

PRESS RELEASE

In accordance with Consob Resolution 11971/99 and subsequent amendments and supplements

ZIGNAGO VETRO S.P.A.

Board of Directors of Zignago Vetro S.p.A. approves 2020 Half-Year Report

Despite the Covid-19 emergency, which impacted the second quarter, the Zignago Vetro Group was able to limit the decline in sales in the first half to 6.3%, with an EBITDA margin of 24.9%. Results have improved since June.

- Revenues of Euro 196.4 million (-6.3% on 2019), of which exports account for 31.7%;
- EBITDA of Euro 48.9 million, 24.9% margin (Euro 56.3 million, 26.8% margin in H1 2019);
- EBIT of Euro 21.9 million, 11.2% margin (Euro 30.7 million, 14.7% margin in H1 2019);
- Group Profit, including due to unrealised exchange rate losses on inter-company loans, of Euro 14.0 million, 7.1% margin (Euro 22.4 million, 10.7% margin in H1 2019).

Cash generation, before investments, of Euro 43.4 million (Euro 30.0 million in H1 2019).

Net debt of Euro 266.8 million (Euro 275.7 million at 30 June 2019).

Zignago Vetro Group Key Financial Highlights (*)

	H1 2020	H1 2019	Cge.%
	<i>(in Euro millions)</i>	<i>(in Euro millions)</i>	
Revenues	196.4	209.7	- 6.3%
EBITDA	48.9	56.3	- 13.1%
EBIT	21.9	30.7	- 28.7%
Group Net Profit	14.00	22.4	- 37.7%

	30.06.2020 <i>(in Euro millions)</i>	30.06.2019 <i>(in Euro millions)</i>	31.12.2019 <i>(in Euro millions)</i>
Capital expenditure	14.9	38.4	66.1
Free cash flow			
• after investments	22.4	(21.0)	2.4
• before investments	43.4	30.0	82.6
(further details on page 3)			
Financial debt	(321.2)	(306.6)	(300.3)
Liquidity	54.4	30.9	48.9
Net financial debt	(266.8)	(275.7)	(251.4)

(*)

The figures (and the subsequent comments concerning the consolidated figures) were based on the management view of the Group business, which provides for the proportional consolidation of the joint venture, in continuity with the accounting policies adopted until 31 December 2013. Following the entry into force of the new “IFRS 11 – Joint Arrangements” and “IAS 28 – Interests in associates and joint ventures” the accounting policies changed for the consolidation of the joint ventures of the Zignago Vetro Group. In particular, from 1 January 2014 the joint ventures in Vetri Speciali SpA and Vetreco Srl may not be consolidated under the proportional method and should be recognised in the consolidated financial statements at equity.

The income statement, the statement of comprehensive income, the statement of financial position and the statement of cash flows of the Zignago Vetro Group at 30 June 2020 and 2019 and at 31 December 2019, prepared according to international accounting standards in force from 1 January 2014, are reported respectively at attachments 3, 4, 5, 6 and 7 of this press release.

Fossalta di Portogruaro, 31 July 2020 – The Board of Directors of **Zignago Vetro S.p.A** – a company listed on the STAR segment of the Italian Stock Exchange - in a meeting held today chaired by Paolo Giacobbo, approved the Group 2020 Half-Year Report.

Company profile

The **Zignago Vetro Group** companies produce high quality glass containers for the Food and Beverage, Cosmetics and Perfumery industries and Speciality Glass bottles for wines and spirits, for the domestic and international markets.

Zignago Vetro Group operating performance

The first half of 2020, as noted, featured the spread of the Covid-19 pandemic, which significantly impacted the markets on which the Group companies operate. While lock-down and social distancing measures have largely limited people's mobility and thus also many forms of consumption, demand has risen in some cases, especially in relation to food consumption. The luxury perfumes sector was the hardest hit.

Consolidated **Revenues** in the first half of 2020 amounted to Euro 196.4 million, compared to Euro 209.7 million in the same period of the previous year (-6.3%). Export revenues totaled Euro 62.3 million, comprising 31.7% of revenues (Euro 77.2 million and 36.8% in H1 2019).

Consolidated **EBITDA** in the first half of 2020 amounted to Euro 48.9 million, down 13.1% on H1 2019 (Euro 56.3 million), with a 24.9% margin (26.8% in H1 2019).

Consolidated **EBIT** was Euro 21.9 million (compared to Euro 30.7 million in the first half of 2019), with a margin of 11.2% (14.7% in the first half of 2019).

Consolidated **Net Profit** in the first half of the year was Euro 14.0 million, compared to Euro 22.4 million in H1 2019 – with a margin of 7.1% (10.7%).

Group balance sheet and financial position

Group **capital expenditure** in the first half of 2020 amounted to Euro 14.9 million (Euro 38.4 million in H1 2019). Payments on fixed assets amounted to Euro 21.0 million in H1 2020 (Euro 55.5 million in H1 2019).

The Group generated **Free cash flow** in H1 2020, before payments on fixed assets, of Euro 43.4 million (Euro 30.0 million in the first half of 2019). Free cash flow, after payments on fixed assets and dividends of Euro 37.0 million, of Euro 22.4 million was generated, compared to an absorption of Euro 21.0 million in H1 2019.

The Group **net financial debt** at 30 June 2020 was Euro 266.8 million, compared to Euro 251.4 million at 31 December 2019 (Euro 275.7 million at 30 June 2019).

Group liquidity totaled Euro 54.4 million at 30 June 2020, compared to Euro 48.9 million at the end of 2019 and Euro 30.9 million at 30 June 2019. The funding operations concluded in support of the investment programmes, including those recently undertaken, confirm the full availability of the lending institutions to finance Zignago Vetro Group industrial initiatives.

Outlook and subsequent events.

In July, as the health emergency in various geographic areas gradually abated, the recovery of the markets in which Group companies operate, already began in June, gained ground - although at different rates across the various sectors.

Situations of uncertainty among operators persist, linked in particular to the continuing severe restrictions on mobility and the relative difficulties of certain geographic areas and distribution channels, with consequent repercussions for the visibility of consumption.

Against this general backdrop, it is considered that the effects of the pandemic could also affect the second half of the year, although likely to a much lesser extent than in the first half and with certain sectors seeing improved results on the second half of 2019.

It is expected that the Group will be able to manage this period of turbulence while maintaining a solid and balanced financial situation.

There were no significant events after 30 June 2020.

The By-Laws, amended following the motions undertaken by the Extraordinary Shareholders' Meeting of 28 April 2020, are available to the public at the registered office in Fossalta di Portogruaro (Ve), Via Ita Marzotto 8, on the company website www.gruppozignagovetro.com in the Investors/Shareholders' Meeting section, at Borsa Italiana S.p.A. and on the authorised storage mechanism 1info (www.1info.it).

The Board of Directors today approved the Regulation governing the process for inclusion in the Special List of shareholders for the obtaining of multi-voting rights. The Regulation and the registration form are available to shareholders on the company website www.gruppozignagovetro.com in the Investors/Multi-vote shares section.

Declaration

The Executive Responsible for Financial Reporting, Mr. Roberto Celot, declares in accordance with Article 154 *bis*, paragraph 2, of the Consolidated Finance Act, that the accounting information contained in this press release corresponds to the underlying accounting documents, records and accounting entries.

2020 Half-Year Report

The 2020 Half-Year Report will be made available to the public as soon as available and in accordance with law at the registered office of the company and on the company website www.gruppozignagovetro.com

This press release is available on the website: www.gruppozignagovetro.com

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All the figures in the Consolidated Reclassified Income Statement and Statement of Financial Position (attachments 1 and 2) reported below were prepared on the basis of management's view which considers the proportional

consolidation of joint ventures appropriate, in line with the approach taken until 31 December 2013. Following the entry into force of the new “IFRS 11 – Joint Arrangements” and “IAS 28 – Interests in associates and joint ventures” the accounting policies changed for the consolidation of the joint ventures of the Zignago Vetro Group. In particular, from 1 January 2014 the joint ventures in Vetri Speciali SpA and Vetreco Srl may not be consolidated under the proportional method and should be recognised in the consolidated financial statements at equity.

The statement of financial position, the income statement, the statement of comprehensive income and the statement of cash flows of the Zignago Vetro Group at 30 June 2020 and 31 December and 30 June 2019 and the statement of changes in Equity, prepared in accordance with the accounting standards in force from 1 January 2014, are reported respectively in the subsequent attachments 3, 4, 5, 6 and 7.

ATTACHMENT 1

Zignago Vetro Group

Reclassified Consolidated Income Statement (unaudited)

(management point of view, based on accounting standards in force at 31 December 2013)

	H1 2020		H1 2019		Changes
	Euro thou.	%	Euro thou.	%	%
Revenues	196,427	100.0%	209,689	100.0%	(6.3%)
Changes in finished and semi-finished products and work in progress	9,396	4.8%	6,105	2.9%	53.9%
Internal production of fixed assets and contributions on investments	828	0.4%	1,531	0.7%	(45.9%)
Value of production	206,651	105.2%	217,325	103.6%	(4.9%)
Cost of goods and services	(112,110)	(57.1%)	(113,682)	(54.2%)	(1.4%)
Value added	94,541	48.1%	103,643	49.4%	(8.8%)
Personnel expense	(45,641)	(23.2%)	(47,350)	(22.6%)	(3.6%)
EBITDA	48,900	24.9%	56,293	26.8%	(13.1%)
Amortisation & Depreciation	(26,361)	(13.4%)	(24,978)	(11.9%)	5.5%
Accruals to provisions	(627)	(0.3%)	(592)	(0.3%)	5.9%
EBIT	21,912	11.2%	30,723	14.7%	(28.7%)
Net recurring non-operating income	197	0.1%	168	0.1%	17.3%
Operating Profit	22,109	11.3%	30,891	14.7%	(28.4%)
Net financial expense	(1,476)	(0.8%)	(1,615)	(0.8%)	(8.6%)
Net exchange rate gains/(losses)	(1,868)	(1.0%)	383	0.2%	n.a.
Profit before taxes	18,765	9.6%	29,659	14.1%	(36.7%)
Income taxes	(4,831)	(2.5%)	(7,449)	(3.6%)	(35.1%)
(Tax-rate H1 2020: 25.7%) (Tax-rate H1 2019: 25.1%)					
(Profit) Loss non-con. int.	52	---	222	0.1%	(76.6%)
Profit for the period	13,986	7.1%	22,432	10.7%	(37.7%)

Zignago Vetro Group

Reclassified Consolidated Statement of Financial Position (unaudited)

(management point of view, based on accounting standards in force at 31 December 2013)

	30.06.2020		31.12.2019		30.06.2019	
	Euro thou.	%	Euro thou.	%	Euro thou.	%
Trade receivables	88,987		94,779		107,578	
Other receivables	15,953		24,322		19,346	
Inventories	120,935		109,379		104,641	
Current non-financial payables	(96,054)		(94,907)		(97,347)	
Payables on fixed assets	(5,459)		(11,562)		(13,010)	
A) Working capital	124,362	26.7%	122,011	25.8%	121,208	26.0%
Net tangible and intangible assets	306,441		317,776		314,267	
Goodwill	43,197		43,228		43,230	
Other equity investments and non-current assets	6,216		5,473		4,363	
Non-current provisions and non-financial payables	(15,241)		(15,196)		(16,259)	
B) Net fixed capital	340,613	73.3%	351,281	74.2%	345,601	74.0%
A+B= Net capital employed	464,975	100.0%	473,292	100.0%	466,809	100.0%
<i>Financed by:</i>						
Current loans and borrowings	144,509		153,703		175,187	
Cash and cash equivalents	(54,425)		(48,876)		(30,886)	
Current net debt	90,084	19.4%	104,827	22.1%	144,301	30.9%
Non-current loans and borrowings	176,741	38.0%	146,583	31.0%	131,401	28.1%
C) Net financial debt	266,825	57.4%	251,410	53.1%	275,702	59.1%
Opening equity	221,946		200,132		200,132	
Dividends paid in the period	(37,005)		(31,569)		(31,569)	
Change in translation reserve & other share. eq. changes	(661)		330		325	
Profit for the period	13,986		53,053		22,432	
D) Group equity	198,266	42.6%	221,946	46.9%	191,320	41.0%
E) Non-controlling interest equity	(116)		(64)		(213)	
D+E) Total Consolidated Equity	198,150	42.6%	221,882	46.9%	191,107	40.9%
C+D+E = Total financial debt and equity	464,975	100.0%	473,292	100.0%	466,809	100.0%

Zignago Vetro Group

Consolidated Statement of Financial Position (unaudited)

(Euro thousands)	30.06.2020	31.12.2019	30.06.2019	Notes
ASSETS				
Non-current assets				
Property, plant and equipment	229,069	242,479	247,185	▶ (1)
Goodwill	2,707	2,738	2,740	▶ (2)
Intangible assets	2,092	2,402	173	
Equity-accounted Joint Ventures	79,469	83,035	74,526	▶ (3)
Equity investments	389	389	389	
Other non-current assets	747	487	279	▶ (4)
Deferred tax assets	4,325	4,044	3,050	
Total non-current assets	318,798	335,574	328,342	
Current assets				
Inventories	99,421	89,761	84,907	▶ (5)
Trade receivables	68,605	78,022	84,036	▶ (6)
Other current assets	12,408	14,705	16,889	▶ (7)
Tax Assets	3,912	5,215	6,507	
Cash and cash equivalents	47,585	44,805	26,718	▶ (8)
Total current assets	231,931	232,508	219,057	
TOTAL ASSETS	550,729	568,082	547,399	
EQUITY & LIABILITIES				
EQUITY				
Share capital	8,800	8,800	8,800	
Reserves and other equity items	39,733	39,356	39,991	
Acquisition of treasury shares	(1,093)	(1,093)	(1,093)	
Retained earnings	136,840	121,830	121,190	
Net Profit	13,986	53,053	22,432	
TOTAL EQUITY OWNERS OF THE PARENT	198,266	221,946	191,320	▶ (9)
NON-CONTROLLING INT. EQUITY	(116)	(64)	(213)	
TOTAL EQUITY	198,150	221,882	191,107	
LIABILITIES				
Non-current liabilities				
Provisions for risks and charges	3,967	3,963	4,441	▶ (10)
Post-employment benefits	4,414	4,299	4,561	▶ (11)
Non-current loans and borrowings	137,214	123,710	103,832	▶ (12)
Other non-current liabilities	1,876	1,876	2,145	▶ (13)
Deferred tax liabilities	2,212	2,230	2,084	
Total non-current liabilities	149,683	136,078	117,063	
Current liabilities				
Bank loans and borrowings non-current portion	120,123	127,915	145,816	▶ (14)
Trade and other payables	59,938	60,005	70,664	▶ (15)
Other current liabilities	20,439	20,945	19,556	▶ (16)
Current income taxes	2,396	1,257	3,193	▶ (17)
Total current liabilities	202,896	210,122	239,229	
TOTAL LIABILITIES	352,579	346,200	356,292	
TOTAL EQUITY AND LIABILITIES	550,729	568,082	547,399	

Zignago Vetro Group**Consolidated Income Statement (unaudited)**

(Euro thousands)	H1 2020	H1 2019	Notes
Revenues	148,518	160,232	(18)
Raw material, ancillary, consumables and goods	(23,723)	(27,822)	(19)
Service costs	(55,690)	(55,094)	(20)
Personnel expense	(35,278)	(36,598)	(21)
Amortisation & Depreciation	(21,752)	(20,648)	(22)
Other operating costs	(2,129)	(2,444)	
Other operating income	722	662	
Equity-accounted joint ventures	8,811	9,483	(3)
Operating Profit	19,479	27,771	
Financial income	204	73	
Financial expense	(1,493)	(1,447)	(23)
Net exchange rate gains/(losses)	(1,864)	382	(24)
Profit before taxes	16,326	26,779	
Income taxes	(2,392)	(4,569)	(25)
(Profit) loss non-con. int.	52	222	
Group Profit	13,986	22,432	
Attributable to			
Owners of the parent	13,986	22,432	
Non-controlling interests	(52)	(222)	
Consolidated profit	13,934	22,210	
Earnings per share:			
Basic (and diluted) earnings per share	0.159	0.256	

Zignago Vetro Group**Consolidated Statement of Comprehensive Income (unaudited)**

(Euro thousands)	H1 2020	H1 2019
Profit for the period	13,986	22,432
<i>Items that will be subsequently reclassified to profit or loss</i>		
Translation difference for foreign operations	(1,206)	279
Profit/(loss) cash flow hedge		
Tax effect	---	---
	<u>(1,206)</u>	<u>279</u>
Total items that will be subsequently reclassified to profit or loss	(1,206)	279
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Actuarial gains/(losses) on defined benefit plans	---	---
Tax effect	---	---
	<u>---</u>	<u>---</u>
Total items that will not be subsequently reclassified to profit or loss	---	---
Other comprehensive income (expense) for the year, net of taxes	(1,206)	279
Total comprehensive income for the period	12,780	22,711
Attributable to:		
Owners of the parent	12,780	22,711
Non-controlling interests (Loss)	(52)	(222)

Zignago Vetro Group

Consolidated Statement of Cash Flows(unaudited)

(Euro thousands)

	H1 2020	H1 2019
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before taxes	16,326	26,779
Adjustments to reconcile net profit with cash flow generated from operating activities:		
Amortisation & Depreciation	21,752	20,475
Losses/(gains) on sale of property, plant & equipment	72	---
Accrual to allowance for impairment	44	466
Net accruals to post-employment benefits	115	32
Net changes to other provisions	4	184
Change in assets and liabilities items due to translation effect	2,356	(596)
Net financial income	(204)	(837)
Exchange rate effect	1,864	382
Financial expenses	1,493	1,065
Income taxes paid in the period	(249)	(6,953)
Equity-accounted joint ventures	(8,811)	(9,483)
Dividends distributed by equity-accounted joint ventures	12,377	10,213
Changes in operating assets and liabilities:		
Decrease/(increase) in trade receivables	9,373	(19,599)
Decrease/(increase) in other current assets	2,297	(59)
Decrease/(increase) in inventories	(9,680)	(5,724)
Increase/(decrease) in trade & other payables	2,994	9,405
Increase/(decrease) in other current liabilities	(506)	(371)
Change in other non-current assets and liabilities	(259)	621
Total adjustments and changes	35,032	(779)
Net Cash Flows from operating activities	(A) 51,358	26,000
CASH FLOW FROM INVESTING ACTIVITIES:		
Gross investments in intangible assets	---	(55)
Gross investments in property, plant and equipment	(11,125)	(31,824)
Increase/(decrease) in payables for purchases of non-current assets	(3,061)	(11,489)
Sales price of property, plant and equipment	744	93
Net cash flow used in investing activities	(B) (13,442)	(43,275)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Interest paid in the period	(1,073)	(1,081)
Interest received in the period	185	451
Non-realised exchange rate effect	(1,864)	(382)
Net increase (decrease) of short-term bank payables	(10,234)	63,978
Net change non-current loans and borrowings	15,946	(20,234)
Dividends distributed	(37,005)	(31,569)
Other changes	115	213
Net cash flow used in financing activities	(C) (33,930)	11,376
Change in assets and liabilities items due to translation effect	(D) (1,206)	279
Net change in cash and cash equivalents	(A+B+C+D) 2,780	(5,620)
Cash & cash equivalents at beginning of the period	44,805	32,338
Cash & cash equivalents at end of the period	47,585	26,718

Zignago Vetro Group

Statement of Changes in Equity (unaudited)

	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	Net Profit	Group equity	Total non-controlling interest equity	Total consolidated equity
Balance at 31 December 2018	8,800	1,760	27,334	11,546	157	(1,093)	(1,248)	(922)	108,778	45,020	200,132	9	200,141
<i>Profit (Loss)</i>	---	---	---	---	---	---	---	---	---	22,432	22,432	(222)	22,210
<i>Other profits/(losses), net of tax effect</i>	---	---	---	---	---	---	279	---	---	---	279	---	279
Total Comp. Income (expense)	---	---	---	---	---	---	279	---	---	22,432	22,711	(222)	22,489
Allocation of result	---	---	---	---	---	---	---	---	45,020	(45,020)	---	---	---
<i>Sale of treasury shares</i>	---	---	---	---	---	---	---	---	---	---	---	---	---
<i>Other changes</i>	---	---	---	1,085	---	---	---	---	(1,039)	---	46	---	46
<i>Movement non-controlling interests eq.</i>	---	---	---	---	---	---	---	---	---	---	---	---	---
Distribution of dividends	---	---	---	---	---	---	---	---	(31,569)	---	(31,569)	---	(31,569)
Balance at 30 June 2019	8,800	1,760	27,334	12,631	157	(1,093)	(969)	(922)	121,190	22,432	191,320	(213)	191,107
<i>Profit (Loss)</i>	---	---	---	---	---	---	---	---	---	30,621	30,621	149	30,770
<i>Other profits/(losses), net of tax effect</i>	---	---	---	---	---	---	25	(266)	---	---	(241)	---	(241)
Total Comp. Income (expense)	---	---	---	---	---	---	25	(266)	---	30,621	30,380	149	30,529
Allocation of result	---	---	---	---	---	---	---	---	---	---	---	---	---
<i>Sale of treasury shares</i>	---	---	---	---	---	---	---	---	---	---	---	---	---
<i>Other changes</i>	---	---	---	(686)	---	---	---	---	640	---	(46)	---	(46)
<i>Movement non-controlling interests eq.</i>	---	---	---	---	---	---	---	---	---	---	---	---	---
FRS 2	---	---	---	292	---	---	---	---	---	---	292	---	292
Distribution dividends	---	---	---	---	---	---	---	---	---	---	---	---	---
Balance at 31 December 2019	8,800	1,760	27,334	12,237	157	(1,093)	(944)	(1,188)	121,830	53,053	221,946	(64)	221,882
<i>Profit (Loss)</i>	---	---	---	---	---	---	---	---	---	13,986	13,986	(52)	13,934
<i>Other profits/(losses), net of tax effect</i>	---	---	---	---	---	---	(1,206)	---	---	---	(1,206)	---	(1,206)
Total Comp. Income (expense)	---	---	---	---	---	---	(1,206)	---	---	13,986	12,780	(52)	12,728
Allocation of result	---	---	---	---	---	---	---	---	53,053	(53,053)	---	---	---
<i>Sale of treasury shares</i>	---	---	---	---	---	---	---	---	---	---	---	---	---
<i>Other changes</i>	---	---	---	1,059	---	---	---	---	(1,038)	---	21	---	21
FRS 2	---	---	---	524	---	---	---	---	---	---	524	---	524
<i>Movement non-controlling interests eq.</i>	---	---	---	---	---	---	---	---	---	---	---	---	---
Distribution of dividends	---	---	---	---	---	---	---	---	(37,005)	---	(37,005)	---	(37,005)
Balance at 30 June 2020	8,800	1,760	27,334	13,820	157	(1,093)	(2,150)	(1,188)	136,840	13,986	198,266	(116)	198,150