profits/(losses), net of tax effect	---	---	---	---	---	---	261	35	---	---	296	---	296
Total Comp. Income (expense)	---	---	---	---	---	---	261	35	---	25,000	25,296	(418)	24,878
Allocation of result	---	---	---	---	---	---	---	---	5,146	(5,214)	---	---	---
Sale of treasury shares	---	---	---	68	---	---	---	---	---	---	---	---	---
Other changes		---	---	(19)	---	---	---	---	---	---	---	---	---
Movement non-controlling interests eq.	---	---	---	---	---	---	---	---	---	---	---	735	735
Application IFRS 15 adj.	---	---	---	---	---	---	---	---	95	---	95	---	95
Distribution dividends	---	---	---	---	---	---	---	---	---	---	---	---	---
31 December 2018	**8,800**	**1,760**	**27,334**	**11,546**	**157**	**(1,093)**	**(1,248)**	**(922)**	**113,992**	**39,806**	**200,132**	**9**	**200,141**
Profit (Loss)	---	---	---	---	---	---	---	---	---	22,432	22,432	(222)	22,210
Other profits/(losses), net of tax effect	---	---	---	---	---	---	279	---	---	---	279	---	279
Total Comp. Income (expense)	---	---	---	---	---	---	279	---	---	22,432	22,711	(222)	22,489
Allocation of result	---	---	---	---	---	---	---	---	39,806	(39,806)	---	---	---
Sale of treasury shares	---	---	---	---	---	---	---	---	---	---	---	---	---
Other changes	---	---	---	46	---	---	---	---	---	---	46	---	46
Movement non-controlling interests eq.	---	---	---	---	---	---	---	---	---	---	---	---	---
Distribution of dividends	---	---	---	---	---	---	---	---	(31,569)	---	(31,569)	---	(31,569)
30 June 2019	**8,800**	**1,760**	**27,334**	**11,546**	**157**	**(1,093)**	**(969)**	**(922)**	**122,229**	**22,432**	**191,320**	**(213)**	**191,107**

Notes to the financial statements

SUMMARY OF THE IFRS INTERNATIONAL ACCOUNTING STANDARDS USED FOR THE PREPARATION OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

Group activities

Zignago Vetro SpA is a joint stock company limited by shares domiciled at Fossalta di Portogruaro via Ita Marzotto No. 8.

The publication of the condensed interim consolidated financial statements at 30 June 2019 of Zignago Vetro S.p.A. was approved by the Board of Directors on 26 July 2019.

General preparation criteria

The condensed interim consolidated financial statements at 30 June 2019 and for the period ended at that date are presented in accordance with IAS 34 – *Interim financial reporting*, which relates to the reporting of interim financial information and data (the "Condensed Interim Consolidated Financial Statements"). Accounting standard IAS 34 provides for a minimum level of information significantly lower than that required by IFRS, where information has already been published on the complete Financial Statements prepared in accordance with IFRS.

Therefore, the present condensed interim consolidated financial statements, which were prepared in "condensed" form and include the minimum disclosures required by IAS 34, should be read together with the Group consolidated financial statements for the year ended 31 December 2018, prepared in accordance with the International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union. IFRS include all the revised international accounting standards (IAS) and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

The Condensed Interim Consolidated Financial Statements at 30 June 2019 consist of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the statement of changes in equity and these notes.

New accounting policies and interpretations adopted by the Group from 1 January 2019

The accounting policies adopted for the preparation of the condensed interim consolidated financial statements are the same as those utilised for the consolidated financial statements of the Zignago Vetro Group for the year ended 31 December 2018, except for the adoption of new standards, amendments and interpretations approved by the IASB and endorsed in Europe, application of which is obligatory for accounting periods beginning 1 January 2019 as per the following table.

Document title	Date of issue	Effective entry date	Date approved	EU Regulation and publication date
IFRS 16 Leasing	January 2016	1 January 2019	31 October 2017	(EC) 2017/1986 9 November 2017
Amendments to IFRS 9 Financial Instruments - Prepayment features with negative compensation	October 2017	1 January 2019	22 March 2018	(EC) 2018/498 26 March 2018
IFRIC 23 - Uncertainties over income tax treatments	June 2017	1 January 2019	23 October 2018	(EC) 201871595 24 October 2018
Amendments to IAS 28 - Investments in associates and joint ventures	October 2017	1 January 2019	8 February 2019	(EC) 2019/237 14 March 2019
Amendments to IAS 19 - Amendment, curtailment or settlement of the plan	February 2018	1 January 2019	13 March 2019	(EC) 2019/402 14 March 2019
Improvements to IFRS (2015-2017 cycle) amendments to IFRS 3/IFRS 11, IAS 12 and IAS 23	December 2017	1 January 2019	22 March 2018	(EC) 2019/402 26 March 2019

In particular, “IFRS 16 - Leasing” issued in January 2016 replaces IAS 17, in addition to “IFRIC 4 Determining whether an agreement contains a lease”, “SIC-15 Operating Leases - Incentives” and “SIC-27 Evaluating the substance of transactions in the legal form of a lease”. “IFRS 16 - Leasing” was endorsed by the European Union with Regulation EC 2017/1986 of 31 October 2017. IFRS 16 identifies the principles to recognise, measure and present in the financial statements leasing contracts, in addition to the disclosure to be provided. It in addition establishes that lessees recognise all leasing contracts through a single recognition model, similar to that for finance leases as per IAS 17.

At the lease commencement date, the lessee should recognise the liability for the obligation to settle the lease payments due (“lease liabilities”) and an asset consisting of the right to use the underlying asset throughout the duration of the lease (usage right asset). The lessee should in addition recognise the interest concerning the lease liabilities separate from the amortisation of the asset consisting of the usage right.

The lessee should restate the amounts of the lease liabilities on the occurrence of certain events (e.g. a change to the duration of the lease, a change to the value of the future payments due to a change in an index or rate utilised to determine these payments).

In general, the restatement of the amounts of the lease liabilities imply an adjustment also to the usage right asset.

With regards to the lessor, IFRS 16 leaves the requirements for accounting recognition of IAS 17 substantially unchanged. Lessors will continue to classify all leases using the same classification principle set out in IAS 17 and distinguishing between two types of leases: operating and finance leases.

With regards to the recognition of lease contracts in the financial statements of the lessee, the standard establishes two exclusions: the lease of “low value” assets (e.g. personal computers) and short-term lease contracts (i.e. leases of a duration equal to or less than 12 months). The Group, also on initial application, has chosen to apply the two exclusions, whose amount, also on initial application, was estimated as insignificant. For example, the Group has leases on certain office equipment (such as PC’s, printers and photocopiers) considered of low value.
The new accounting standard substantially impacts all Group companies with lease contracts. The main contractual issues emerging concern the lease of guest rooms, warehouses, motor vehicles and other means of transport.
For the transition to the new accounting standard, the Group decided to utilise the following practical expedients.

- application of the standard to contracts previously identified as leases as per IAS 17 and IFRIC 4;
- adoption of the modified retrospective approach, therefore without the restatement of the comparative year figures;
- valuation of the lease liability at the present value of residual payments, utilising as the discount rate the marginal loan rate at 1 January 2019 of the Group lessor companies;
- exemption granted by paragraph IRS 16.5 (a) in relation to short-term leases (residual contract duration of less than 12 months from the initial application date of the standard);
- exemption granted by IFRS 16.5 (b) with regards to leases for which the underlying asset is a low-value asset (value of the new individual asset considered less than approx. Euro 5 thousand).

The following table indicates the changes to the Consolidated Statement of Financial Position at 1 January 2019 from application of the new standard IFRS 16. As usage right assets are recognised at the same value as the lease liabilities, the adoption of the new standard IFRS 16 did not have any impact on the opening equity reserves.

FTA IFRS 16

Right of use assets

thousands of Euro	Total
1 January 2019	**6,188**
Amortisation for year	(598)
30 June 2019	**5,590**

In 2019 right of use assets did not increase

Lease liabilities

Euro thousands	**2019**
Analysis of maturities - discounted cash flows	
Within one year	1,075
Between one year and five years	4,399
Over five years	714
Total lease liabilities discounted at 1 January 2019	**6,188**

On initial application of IFRS 16, the Group recognised additional usage right assets and leased liabilities of Euro 6.188 million. Exemptions and the recognition of short-term leases or of low value amount to approx. Euro 470 thousand.
In the phase of valuing lease liabilities, the Group discounted the payments due for leasing utilising the Group marginal interest rate at 1 January 2019 of 1.2%.

The amendments to “IAS 19” establish that in the case of an amendment, curtailment or settlement of defined benefit plans, the company updates the actuarial assumptions and restates the pension cost for current services (current service cost) and the net interest for the remainder of the year after this event. In addition, the amendments: (i) clarify the means with which the obligation to recognise an amendment, curtailment or settlement of a plan influences the “asset ceiling” requirements; (ii) do not regard the recognition of “significant market fluctuations” in the absence of a change to the plan.

The amendments to “IAS 28 - Long-term interests in associates and joint ventures”
clarify that the company should apply the provisions of “IFRS 9 - Financial instruments” to non-current investments in associates and joint ventures for which the equity method is not applied.

With regards to the “2015-2017 annual cycle of improvements to IFRS”, the document contains formal amendments and clarifications to existing standards. In particular, the following standards were amended:

- “IFRS 3 - Business combinations”; the amendments clarify that a joint operator which acquires control of a joint control operation which represents a business should remeasure the previous interest held in the joint control operation at fair value at the acquisition date;
- “IFRS 11 - Joint Arrangements”; the amendments clarify that where a company which participates in a joint control operation which represents a business (as per IFRS 3) without exercising joint control, acquires joint control, it is not required to remeasure the previously held interests;
- “IAS 12 - Income taxes”; the amendments clarify that a company should recognise the tax effects of dividends (defined by IFRS 9) for the purposes of income taxes at the point in which the liability relating to the dividend due is recognised in the Income Statement, in the Statement of comprehensive income (OCI) or in equity, according to where the transactions generating the distributable profits were recognised;
- “IAS 23 - Financial charges”; the amendments clarify that the portion of the specific loans which remain in place where the related qualifying asset is ready for allocation or sale should be included in the amount of the generic loans of the company.

With regards to the amendments to IFRS 9, the IASB clarified the methods to be used for the SPPI Test in the case of early repayment clauses which require negative compensation and described the means to calculate the effects related to a change in the cash flows of a liability valued at amortised cost.

Finally, "IFRIC 23 - Uncertainties on income tax treatments" clarifies how to apply the recognition and valuation requirements of IAS 12 in the case of uncertainties upon income tax treatments. The uncertainty may concern current or deferred taxes. The interpretation proposes that a company should recognise a tax liability or asset amid uncertainties where it is probable that the Tax Authority will accept or otherwise a certain
tax treatment, by examining how much it has the right to examine and having full knowledge of all information. The interpretation requires, in addition, that the company should re-examine the opinions and estimates made amid a change in events or circumstances which amend its expectations on the acceptability of a certain tax treatment, or the estimates made on the effects of the uncertainty, or both.

Below we report the IFRS, interpretations and amendments to existing accounting policies and interpretations, or specific provisions within the standards and interpretations approved by the IASB, which have not yet been endorsed for adoption in Europe at the approval date of these consolidated financial statements.

Document title	**Date of issue by the IASB**	**Effective entry date of the IASB document**	**Expected endorsement date by EU**
Standards			
Amendments to references to the Conceptual Framework in IFRS Standards	March 2018	1 January 2020	2019
IFRS 17 – Insurance contracts	May 2017	1 January 2022	TBD
Amendments			
Definition of business (Amendments of IFRS 3)	October 2018	1 January 2020	2019
Definition of material (Amendments to IAS 1 and IAS 8)	October 2018	1 January 2020	2019

The statement of financial position is presented in comparative form with 31 December 2018 and 30 June 2016. The results reported were consistent in the three periods presented and show the consolidated statement of financial position of the Zignago Vetro Group, with the full consolidation of Verrerie Brosse SAS, Zignago Vetro Polska SA, Vetro Revet Srl and Zignago Glass Usa Inc. and the valuation at equity of Vetri Speciali SpA, Vetreco Srl and Julia Vitrum SpA.

These Condensed Interim Consolidated Half-Year Financial Statements of the Zignago Group as at and for the six months ended 30 June 2019 were prepared under the historical cost method, except for investments in financial assets and in derivative instruments, which are recorded at fair value.

They were prepared in Euro, the currency of the area in which the Group operates. All the amounts reported in the statements and notes to the condensed consolidated half-year financial statements are expressed in thousands of Euro, unless otherwise indicated.

Consolidation scope and basis of consolidation

The main consolidation criteria adopted were as follows:

- the elimination of the carrying amount of equity investments against the recognition of the assets and liabilities of the subsidiary according to the line-by-line method or at equity;
- the recognition of any possible non-controlling interest in equity;
- the elimination of all intergroup transactions, consisting of payables and receivables, sales and purchases, and unrealised profits and losses.

The assets and liabilities, expenses and income of the companies consolidated using the line-by-line method are fully included in the consolidated financial statements; the book value of the investments is eliminated against the corresponding portion of equity of the investees.
At the control acquisition date, the equity of the investees is established attributing to the relevant assets and liabilities their present value. Any positive difference between the acquisition cost and the fair value of the net assets acquired is recognized in “Goodwill”; if negative, it is recognised in profit and loss.
The share of the equity and of profit and loss for the period relating to non-controlling interests is recognised in specific accounts in equity and in profit and loss. In the case of full control not being acquired the non-controlling interest equity is established based on the share of the present value attributable to the assets and liabilities at the date of acquisition of control, excluding any attributable goodwill (so-called partial goodwill method). Alternatively, in the case of full control not being acquired, the entire amount of goodwill (negative goodwill) generated by the acquisition is recorded considering therefore also the shareholding of non-controlling interests (so-called full goodwill method); they are expressed at their overall fair value including therefore the share of goodwill (negative goodwill). The goodwill calculation method (negative goodwill) is chosen on a case by case basis for each business combination.
With regard to equity investments acquired subsequent to the acquisition of control (non-controlling interest acquisitions), any difference between the acquisition cost and the corresponding portion of equity acquired is recognised to equity; similarly, the effects from the sale of the non-controlling share without loss of control are recognised to equity.

If the acquisition value of the investments is above the pro-rata value of the equity of the investment, the positive difference is attributed, where possible, to the net assets acquired based on the fair value of the same while the residual is recorded in the account “Goodwill”.

Goodwill is not amortised but is subject to verification, at least annually, of an impairment test when events or changes occur indicating that the carrying value can no longer be recovered. The goodwill is stated at cost net of any impairment losses.

If the carrying value of the investments is lower than the share of the value of the equity of the investment, the negative difference is recorded in the statement of profit and loss. The acquisition costs are expensed to profit and loss.

The half-year financial statements of the subsidiaries utilised for the preparation of the condensed consolidated half-year financial statements are those approved by the respective Board of Directors. The data of the consolidated companies are adjusted, where necessary, in line with the accounting principles utilised by the Parent, which are in accordance with the IFRS adopted by the European Union.

The companies included in the consolidation scope at 30 June 2019 and 2018 and at 31 December 2018 are shown below; the percentage holdings refer to 30 June 2019.

CONSOLIDATION SCOPE

Company	Registered office	Share capital (in Units of local currency)	Percentage holding of the Group
Zignago Vetro SpA (Parent)	Fossalta di Portogruaro (VE)	8,800,000	---
Companies consolidated using the line-by-line method:			
Verrerie Brosse SAS	Vieux-Rouen-sur-Bresle (France)	4,000,000	100%
Zignago Vetro Polska SA	Trabkj (Poland)	PNL 3,594,000	100%
Zignago Glass USA Inc.	New York (U.S.A.)	USD 200,000	100%
Vetro Revet Srl	Empoli (FI)	402,000	51%
Equity-accounted investees:			
Vetri Speciali SpA	Trento (TN)	10,062,400	50%
Vetreco Srl	Supino (FR)	400,000	30%
Unionvetro Srl *	Roverè della Luna (TN)	31,200	50%
Julia Vitrum SpA	San Vito al Tagliamento (PN)	500,000	50%

*held 100% by Vetri Speciali Spa

In 2019, Zignago Vetro SpA incorporated the company Julia Vitrum SpA, held jointly at 50%.

Translation of financial statements in currencies other than the Euro

The rules for the translation of financial statements of Companies which operate in a currency other than the Euro are the following:

- the assets and the liabilities were translated using the exchange rate at the balance sheet date;
- the costs and revenues, and income and charges, were translated using the average exchange rate for the period;
- the “Translation reserve” includes both the exchange rate differences generated from the translation of foreign currency profit and loss items and at a rate different from the closing rate exchange, and also those generated from the translation of opening equity at a closing rate exchange which is a different from the closing exchange;
- goodwill related to the acquisition of a foreign entity is treated as assets and liabilities of the foreign entity and translated at the closing date.

For the conversion of the Financial Statements expressed in foreign currencies, the rates indicated in the following table are applied (foreign currency for every 1 Euro).

Description	USD US Dollar	PLN Polish Zloty
Average exchange rate:		
- January/June 2019	1.12978	4.2920
- January/December 2018	1.18436	4.25908
- January/June 2018	1.2103	4.2207
Closing exchange rate at:		
- 30 June 2019	1.1380	4.2496
- December 31, 2018	1.1450	4.3014
- 30 June 2018	1.1658	4.3732

Use of estimates

The preparation of the Condensed Interim Consolidated Financial Statements and the relative notes in application of IFRS require that management make estimates and assumptions on the values of the assets and liabilities in the consolidated half-year report and on the information relating to the assets and potential liabilities at the balance sheet date. The actual results may differ from those estimated. The estimates are used to value the doubtful debt and inventory obsolescence provisions, depreciation and amortisation, write-downs of assets, employee benefits, income taxes, other provisions and funds and customer liabilities for packaging returns and the relative lease assets and liabilities. The estimates and assumptions are reviewed periodically and the effects of all variations are immediately recognized in the statement of profit and loss.

The subjective relevant assessments of company management in applying the Group accounting policies and the main sources of uncertainty upon estimates were the same as those for the preparation of the consolidated financial statements for the year ended 31 December 2018, except for the new issues arising from application of IFRS 15 and IFRS 9.

IFRS 13 requires that the financial instruments measured at fair value are classified based on three fair value hierarchy levels which reflect the significance of the input utilised in the determination of fair value. Based on the standard, the three fair value levels are as follows:

- Level 1 of fair value: the measurement inputs of the instruments are listed prices for identical instruments in active markets with access at the measurement date;
- Level 2 of fair value: the measurement inputs of the instruments are different than the prices listed at the previous point, which are directly or indirectly observable on the market;
- Level 3 of fair value: the measurement inputs of the instruments are not based on observable market data.

As indicated by the regulation, the hierarchy of the approaches adopted for the determination of all financial instruments (shares, units, bonds and derivatives), attributes priority to official prices available on active market for the assets and liabilities to be measured and, in their absence, to the measurement of assets and liabilities based on significant quotations, where they refer to similar assets and liabilities. On a residual basis, measurement techniques may be utilised based on non-observable inputs, and, therefore, more discretional.

Assets and liabilities valued at fair value on a recurring basis: breakdown by fair value level

The following table shows the assets and liabilities measured at fair value at 30 June 2019 by fair value hierarchy level.

	Net Value	Fair Value Level 1	2	3	Total
Financial assets not measured at Fair Value					
Cash and cash equivalents (*)	26,718			26,718	26,718
Trade receivables (*)	84,036			84,036	84,036
Financial assets measured at Fair Value					
Other receivables for TEE (white certificates)	4,229	4,229	---	---	4,229
Hedges					
Financial liabilities not measured at Fair Value					
Non-current loans and borrowings(*)	98,224	---	---	98,224	98,224
FTA IFRS 16 effect	5,608	---	---	5,608	5,608
Bank loans & borrowings and current portion of non-current loans & borrowings	145,816	---	1,745	144,071	145,816
Other non-current payables (*)	2,145	---	---	2,145	2,145
Trade and other payables (*)	70,664	---	---	70,664	70,664

(*) The amounts refer to current financial assets and liabilities whose book value reasonably approximates fair value, which consequently has not been stated.

NOTES TO THE MAIN STATEMENT OF FINANCIAL POSITION ACCOUNTS

NON-CURRENT ASSETS

	30.06.2019	31.12.2018	30.06.2018
1 – Property, plant and equipment	247,185	229,391	181,298

Property, plant and equipment at 30 June 2019 amounted to Euro 247,185 thousand, after depreciation in the period of Euro 20.6 million and capital expenditure of Euro 31.7 million, net of fixed assets in progress items (gross of decreases in the period).

The table below shows the historical cost, accumulated depreciation and carrying amount of property, plant and equipment in the two periods:

(Euro thousands)	Balance at 30.06.2019			Balance at 30.06.2018		
	Historical cost	Accumulated depreciation	Net value	Historical cost	Accumulated depreciation	Net value
Land and buildings	103,387	(37,004)	66,383	79,528	(34,576)	44,952
FTA IFRS 16 effect	6,188	(598)	5,590	---	---	---
Plant and machinery	363,752	(217,713)	146,039	290,700	(199,900)	90,800
Industrial & commercial equipment	76,215	(70,107)	6,108	75,334	(66,421)	8,913
Other assets	13,688	(10,527)	3,161	12,220	(9,519)	2,701
Assets in progress	19,904	---	19,904	33,932	---	33,932
Total	583,134	(335,949)	247,185	491,714	(310,416)	181,298

(Euro thousands)	Balance at 01.01.2019	Acquisitions & capitalisations	Decreases	Depreciation	Exchange differences	Balance at 30.06.2019
Land and buildings	38,576	26,941	---	(1,150)	2,016	66,383
FTA IFRS 16 effect	6,188	---	---	(598)	---	5,590
Plant and machinery	92,657	66,349	---	(13,279)	310	146,037
Industrial & commercial equipment	10,921	348	(385)	(5,161)	388	6,111
Other assets	3,032	686	(106)	(460)	8	3,160
Assets in progress and advances	78,017	24,362	(82,534)	---	59	19,904
Total	229,391	118,686	(83,025)	(20,648)	2,781	247,185

The account Property, plant and equipment includes the adoption of the new standard IFRS 16 described in the specific section of these notes. The company therefore recognised to non-current assets an amount of Euro 6.2 million which corresponds to the usage right of certain properties underlying the duration of the lease contract signed for their availability.

Assets in progress mainly concern the construction of the new production facility by Zignago Vetro Spa and the extension of the production capacity of Zignago Vetro Polska.

	30.06.2019	31.12.2018	30.06.2018
2 - Goodwill	2,740	2,694	2,682

The Euro 2,740 thousand recognised as goodwill at 30 June 2019 mainly reflects the higher value paid for the acquisition of Zignago Vetro Polska SA (Euro 723 thousand) and Vetro Revet Srl (Euro 2,017 thousand).
The excess of the consideration recognised in 2017 for the acquisition of 51% of Vetro Revet Srl, and the consequent recognition of goodwill, are justified by the intention of the Group to tap into the strategic opportunities and synergies that may arise between the operations of this company and those of the Group, in particular Zignago Vetro SpA.
The goodwill also arises from the possibility to ensure the procurement of recycled glass in Tuscany in service of the adjacent Empoli facility.
Consequently, this goodwill not only relates to Vetro Revet Srl, but was also allocated to Zignago Vetro.
The poor performance reported by the company Vetro Revet for the first half of 2019 is not considered an indication that goodwill was impaired in the period, also in view of the earnings outlook for the second half of the year and next year.
This goodwill was therefore not subject to an impairment test.

	30.06.2019	31.12.2018	30.06.2018
3 - Equity accounted Joint Ventures	74,526	74,757	67,340

The Group has three investments in jointly controlled companies:
- Vetri Speciali SpA;
- Vetreco Srl;
- Julia Vitrum SpA

Vetri Speciali SpA derives from a corporate restructuring operation undertaken in 2004 and is involved in the production and sale of specialty glass containers. The company’s registered offices are at via Manci 5, Trento. Production is carried out at the Spini di Gardolo (TN), Pergine Valsugana (TN), Ormelle (TV) and San Vito al Tagliamento (PN) facilities.
The JV is a strategic investment for the Group, undertaken as part of the production diversification pursued by the Parent.
The Zignago Group holds 50% of ordinary company shares; all shares guarantee equal rights.
In 2019, the Company distributed dividends totalling Euro 20.4 million to shareholders.
Vetreco Srl is an Italian limited liability company domiciled in Supino (FR), incorporated in July 2010 as a joint venture, involved in the processing of raw glass and the supply of cullet ready for re-use in production.
The investment percentage of Zignago Vetro SpA is 30%.

Julia Vitrum SpA is an Italian company domiciled in San Vito al Tagliamento (PN), incorporated in April 2019 as a joint venture, involved in the processing of raw glass and the supply of cullet ready for re-use in production.
The investment percentage of Zignago Vetro SpA is 50%.

As previously stated, in accordance with IAS 31 *Interests in joint ventures* (before passage to IFRS 11), the share of assets, liabilities, revenues and costs of the Group in both companies were consolidated proportionally until 31 December 2013. Since the adoption of IFRS 11 they have been valued at equity.

The valuation of the joint ventures at equity and the movements in the period are summarised below:

(Euro thousands)	30.06.2019	31.12.2018	30.06.2018
Value of **Vetri Speciali SpA** investment in Zignago Vetro	25,320	25,320	25,320
Vetri Speciali Equity at 100%	146,351	148,487	133,704
Vetri Speciali Equity at 50%	73,175	74,244	66,852
Difference between value of investment and share of Eq. of the subsidiary	47,856	48,924	41,532
Valuation using the equity method of Vetri Speciali investment			
Share of equity	73,175	74,244	66,852
Uniform accounting principles	19	20	542
Total valuation using the equity method	73,194	74,264	67,394
Increase/(decrease) of carrying amount of investment compared to valuation using the equity method	47,874	48,944	42,074
Movement in valuation using the equity method			
Valuation using the equity method at beginning of year	68,994	68,974	68,994
Profit: pro quota	9,144	14,757	7,393
Other statement of comprehensive income items in year:	0	0	(20)
IAS 19 effect	---	(66)	---
Dividends	(10,213)	(9,962)	(9,962)
Uniform accounting principles	0	542	542
Valuation under the equity method at end of year	67,925	74,245	66,947
P&L effect of valuation using the equity method of the investment	9,144	15,299	7,935

(Euro thousands)	30.06.2019	31.12.2018	30.06.2018
Value of **Vetreco Srl** investment in Zignago Vetro	1,059	1,059	1,059
Vetreco Equity at 100%	2,911	1,708	1,625
Vetreco Equity at 30%	873	512	488
Difference between value of investment and share of Eq. of the subsidiary	(186)	(547)	(571)
Valuation under the equity method of Vetreco Srl investment			
Share of equity	873	512	488
Uniform accounting principles	0	0	0
Total valuation using the equity method	873	512	488
Increase/(decrease) of carrying amount of investment compared to valuation using the equity method	(186)	(547)	(571)
Movement in valuation using the equity method			
Valuation using the equity method at beginning of year	512	357	358
Profit: pro quota	360	155	130
Other statement of comprehensive income items in year:	-	-	-
IAS 19 effect	-	-	-
Dividends	-	-	-
Uniform accounting principles	-	-	-
Valuation under the equity method at end of year	872	512	488
P&L effect of valuation using the equity method of the investment	360	155	130

(Euro thousands)	30.06.2019	31.12.2018	30.06.2018
Value of **Julia Vitrum Spa** investment in Zignago Vetro	500	-	-
Julia Vitrum Equity at 100%	958	-	-
Julia Vitrum Equity at 50%	479	-	-
Difference between value of investment and share of Equity of the subsidiary	(21)	-	-
Valuation using the equity method of Julia Vitrum Spa investment			
Share of equity	479	-	-
Uniform accounting principles	0	-	-
Total valuation using the equity method	479	-	-
Increase/(decrease) of carrying amount of investment compared to valuation using the equity method	(21)	-	-
Movement in valuation using the equity method			
Valuation using the equity method at beginning of year	0	-	-
Profit: pro quota	(21)	-	-
Other statement of comprehensive income items in year:	-	-	-
IAS 19 effect	-	-	-
Dividends	-	-	-
Uniform accounting principles	-	-	-
Valuation under the equity method at end of year	(21)	-	-
P&L effect of valuation using the equity method of the investment	(21)	-	-

The key financial and performance indicators of the jointly-controlled companies recognised to the consolidated financial statements and valued at equity are also reported.

These figures relate also to the Parent interim reporting date and incorporate the totality of investments held. All investments operate on a going concern basis.

The statement of financial position and income statement of Vetri Speciali SpA is summarised below:

Vetri Speciali SpA Group (100%) (Euro thousands)	30.06.2019	31.12.2018	30.06.2018
Goodwill	80,980	80,979	80,171
Other non-current assets	125,724	126,330	123,948
Non-current assets	206,704	207,309	204,119
Cash and cash equivalents	6,837	5,701	12,078
Other current assets	84,262	78,439	72,108
Current assets	91,099	84,140	84,186
TOTAL ASSETS	297,803	291,449	288,305
Capital and reserves	146,351	148,489	133,704
Equity	146,351	148,489	133,704
Non-current bank loans and borrowings	45,925	44,431	52,047
Other non-current liabilities	6,006	5,603	5,662
Non-current liabilities	51,931	50,034	57,709
Bank loans & borrowings and current portion of medium/long-term loans	57,513	52,033	54,427
Other current liabilities	42,108	40,893	42,465
Current liabilities	99,621	92,926	96,892
TOTAL LIABILITIES	297,903	291,449	288,305

Vetri Speciali SpA Group (100%) (Euro thousands)	30.06.2019	30.06.2018
Revenues	93,430	80,837
Costs of production	(61,010)	(54,668)
Amortisation & Depreciation	(8,339)	(6,777)
Operating Profit	24,081	19,392
Financial Income	8	70
Financial Expense	(347)	(243)
Exchange rate gains/(losses)	3	(29)
Profit before taxes	23,745	19,190
Income taxes	(5,456)	(4,400)
Profit for the period	18,289	14,790
Other positive (negative) statement of comprehensive income items	---	---
Total comprehensive income	18,289	14,790

The balance sheet and income statement of Vetreco Srl is summarised below:

Vetreco (100%) (Euro thousands)	30.06.2019	31.12.2018	30.06.2018
Other non-current assets	15,654	14,898	14,176
Non-current assets	15,654	14,898	14,176
Cash and cash equivalents	1,445	3,548	15
Other current assets	7,882	5,579	6,934
Current assets	9,327	9,127	6,949
TOTAL ASSETS	24,981	24,025	21,125
Capital and reserves	2,911	1,709	1,625
Equity	2,911	1,709	1,625
Other non-current liabilities	15,434	16,140	13,136
Non-current liabilities	15,434	16,140	13,136
Bank loans & borrowings and current portion of medium/long-term loans	2,053	1,903	1,858
Other current liabilities	4,583	4,273	4,506
Current liabilities	6,636	6,176	6,364
TOTAL LIABILITIES	24,981	24,025	21,125

Vetreco (100%)

(Euro thousands)	30.06.2019	30.06.2018
Revenues	7,358	7,873
Costs of production	(4,875)	(6,496)
Amortisation & Depreciation	(532)	(512)
Operating Profit	1,951	865
Financial Expense	(241)	(235)
Profit before taxes	1,710	630
Income taxes	(509)	(198)
Profit for the period	1,201	432
Total comprehensive income	1,201	432

The statement of financial position and income statement of Julia Vitrum Spa is summarised below:

Julia Vitrum (100%)

(Euro thousands)	30.06.2019	31.12.2018	30.06.2018
Other non-current assets	---	---	---
Non-current assets	---	---	---
Cash and cash equivalents	631	---	---
Other current assets	339	---	---
Current assets	970	---	---
TOTAL ASSETS	970	---	---
Capital and reserves	958	---	---
Equity	958	---	---
Other non-current liabilities	---	---	---
Non-current liabilities	---	---	---
Bank loans & borrowings and current portion of medium/long-term loans	---	---	---
Other current liabilities	12	---	---
Current liabilities	12	---	---
TOTAL LIABILITIES	970	---	---

Julia Vitrum (100%)

(Euro thousands)	30.06.2019	30.06.2018
Revenues	---	---
Costs of production	(42)	---
Amortisation & Depreciation	---	---
Operating Loss	(42)	---
Financial Expense	---	---
Profit before taxes	(42)	---
Income taxes	---	---
Loss for the period	(42)	---
Total comprehensive loss	(42)	---

All three joint ventures are quoted and a fair value deriving from a quoted market price is not available.
Relating to the goodwill which constitutes part of the book value attributed to the Vetri Speciali joint venture following the application of the equity method, it should be noted that this was separately subject to an impairment test by the directors of the joint venture Vetri Speciali SpA, as per IAS 36. The recoverability of this goodwill shall also be considered in any impairment tests on the value of the investment. In relation to this there was no indication of an impairment loss on the joint venture.

	30.06.2019	31.12.2018	30.06.2018
4 – Other non-current assets	279	1,175	721

The account principally includes the tax asset related to investments in the second half of 2014 and first half of 2015 (capital grants based on Article 18 of Legs. Decree 91/2014) and receivables for guarantee deposits provided to suppliers and for lease companies, the duration of which correlates to that of the contract, normally between one and five years.

In particular, the majority concerned a tax asset on investment expenditure of a unitary amount above Euro 10 thousand, incurred in the second half of 2014 and first half of 2015 in excess of the average investment in core assets in the five preceding tax years, excluding from the calculation the period in which the investments were higher. The receivable could be used as an offset over three equal annual portions from the second tax period subsequent to which the investment was made.

CURRENT ASSETS

	30.06.2019	31.12.2018	30.06.2018
5 - Inventories	84,907	79,183	74,369

The table below shows the composition of inventories:

(Euro thousands)	Balance at 30.06.2019	Balance at 31.12.2018	Balance at 30.06.2018
Raw material, ancillaries and consumables	19,124	13,647	14,191
Work-in-progress and semi-finished products	4,982	6,157	5,651
Finished products	64,257	62,072	58,151
Inventory provision	(3,456)	(2,693)	(3,624)
Total	84,907	79,183	74,369

Inventories include assets for the right to recover packaging from customers of Euro 4,913 thousand, compared to Euro 3,573 thousand at 31.12.2018. The right to recover assets are measured making reference to the previous carrying amount of inventories sold, less any expected costs for the recovery of returns.

	30.06.2019	31.12.2018	30.06.2018
6 - Trade receivables	84,036	64,903	73,711

The table below illustrates the trade receivables and the relative doubtful debt provision:

(Euro thousands)	Balance at 30.06.2019	Balance at 31.12.2018	Balance at 30.06.2018
Trade receivables - Italy	54,791	30,116	49,435
Trade receivables - Foreign	26,413	20,548	22,939
Bills	4,548	15,846	3,063
Doubtful debt provision	(1,716)	(1,607)	(1,726)
Total	84,036	64,903	73,711

At 30 June 2019 and 31 December 2018, the overdue trade receivables, but not individually written down were as follows:

(Euro thousands)	Not overdue	< 30 days	30 - 60 days	60 - 90 days	other	Total
30 June 2019	71,882	7,164	819	1,248	2,923	84,036
31 December 2018	50,045	9,546	1,436	1,570	2,306	64,903
30 June 2018	55,131	12,068	2,504	1,355	2,653	73,711

The largest part of the receivables of Zignago Vetro SpA, representing 78% of the Group receivables, are covered by insurance policies.
The Company does not have significant concentrations of credit risk at the balance sheet date.

The movements during the period in the doubtful debt provision were as follows:

(Euro thousands)	Balance at 30.06.2019	Balance at 31.12.2018	Balance at 30.06.2018
Provision at beginning of period	1,607	1,524	1,524
Provisions	110	190	226
Utilisations	---	(107)	(24)
Total	1,717	1,607	1,726

The doubtful debt provision at 30.06.2019 amounted to Euro 1,717 thousand, subsequent to the allocation of an accrual and net of utilisations of Euro 110 thousand.

The table below shows the breakdown of trade receivables by geographical segment:

(Euro thousands)	Balance at 30.06.2019	Balance at 31.12.2018	Balance at 30.06.2018
Italy	59,026	44,598	51,296
E.U.	21,112	17,696	19,747
Other countries	3,898	2,609	2,668
Total	84,036	64,903	73,711

	30.06.2019	31.12.2018	30.06.2018
7 – Other current assets	16,889	16,830	10,111

The table below shows the composition of "Other current assets":

(Euro thousands)	Balance at 30.06.2019	Balance at 31.12.2018	Balance at 30.06.2018
VAT receivables	11,161	11,056	3,171
Advances to social security institutions and other employee & agent receivables	---	148	207
Tax receivables as per Law 91/14	425	534	556
Other receivables	4,727	4,321	5,822
sub)	16,313	16,059	9,756
Accrued income for:			
- interest on bank deposits	---	---	---
- services	---	---	---
Prepayments:			
- insurance premiums	5	409	198
- rent expenses and leases	114	---	0
- services	457	362	157
sub)	576	771	355
Total	16,889	16,830	10,111

The account "Other receivables" principally includes receivables for the energy consumption contribution and for white certificates.

	30.06.2019	31.12.2018	30.06.2018
8 - Cash and cash equivalents	26,718	32,338	39,234

The table below shows the composition of cash and cash equivalents:

(Euro thousands)	Balance at 30.06.2019	Balance at 31.12.2018	Balance at 30.06.2018
Time deposits	7,000	7,000	7,000
Bank and postal accounts	19,683	25,314	32,217
Cash in hand and similar	35	24	17
Total	26,718	32,338	39,234

For the cash flow performance of the company, reference should be made to the half-year consolidated statement of cash flows.

EQUITY

	30.06.2019	31.12.2018	30.06.2018
9 - Group Equity	191,107	200,132	174,741

Equity at 30 June 2019 decreased on 31 December 2018 by Euro 9,025 thousand and is attributable to the profit for the period (Euro +22,432 thousand), the distribution of dividends (Euro -31,569 thousand) and the change in the translation reserve (Euro +112 thousand).
An analysis of the movements in consolidated equity is shown in the condensed consolidated half-year financial statements.
During the periods considered, non-controlling interest equity concerning the investment of the shareholder La Revet Spa in Vetro Revet Srl was 49%.

NON-CURRENT LIABILITIES

	30.06.2019	31.12.2018	30.06.2018
10 - Provisions for risks and charges	4,441	4,257	5,483

The table below shows the composition of the provisions for risks and charges:

(Euro thousands)	Balance at 30.06.2019	Balance at 31.12.2018	Balance at 30.06.2018
Agents' supp. indemnity provision	224	224	213
Provision for contractual risks	1,035	1,035	1,885
Provision for industrial risks	2,214	2,010	1,972
Post-employment benefit provision	968	988	1,157
Provision for emission trading	---	---	256
Total	4,441	4,257	5,483

	30.06.2019	31.12.2018	30.06.2018
11 – Post-employment benefits	4,561	4,529	5,232

The table below shows the movements in the provision in the periods considered:

(Euro thousands)	Balance at 30.06.2019	Balance at 31.12.2018	Balance at 30.06.2018
Balance at 1 January	4,529	5,405	5,405
Interest	153	246	125
Actuarial profit/(loss)	---	(88)	---
Payments	(121)	(1,034)	(298)
Provision at end of period	4,561	4,529	5,232

	30.06.2019	31.12.2018	30.06.2018
12 - Non-current loans and borrowings	103,832	117,768	127,486

The table below shows the composition of non-current bank loans and borrowings:

	(Euro thousands)	Balance at 30.06.2019	Balance at 31.12.2018	Balance at 30.06.2018
(A)	Unsecured loan, nominal value Euro 30 million, BNL, Euribor 3 months variable rate, maturity 22 June 2021, repayment by quarterly instalments in arrears	29,925	33,915	37,905
(B)	Unsecured loan, nominal value Euro 70 million, Unicredit / Mediobanca, Euribor 3 months variable rate, maturity 31 December 2020, repayment by half-yearly instalments	12,726	15,738	19,449
(C)	Unsecured loan, nominal value Euro 15 million, Banco di Brescia, Euribor 3 months variable rate, maturity 18 December 2019, repayment by half-yearly instalments in arrears	1,913	3,813	5,699
(D)	Unicredit Bank Austria AG loan, nominal value Euro 50 million, Euribor 3 months variable rate, maturity 27 December 2021, repayment by half-yearly instalments	37,906	42,888	46,369
(E)	Banca Intesa SpA loan, nominal value Euro 40 million, Euribor 3 months variable rate, maturity 31 December 2022, repayment by half-yearly instalments	35,644	39,920	39,910
(F)	Banca Friuladria SpA loan, nominal value Euro 10 million, Euribor 3 months variable rate, maturity 31 December 2023, repayment by half-yearly instalments	9,973	9,994	---
(G)	BNP Paribas Loan	---	---	590
(H)	BNL loan	1,947	2,222	2,778
(I)	CRCA Loan	483	519	591
(L)	HSC SA finance leases		38	13
(M)	BNP Paribas Loan	485	520	50
(N)	BPI Paribas Loan	650	700	850
(O)	Societè Generale Loan	471	507	578
(P)	Casse D'Epargne Loan	417	452	532
(Q)	Vetro Revet Outstanding Loans	6,379	6,294	6,062
	Total non-current loans & borrowings	138,919	157,520	161,376
	Less current portion	(40,695)	(39,752)	(33,889)
	FTA IFRS 16 effect	5,608	---	---
	Non-current portion	103,832	117,768	127,486

Financial payables to third parties are recognised following the introduction of IFRS 16 of Euro 5,608 thousand concerning the leasing commitments undertaken by the company.

	30.06.2019	31.12.2018	30.06.2018
13 – Other non-current liabilities	2,145	2,415	2,693

The account includes at 30 June 2019 and 31 December and 30 June 2018 the deferred income recognised against the tax asset for investments in new machinery under Legislative Decree 91/2014, which is recognised to the income statement on the basis of the depreciation calculated on the investments.

CURRENT LIABILITIES

	30.06.2019	31.12.2018	30.06.2018
14 - Bank loans and borrowings Current portion	145,816	81,948	63,199

The table below shows the composition of bank payables and the current portion of non-current loans and borrowings:

(Euro thousands)	Balance at 30.06.2019	Balance at 31.12.2018	Balance at 30.06.2018
Current accounts	---	---	---
Loan advances	3,458	10,809	8,909
Advances on bank drafts	12,842	14,189	3,063
Current loans	87,072	15,793	15,936
Fin. liabilities for fair value int. rates derivatives	1,749	1,405	1,402
Current portion of non-current loans	40,695	39,752	33,889
Total	145,816	81,948	63,199

For further details on leases and non-current loans, the current portion of which is included under bank loans and borrowings, reference should be made to the paragraph *“Non-current loans and borrowings”.*

Reconciliation of financial liabilities deriving from loans

As required by IAS 7, the following table summarises the cash flows concerning financial and derivative liabilities arising in the year:

Account	31 Dec 18	Cash flow	Non cash changes		30 June 19
			Acquisition	Other	
Bank borrowings - non-current	117,768	(7,748)	-	(6,188)	103,832
Other non-current financial liabilities	2,415	(270)	-	-	2,145
Non-current financial liabilities (A)	120,183	(8018)	-	(6,188)	105,977
Bank borrowings - current	39,752	943	-	-	40,695
Bank overdrafts on borrowings for anticipation effects	20,163	(7,321)	-	-	12,842
Other current financial liabilities	19,927	(371)	-	-	19,556
Current financial liabilities (B)	79,842	(6,749)	-	-	73,093
Financial liabilities (A) + (B)	200,025	(14,767)	-	(6,188)	179,070

The following table highlights the composition of the net financial debt at 30 June 2019, 31 December 2018 and 30 June 2018 in accordance with CONSOB communication No.DEM/6064293 of 28 July 2006:

(Euro thousands)

		30.06.2019	31.12.2018	30.06.2018
A. Cash		35	24	17
B. Other cash equivalents		26,683	32,314	39,217
C. Securities held for trading		---	---	---
D. Liquidity	(A) + (B) + (C)	26,718	32,338	39,234
E. Current financial assets		---	---	---
F. Current bank loans & borrowings		103,376	40,791	27,908
G. Current portion of non-current debt		40,695	39,752	33,889
H. Other current fin. payables (derivatives)		1,745	1,405	1,402
I. Current financial debt	(F) + (G) + (H)	145,816	81,948	63,199
J. Net current financial position	(I) - (E) - (D)	119,098	49,610	23,965
K. Non-current bank loans & borrowings		103,832	117,768	127,486
L. Bonds issued		---	---	---
M. Other non-current payables		---	---	---
N. Non-current financial debt	(K) + (L) + (M)	103,832	117,768	127,486
O. Net financial debt	(J) + (N)	222,930	167,378	151,451

	30.06.2019	31.12.2018	30.06.2018
15 - Trade and other payables	70,664	72,748	55,172

The table below shows the breakdown of trade payables by geographic area:

(Euro thousands)	Balance at 30.06.2019	Balance at 31.12.2018	Balance at 30.06.2018
Italy	59,223	58,402	46,327
E.U.	10,741	14,260	8,807
Other countries	700	86	38
Total	70,664	72,748	55,172

Included among trade payables are capital expenditure payables of Euro 12,022 thousand at 30 June 2019 (Euro 10,587 thousand at 30 June 2018).

Following the introduction of IFRS 15, current payables at 30 June 2019 include a liability for future repayments of Euro 4,913 thousand (Euro 3,573 thousand at 31.12.2018 and Euro 2,546 thousand at 30.06.2018).

	30.06.2019	31.12.2018	30.06.2018
16 – Other current liabilities	19,556	19,927	18,609

The table below shows the composition of "Other current liabilities":

(Euro thousands)	Balance at 30.06.2019	Balance at 31.12.2018	Balance at 30.06.2018
Social security institutions	3,364	3,595	4,048
Employees and consultants withholding taxes	1,762	1,899	1,452
Employee payables	12,581	13,203	10,435
Contribution payables	---	38	46
Advances from customers	464	---	470
Current portion of tax credit on Law 91/2014 investments	---	550	550
Other payables	432	400	274
VAT payables	398	220	393
Accruals and deferred income			
- employees	547	---	919
- interest	8	22	22
Total	19,556	19,927	18,609

	30.06.2019	31.12.2018	30.06.2018
17 - Current tax liabilities	3,193	3,866	2,021

Tax liabilities relate to income tax for the period for the Group Companies. The Parent Zignago Vetro SpA, where applicable, complied with the option exercised by its Parent Zignago Holding SpA in relation to the national fiscal consolidation.

NOTES TO THE MAIN INCOME STATEMENT ACCOUNTS

	H1 2019	H1 2018
18 - Revenues	160,232	145,975

The following table shows the breakdown of revenues by product line:

(Euro thousands)	H1 2019	H1 2018
Core business products	154,223	142,241
Various materials	1,278	947
Service revenue	1,743	1,699
Other revenues	2,988	2,088
Total	160,232	146,975

Further information on revenues is reported in the Directors' Report.
Revenues by region are outlined in the table below:

(Euro thousands)	H1 2019
Italy	92,762
E.U.	59,404
Other countries	8,066
Total	160,232

	H1 2019	H1 2018
19- Raw materials, consumables and goods	27,822	32,108

The table below shows the costs for raw materials, ancillaries, consumables and goods:

(Euro thousands)	H1 2019	H1 2018
Purchases	34,890	32,700
Change in inventories of raw materials		
ancillaries, consumables and finished goods	(4,815)	(366)
Changes in inventory of work-in-progress		
semi-finished and finished products	(3,200)	57
Increases of fixed assets from		
work-in-progress	947	(283)
Total	27,822	32,108

	H1 2019	H1 2018
20 - Service costs	55,094	41,134

The following table shows service costs:

(Euro thousands)	H1 2019	H1 2018
Energy and industrial services	34,341	24,182
Transport and other trading costs	9,268	8,698
Conai contribution	1,913	1,278
Other costs	9,572	6,976
Total	55,094	41,134

	H1 2019	H1 2018
21 - Personnel expense	36,598	34,148

The following table reports personnel expense:

(Euro thousands)	H1 2019	H1 2018
Wages and salaries	27,137	25,100
Social security charges	8,564	8,247
Post-employment benefits	897	801
Total	36,598	34,148

	H1 2019	H1 2018
22 - Amortisation & Depreciation	20,648	17,400

The following table reports amortisation & depreciation:

(Euro thousands)	H1 2019	H1 2018
Depreciation of fixed assets	20,633	17,314
Amortisation of intangible assets	15	86
Total	20,648	17,400

	H1 2019	H1 2018
23 - Financial expense	1,447	1,667

The following table shows financial expense:

(Euro thousands)	H1 2019	H1 2018
Interest on bank accounts	96	73
Loan interest	843	1,000
Financial charges on interest rate hedges	103	119
Effect of IRS valuation at fair value	381	455
Others	24	20
Total	1,447	1,667

	H1 2019	H1 2018
24 - Income taxes	4,569	5,092

The table below shows the composition of the income taxes between deferred and current taxes:

(Euro thousands)	H1 2019	H1 2018
Current taxes	3,561	5,227
Net deferred tax charge/(income)	1,008	(135)
Total	4,569	5,092

OTHER INFORMATION

Earnings per share

The share capital of Zignago Vetro SpA at 30 June 2019 consists of 88,000,000 ordinary shares with a par value of Euro 0.10 each, fully subscribed and paid-in.

As outlined on page 14, Zignago Vetro SpA, in execution of its buy-back programmes, at 30 June 2019 held a total of 308,975 treasury shares for a total value of Euro 1.09 million. In the first half of 2019 and until the date of the approval of the present half-year financial report, no purchases or sales of treasury shares were made.

Information is shown below concerning the results for the period and the calculation of the basic and diluted earnings per share:

	30.06.2019	30.06.2018
Profit attributed to ordinary shareholders of the Parent for the basic earnings and the diluted earnings per share (in Euro thousands)	22,432	20,020
Weighted average number of ordinary shares, including treasury shares, to calculate basic earnings per share	88,000,000	88,000,000
Weighted average number of treasury shares	(308,975)	(308,975)
Weighted average number of ordinary shares, excluding treasury shares, to calculate basic earnings per share	87,691,025	87,691,025
Earnings per share		
- basic, for profit attributed to the ordinary shareholders of the parent	0.253	0.228
- diluted, for profit attributed to the ordinary shareholders of the parent	0.253	0.228

The basic earnings per share is calculated by dividing the profit attributable to the ordinary shareholders of the parent by the average weighted number of ordinary shares outstanding during the period, excluding the average weighted number of treasury shares.

No capital transactions which would have dilutive effects on the profits attributable to each share were noted.

Segment disclosure

Segment reporting which coincides with the various legal entities is provided below.
The information on the secondary segment (geographic area) is not significant in relation to the Group.
In particular, the Business Units identified are reported at pages 10 and 11.

The criteria applied for the identification of the segment reporting were based on, among other issues, the manner in which management directs the Group and attributes managerial responsibility.

The segment disclosure is provided below:

(Euro thousands)	H1 2019						
	Zignago Vetro SpA	Verreries Brosse	Zignago Vetro Polska	Zignago Glass USA	Vetro Revet	(Eliminations)	Consolidated
Revenues	109,900	32,520	24,005	221	3,504	(9,918)	160,232
Amort. & Deprec.	14,106	2,606	3,531	2	232	171	20,648
Operating Result	12,399	4,378	1,905	(102)	(389)	9,580	27,771
Net Result	19,046	2,892	1,500	(107)	(454)	(445)	22,432
Assets	416,766	63,776	77,562	179	13,774	(24,658)	547,399
Liabilities	303,420	40,989	54,009	846	13,468	(56,080)	356,652
Investments in:							
Intangible assets	21	106	10	---	36	---	173
Property, plant and equipment	166,933	16,557	54,296	13	8,660	726	247,185

(Euro thousands)	H1 2018						
	Zignago Vetro SpA	Verreries Brosse	Zignago Vetro Polska	Zignago Glass USA	Vetro Revet	(Eliminations)	Consolidated
Revenues	101,369	31,683	20,564	158	2,167	(8,966)	146,975
Amort. & Deprec.	(10,798)	(2,842)	(3,621)	(1)	(745)	607	(17,400)
Operating Result	17,069	2,492	1,722	(185)	(1,042)	8,095	28,151
Net Result	21,683	1,569	(443)	(190)	(1,116)	(1,483)	20,020
Assets	345,558	61,415	69,377	162	10,838	(30,811)	456,539
Liabilities	232,107	43,978	51,150	716	10,725	(56,570)	282,106
Investments in:							
Intangible assets	---	134	3	---	172	---	309
Property, plant and equipment	107,480	17,926	50,564	16	6,159	(847)	181,298

Related party transactions

In accordance with Consob letter 6064293 of 28 July 2006, related party transactions are reported below.
The table below shows the composition of the receivables of the Zignago Vetro Group with related party companies at the reporting date:

(Euro thousands)	Balance at 30.06.2019	Balance at 31.12.2018	Balance at 30.06.2018
Zignago Holding SpA	1,235	1,235	1,235
Santa Margherita SpA and its subsidiaries	1,351	850	1,186
Zignago Power Srl	238	79	---
Zignago Immobiliare Srl	---	---	---
Zignago Servizi Srl	4	5	---
Total receivables from related parties	2,828	2,169	2,421

The receivables from Zignago Holding SpA relate to the repayment of taxes for previous years, in relation to the Group tax consolidation, while the receivables from Santa Margherita and its subsidiaries derive from commercial operations.

The table below shows the composition of the payables of the Zignago Vetro Group with related party companies at the balance sheet date:

(Euro thousands)	Balance at 30.06.2019	Balance at 31.12.2018	Balance at 30.06.2018
Zignago Holding SpA	41	---	---
Zignago Immobiliare Srl	19	---	---
Santa Margherita SpA and its subsidiaries	103	60	84
La Vecchia Scarl	48	33	90
Zignago Servizi Srl	513	231	467
Zignago Power Srl	1,382	576	---
Vetreco Srl	141	---	253
Multitecno Srl	10	---	2
Total payables to related parties	2,257	900	896

The payables to Zignago Immobiliare Srl, La Vecchia Scarl and Zignago Servizi Srl are related to services received.
The payables to Zignago Power Srl relate to the purchase of electricity.

The table below shows the composition of the revenues of the Zignago Vetro Group from related parties in the period:

(Euro thousands)	H1 2019	H1 2018
Santa Margherita SpA and its subsidiaries	2,443	2,191
Zignago Power Srl	395	---
Zignago Servizi	22	---
Total related party revenues	2,860	2,191

The revenues from Santa Margherita and its subsidiaries derive from commercial operations. Zignago Power's revenues relate to an internal electricity supply agreement.

The table below shows the composition of the costs of the Zignago Vetro Group from related parties in the period:

(Euro thousands)	H1 2019	H1 2018
Zignago Holding SpA	200	226
Zignago Immobiliare Srl	92	140
Santa Margherita SpA and its subsidiaries	267	171
La Vecchia Scarl	193	216
Zignago Servizi Srl	1,288	1,328
Zignago Power Srl	2,431	---
Multitecno Srl	11	2
Vetreco Srl	1,713	2,364
Total costs from related parties	6,195	4,447

The costs in the first half of 2019 of Euro 1,713 thousand concerning Vetreco Srl relate to the purchase of scrap glass.

Management of capital

The share capital includes the shares and the equity attributable to owners of the parent.
The primary capital management objective of the Group is to guarantee the maintenance of a strong credit rating in order to support operations and to maximise value for shareholders.
In order to achieve this objective, the management of Group capital aims, among other matters, to ensure compliance with covenants, related to interest bearing loans, based on financial performance indicators. Breaches in the covenants would permit the banks to request immediate repayment of the loans. There were no breaches of the covenants in the current year in relation to interest bearing loans for any of the Group companies.

The Zignago Vetro Group has payables to financial intermediaries and has a financial debt position related to the business development plan. The high generation of operating cash flows enables Group Companies not only to repay existing loans, but also to guarantee an adequate dividend to Shareholders and pursue a growth strategy.
In this context, the Group, in order to maintain or amend the capital structure, may pay dividends to Shareholders, acquire treasury shares on the market or issue new shares.
No substantial amendments were made to these objectives, to policies or to processes in the first half of 2019 and 2018 or for the year 2018.

Risk management policies

The Group will continue to prudently manage risks in all departments with careful monitoring in order to identify, reduce and eliminate such risk, therefore extensively protecting shareholder interests.

Currency risk

The currency risk is the risk that the fair value or the future cash flows of a financial instrument are altered following changes in exchange rates.
The exposure of the Group to changes in exchange rates principally concerns the operating activities of the Group (when revenues and costs are denominated in a currency other than the presentation currency of the Group).
Where these transactions are significant, the Group Companies assess the possibility of undertaking currency hedges in order to mitigate these fluctuations. During the years presented the Group has not undertaken exchange risk hedge operations, as such transactions undertaken by the companies of the Group are not considered significant.

Credit and country risks

The credit risk represents the exposure of the Group to potential losses deriving from non-compliance with obligations by trading partners; this activity is subject to ongoing monitoring within the normal management of business operations, in order to minimise the exposure to

"counterparty" credit risk, also utilising appropriate insurance instruments to protect the solvency of the client or of the country risk in which this latter operates.
The Group Companies constantly assess political, social and economic risks in the areas in which they operate. No significant cases of non-fulfilment by trading partners have occurred and no significant credit risk by individual area and/or client exists.
The Group in fact only deals with established and reliable clients. Customers that request extensions of payment are subject to a credit rating check. Moreover, the collection of receivables is monitored during the year so that the exposure to losses is not substantial. Finally, in the case of new clients operating in non-EU countries, the Group companies obtain letters of credit and advance payments.

Interest rate risk

The interest rate risk is a risk that the fair value for the future cash flows of a financial instrument alters due to changes in market interest rates. The Companies of the Group are exposed to the risk of fluctuations in interest rates principally in relation to the non-current bank loans and borrowings, negotiated at floating interest rates, and amount to Euro 141 million. Where these risks are considered significant, the Companies of the Group undertake interest rate swaps in order to convert the floating rate of the non-current loans into fixed rates, which reduces the impact of the fluctuations in interest rates
Therefore, the Parent undertook interest rate swaps in order to hedge the interest rate risk on medium-long term loans for a notional value of Euro 133 million.

The characteristics of the derivative contracts, their notional value and the market value at 30 June 2019, are as follows (in Euro):
Liquidity risk

Company	Bank	Underlying	Date of Signing	Notional at reference date	Maturity	Market value at 30.06.2019
Zignago Vetro SpA	Credit Agricole Friuladria	Loan	27/12/2018	10,000,000	29/12/2023	(187,342)
Zignago Vetro SpA	Unicredit	Loan	27/10/2017	38,000,000	27/10/2021	(433,264)
Zignago Vetro SpA	Mediobanca	Loan	21/01/2015	5,528,571	31/12/2020	(52,729)
Zignago Vetro SpA	Mediobanca	Loan	31/03/2015	7,371,429	31/12/2020	(70,305)
Zignago Vetro SpA	UBI	Loan	18/12/2014	1,920,419	18/12/2019	(6,923)
Zignago Vetro SpA	Intesa SanPaolo	Loan	13/02/2018	40,000,000	30/12/2022	(527,853)
Zignago Vetro SpA	BNL	Loan	22/12/2014	30,000,000	22/06/2021	(467,067)
Total				132,820,419		(1,745,483)

The Group monitors the risk of a deficiency in liquidity utilising liquidity planning instruments.
The Group objective is to maintain a balance between continuity of available funds, flexibility of utilisation through utilisation of instruments such as bank overdrafts, bank loans, finance leases

and adequate remuneration of its liquidity, temporarily investing exclusively with banking counterparties.

In particular the profile of the financial liabilities at 30 June 2019, 31 December 2018 and 30 June 2018 on the basis of the non-discounted contractual payments, including trade payables and other current liabilities, is summarised as follows:

(Euro thousands)	2019				
30 June 2019	Less than 3 months	From 3 to 12 months	From 1 to 5 years	Beyond	Total
Non-current loans and borrowings	---	---	103,832	---	103,832
Other non-current liabilities	---	---	2,145	---	2,145
Bank loans & borrowings and current portion of non-current loans & borrowings	90,087	55,729		---	145,816
Trade and other payables	70,664	---	---	---	70,664
Other current liabilities	19,556	---	---	---	19,556
Current income taxes	---	3,193	---	---	3,193
Total	180,307	58,922	105,977	---	345,206

(Euro thousands)	2018				
June 30, 2018	Less than 3 months	From 3 to 12 months	From 1 to 5 years	Beyond	Total
Non-current loans and borrowings	---	---	125,626	1,860	127,486
Other non-current liabilities	---	---	2,693	---	2,693
Bank loans & borrowings and current portion of non-current loans & borrowings	29,310	33,889	---	---	63,199
Trade and other payables	55,172	---	---	---	55,172
Other current liabilities	18,609	---	---	---	18,609
Current tax payables	2,021	---	---	---	2,021
Total	105,112	33,889	128,319	1,860	269,180

The terms and conditions of financial liabilities are listed below:

- There is no interest on trade payables and they are normally paid at 60 days;
- Other payables are normally paid within the month following recognition.

Risks related to the fluctuation in energy prices

(Euro thousands)	2018				
31 December 2018	Less than 3 months	From 3 to 12 months	From 1 to 5 years	Beyond	Total
Non-current loans and borrowings	---	---	117,768	---	117,768
Other non-current liabilities	---	---	2,415	---	2,415
Bank loans & borrowings and current portion of medium/long-term loans	30,791	49,752	1,405	---	81,948
Trade and other payables	72,748	---	---	---	72,748
Other current liabilities	19,927	---	---	---	19,927
Current tax payables	---	3,866	---	---	3,866
Total	123,466	53,618	121,588	---	298,672

The Group is exposed to fluctuations in energy purchase costs, a significant cost component in the glass sector. Where this risk is considered as significant, hedging operations may be undertaken in order to convert the variable cost into a fixed cost, which reduces the impact of fluctuations.
From 2012 the supply of energy at Fossalta di Portogruaro of the Parent has been guaranteed by Zignago Power Srl, a company wholly-owned by the parent Zignago Holding SpA., which started up a natural biomass energy production plant. The risk concerning energy cost fluctuation is therefore greatly reduced.
In 2019, the Parent also agreed supply contracts at fixed prices, in line with its production programmes.
In the first half of 2019, Zignago Vetro did not undertake any fuel hedging derivative contracts.
The exposure of the Group to the risk of fluctuations in energy prices is therefore considered marginal.

Significant non-recurring events or transactions arising from atypical and/or unusual transactions

There were no significant non-recurring atypical and/or unusual transactions for the period ended 30 June 2019 as defined by Consob Communication DEM/6064293.

Statement
as per Article 81-ter, CONSOB Regulation
No. 11971/1999

STATEMENT

Statement of the Condensed Interim Consolidated Financial Statements as per Article 81-ter of CONSOB Regulation No. 11971 of 14 May 1999 and subsequent modifications and integrations.

1) The undersigned Paolo Giacobbo, CEO, and Roberto Celot, Executive Officer for Financial Reporting of Zignago Vetro SpA, also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February 1998 state:
   - the accuracy of the information on company operations and
   - the effective application,

   of the administrative and accounting procedures for the condensed interim consolidated financial statements for the period from 1 January to 30 June 2019.

2) No significant aspect emerged concerning the above. The adequacy of the administrative and accounting procedures for the compilation of the condensed consolidated half-year financial statements at 30 June 2019 was evaluated through an Internal Control System based on the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission which represents a standard framework generally accepted at international level.

3) We also declare that:

3.1) The condensed interim consolidated financial statements:

   a) are drawn up in conformity with the applicable international accounting standards endorsed by the European Union in conformity with Regulation (EC) No. 1606/2002 of the European Parliament and the Commission of 19 July 2002;
   b) correspond to the underlying accounting documents and records;
   c) provide a true and fair view of the financial position, financial performance and cash flows of the issuer and of the other companies in the consolidation scope.

3.2) The Directors' Report on operations includes a reliable analysis of the significant events in the first six months of the year and their impact on the condensed interim consolidated financial statements, with a description of the principal risks and uncertainties for the remaining six months. This Directors' Report also contains a reliable analysis of the significant transactions with related parties.

Fossalta di Portogruaro, 26 July 2019

Mr. Paolo Giacobbo
Chairman & Chief Executive Officer

Mr. Roberto Celot
Executive Officer for Financial Reporting

Independent
Auditors' Report
on the Condensed Interim
Consolidated Financial Statements

The attached auditors' report and the related condensed interim consolidated financial statements are in accordance with the original version in the Italian language filed at the registered office of Zignago Vetro SpA and published in accordance with law and, subsequent to this date, KPMG SpA has not undertaken any further audit work.

ZIGNAGO VETRO SpA

Registered office: Fossalta di Portogruaro (VE), Via Ita Marzotto 8