

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 First Quarter Report

Revenue and EBITDA growth in Q1 2020, despite the impacts of the COVID-19 pandemic.

Decrease in net financial debt compared to 31.12.2019 (-Euro 13.5 million).

- **Zignago Vetro Group revenues of Euro 109.0 million (+8.3% on 2019); export revenues of Euro 36.0 million (-7.0%) - 33.0% of total revenues.**
- **EBITDA of Euro 26.5 million (24.4% margin, +2.2%).**
- **EBIT of Euro 12.5 million (11.5% margin, -10.9%).**
- **Net Profit of Euro 7.5 million (6.9% margin), down 28.5% - mainly due to unrealised exchange rate losses on inter-company loans.**

Cash generation, before investments, of Euro 21.1 million (Euro 22.1 million in Q1 2019).

Net debt of Euro 237.9 million (Euro 251.4 million at 31 December 2019, -5.4%).

Zignago Vetro Group Key Financial Highlights (*)

	First Quarter 2020 <i>(in Euro millions)</i>	First Quarter 2019 <i>(in Euro millions)</i>	Cge.%
Revenues	109.0	100.6	+ 8.3%
EBITDA	26.5	26.0	+ 2.2%
EBIT	12.5	14.1	- 10.9%
Operating Profit	12.5	14.2	- 11.5%
Profit before taxes	9.5	13.6	- 30.3%
Group Net Profit	7.5	10.5	- 28.5%

	31.03.2020 <i>(in Euro millions)</i>	31.03.2019 <i>(in Euro millions)</i>	31.12.2019 <i>(in Euro millions)</i>
Net capital expenditure	4.7	24.3	66.1
Free cash flow			
• after investments	15.0	(8.9)	2.4
• before investments	21.1	22.1	82.6
(further details on page 3)			
Financial debt	(287.9)	(270.2)	(300.3)
Liquidity	50.0	44.3	48.9
Net financial debt	(237.9)	(225.9)	(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, exclusively to fulfil additional disclosure requirements. 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, held 50%, and Vetreco Srl, held 50%, 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 31 March 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, 14 May 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 2020 First Quarter Report.

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 quarter of 2020 featured a sudden and comprehensive change to the operating environment, as noted, as a result of the Covid-19 pandemic, which significantly impacted the markets on which the Group companies operate - in certain cases in a positive manner, although in others with significantly negative impacts. Among the former, we highlight the improved demand for food containers, while among the latter, the luxury perfumes sector was the hardest hit.

From an operating point of view, the Group companies quickly reacted to the new conditions, putting in place all necessary measures to align with the regulations issued by the respective national Governments, firstly to protect the health and safety of workers, in addition to introducing all measures available to ensure working continuity. There have been no cases of infection at any of the Group's plants. In addition, thanks to the production flexibility that made it possible to focus on product segments that were less impacted by the crisis, the company's operations did not experience substantial interruptions, except for the French facility, at which activities were partially suspended. This facility is the only plant for which recourse

was made, although to a limited extent, to the specifically set up social security schemes of the French government.

Consolidated **revenues** in the first quarter of 2020 amounted to Euro 109.0 million, compared to Euro 100.6 million in the same period of the previous year (+8.3%). Export revenue totalled Euro 36.0 million (Euro 38.7 million in Q1 2019; -7.0%), comprising 33.0% of revenues (38.5% in Q1 2019).

Consolidated **EBITDA** in the first quarter of 2020 amounted to Euro 26.5 million, up 2.2% on Q1 2019 (Euro 26 million), with a 24.4% revenue margin (25.8% in Q1 2019).

The consolidated **EBIT** was Euro 12.5 million (-10.9% compared to Euro 14.1 million in Q1 2019), with a margin of 11.5% (14.0% in Q1 2019).

The consolidated **Operating profit** was Euro 12.5 million in Q1 2020, compared to Euro 14.2 million in Q1 2019 (-11.5%), with a 11.5% revenue margin (compared to 14.1%).

The consolidated **net profit** was Euro 9.5 million in Q1 2020 (Euro 13.6 million in Q1 2019), with a margin of 8.7% (compared to 13.5%). This decrease is largely due to the unrealised exchange rate losses on the loan in Euro received by the subsidiary Zignago Vetro Polska from Zignago Vetro.

Consolidated **Net Profit** in the first quarter of 2020 amounted to Euro 7.5 million, compared to Euro 10.5 million in Q1 2019 (-28.5%) – a margin of 6.9% (10.4% in Q1 2019).

Zignago Vetro Group statement of financial position

Capital expenditure in the first quarter of 2020 by Group companies totalled Euro 4.7 million (Euro 24.3 million in the same period of 2019). Payments on fixed assets amounted to Euro 9.5 million in Q1 2020, compared to Euro 21.7 million in Q1 2019, a period in which a new plant at the Fossalta di Portogruaro facility was completed.

The Group generated **Free cash flow** in Q1 2020, before payments on fixed assets, of Euro 21.1 million (Euro 22.1 million in the first quarter of 2019). After payments on fixed assets, cash of Euro 15.0 million was generated, compared to an absorption of Euro 8.9 million in Q1 2019.

The Group **net financial debt** at 31 March 2020 was Euro 237.9 million, following payments on investments in the quarter of Euro 9.5 million, compared to Euro 251.4 million at 31 December 2019 and Euro 225.9 million at 31 March 2019.

Group **liquidity** totalled Euro 50.0 million at 31 March 2020, compared to Euro 48.9 million at the end of 2019 and Euro 44.3 million at 31 March 2019. The funding operations, in support also of the investment programme which concluded in the previous year, confirm the full availability of the lending institutions to finance Zignago Vetro Group industrial initiatives.

Outlook

Subsequent to period-end, the market featured an increase in the turbulence arising with the emergence of Covid-19. In general, there is still uncertainty among operators, mainly linked to the current lack of market visibility.

In this general scenario, however, there are positive elements, such as the continuing resilience of demand in certain product segments and geographical areas, as well as a certain recovery in orders from Asian markets.

Therefore, while remaining firmly convinced that the reference markets will settle and then resume growth, particularly in the medium to long-term, it is difficult to make accurate forecasts for the near future. Faced with this situation, all Group companies are operating on all possible fronts in order to be able to react promptly - and in the best manner - to market developments and to tap into any opportunities.

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

Subsequent events

There were no significant events after 31 March 2020.

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 First Quarter Report

The 2020 First Quarter 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 31 March 2020 and 31 December and 31 March 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)

	Q1 2020		Q1 2019		Change
	Euro thou.	%	Euro thou.	%	%
Revenues	108,965	100.0%	100,610	100.0%	8.3%
Changes in finished and semi-finished products and work in progress	(2,167)	(2.0%)	2,266	2.3%	n.s.
Internal production of fixed assets	194	0.2%	1,378	1.4%	(85.9%)
Value of production	106,992	98.2%	104,254	103.6%	2.6%
Cost of goods and services	(56,862)	(52.2%)	(55,230)	(54.9%)	3.0%
Value added	50,130	46.0%	49,024	48.7%	2.3%
Personnel expense	(23,588)	(21.6%)	(23,056)	(22.9%)	2.3%
EBITDA	26,542	24.4%	25,968	25.8%	2.2%
Amortisation & Depreciation	(13,606)	(12.5%)	(11,597)	(11.5%)	17.3%
Accruals to provisions	(407)	(0.4%)	(302)	(0.3%)	34.8%
EBIT	12,529	11.5%	14,069	14.0%	(10.9%)
Net recurring non-operating income	12	---	103	0.1%	(88.3%)
Operating Profit	12,541	11.5%	14,172	14.1%	(11.5%)
Net financial expense	(606)	(0.6%)	(565)	(0.6%)	7.3%
Net exchange rate gains/(losses)	(2,447)	(2.2%)	11	---	n.s.
Profit before taxes	9,488	8.7%	13,618	13.5%	(30.3%)
Income taxes	(2,076)	(1.9%)	(3,302)	(3.3%)	(37.1%)
<i>(Tax-rate Q1 2020: 21.9%)</i>					
<i>(Tax-rate Q1 2019: 24.2%)</i>					
(Profit) loss non-con. int.	65		146		
Profit for the period	7,477	6.9%	10,462	10.4%	(28.5%)

Zignago Vetro Group

Reclassified Consolidated Statement of Financial Position (unaudited)

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

	31.03.2020		31.03.2019		31.12.2019	
	Euro thou.	%	Euro thou.	%	Euro thou.	%
Trade receivables	102,831		95,388		94,779	
Other receivables	18,697		24,664		24,322	
Inventories	107,439		99,504		109,379	
Current non-financial payables	(98,849)		(102,004)		(94,907)	
Payables on fixed assets	(6,754)		(23,900)		(11,562)	
A) Working capital	123,364	26.5%	93,652	21.5%	122,011	25.8%
Net tangible and intangible assets	308,860		307,365		317,776	
Goodwill	43,182		43,221		43,228	
Other equity investments and non-current assets	5,772		6,594		5,473	
Non-current provisions and non-financial payables	(15,410)		(14,234)		(15,196)	
B) Net fixed capital	342,404	73.5%	342,946	78.5%	351,281	74.2%
A+B= Net capital employed	465,768	100.0%	436,598	100.0%	473,292	100.0%
<i>Financed by:</i>						
Current loans and borrowings	145,747		120,202		153,703	
Cash and cash equivalents	(50,006)		(44,271)		(48,876)	
Current net debt	95,741	20.6%	75,931	17.4%	104,827	22.1%
Non-current loans and borrowings	142,174	30.5%	149,972	34.4%	146,583	31.0%
C) Net financial debt	237,915	51.1%	225,903	51.7%	251,410	53.1%
Opening equity	221,946		200,132		200,132	
Dividends	---		---		(31,569)	
Other equity changes	(1,441)		238		330	
Profit for the period	7,477		10,462		53,053	
D) Closing equity	227,982	48.9%	210,832	48.3%	221,946	46.9%
E) Non-controlling interest equity	(129)		(137)		(64)	
D+E Group Equity	227,853		210,695		221,882	
C+D +E= Total financial debt & equity	465,768	100.0%	436,598	100.0%	473,292	100.0%

Zignago Vetro Group

Consolidated Statement of Financial Position (unaudited)

(IFRS 11)

(Euro thousands)	31.03.2020	31.03.2019	31.12.2019
ASSETS			
Non-current assets			
Property, plant and equipment	232,207	242,845	242,479
Goodwill	2,692	2,731	2,738
Intangible assets	2,246	171	2,402
Equity-accounted Joint Ventures	86,899	78,726	83,035
Equity investments	389	391	389
Other non-current assets	384	1,568	487
Deferred tax assets	4,384	4,076	4,044
Total non-current assets	329,201	330,508	335,574
Current assets			
Inventories	87,452	80,933	89,761
Trade receivables	81,206	73,673	78,022
Other current assets	11,467	16,818	14,705
Tax Assets	4,740	3,783	5,215
Cash and cash equivalents	48,316	37,218	44,805
Total current assets	233,181	212,425	232,508
TOTAL ASSETS	562,382	542,933	568,082
EQUITY & LIABILITIES			
EQUITY			
Share capital	8,800	8,800	8,800
Reserves	40,715	39,797	39,356
Treasury shares	(1,093)	(1,093)	(1,093)
Retained earnings and profit for the period	172,083	152,866	121,830
Other equity items	7,477	10,462	53,053
TOTAL EQUITY OWNERS OF THE PARENT	227,982	210,832	221,946
NON-CONTROLLING INT. EQUITY	(129)	(137)	(64)
TOTAL EQUITY	227,853	210,695	221,882
LIABILITIES			
Non-current liabilities			
Provisions for risks and charges	3,981	4,232	3,963
Post-employment benefits	4,353	4,557	4,299
Non-current loans and borrowings	120,177	119,615	123,710
Other non-current liabilities	1,876	2,415	1,876
Deferred tax liabilities	2,214	2,088	2,230
Total non-current liabilities	132,601	132,907	136,078
Current liabilities			
Bank loans and borrowings current portion	120,503	95,457	127,915
Trade and other payables	57,601	77,336	60,005
Other current liabilities	21,369	21,039	20,945
Current income taxes	2,455	5,499	1,257
Total current liabilities	201,928	199,331	210,122
TOTAL LIABILITIES	334,529	332,238	346,200
TOTAL EQUITY AND LIABILITIES	562,382	542,933	568,082

Zignago Vetro Group

Consolidated Income Statement (unaudited)

(IFRS 11)

(Euro thousands)	Q1 2020	Q1 2019	2019
Revenues	85,017	77,287	323,725
Raw material, ancillary, consumables and goods	(17,809)	(14,779)	(57,968)
Service costs	(29,075)	(25,807)	(107,464)
Personnel expense	(18,431)	(17,646)	(72,130)
Amortisation & Depreciation	(11,154)	(9,423)	(39,946)
Other operating costs	(1,193)	(958)	(3,617)
Other operating income	65	216	3,527
Measurement of interests in Joint ventures using equity method	3,864	3,970	18,087
Operating Profit	11,285	12,860	64,214
Financial income	124	37	662
Financial expense	(633)	(497)	(2,540)
Net exchange rate gains/(losses)	(2,448)	6	304
Profit before taxes	8,328	12,406	62,640
Income taxes	(916)	(2,090)	(9,660)
Profit for the period	7,412	10,316	52,980
Non-controlling interests profit (loss)	65	46	73
Group Profit	7,477	10,362	53,053
Attributable to			
Owners of the parent	7,412	10,316	52,980
Non-controlling interests	65	146	73
	7,477	10,462	53,053
Earnings per share:			
Basic (and diluted) earnings per share	0.085	0.119	0.605

Zignago Vetro Group

Consolidated Statement of Comprehensive Income (unaudited) (IFRS 11)

(Euro thousands)	Q1 2020	Q1 2019	2019
Profit for the period	7,477	10,316	50,053
<i>Items that will subsequently be reclassified to profit or loss</i>			
Translation difference for foreign operations	(1,703)	(7)	304
Tax effect	---	---	---
Total items that will be subsequently reclassified to profit or loss	A) <u>(1,703)</u>	<u>(7)</u>	<u>304</u>
<i>Items that will not subsequently be reclassified to profit or loss</i>			
Actuarial gains/(losses) on defined benefit plans	---	---	(350)
Tax effect	---	---	84
Total items that will not subsequently be reclassified to profit or loss	B) <u>---</u>	<u>---</u>	<u>(266)</u>
Other comprehensive income (expense) for the period, net of taxes	A+B) <u>(1,703)</u>	<u>(7)</u>	<u>38</u>
Total comprehensive income for the period	<u>5,774</u>	<u>10,309</u>	<u>50,091</u>
Attributable to:			
Owners of the parent	5,774	10,309	50,091
Non-controlling interests	<u>(65)</u>	<u>(146)</u>	<u>(73)</u>
	<u>5,709</u>	<u>10,163</u>	<u>50,018</u>

Zignago Vetro Group
Consolidated Statement of Cash Flows (unaudited)
(IFRS 11)

(Euro thousands)	Q1 2020	Q1 2019	2019
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit before taxes	8,328	12,406	62,640
Adjustments to reconcile net profit with cash flow generated from operating activities:			
Amortisation & Depreciation	11,444	9,402	39,946
Losses/(gains) on sale of property, plant & equipment	54	(49)	(264)
Accrual to allowance for impairment	(220)	233	188
Net changes to post-employment benefits	54	28	(230)
Net changes to other provisions	18	(25)	(294)
Financial income and exchange gains	1,083	(43)	(1,550)
Financial expenses and exchange losses	(633)	486	2,236
Income taxes paid in the period	401	(466)	(13,536)
Measurement of investments at Equity	(3,864)	(3,970)	(18,087)
Dividends distributed by equity-accounted joint ventures	-	-	10,213
Changes in operating assets and liabilities:			
Decrease/(increase) in trade receivables	(2,964)	(9,003)	(13,307)
Decrease/(increase) in other current assets	3,238	12	2,125
Decrease/(increase) in inventories	2,309	(1,750)	(10,578)
Increase/(decrease) in trade & other payables	657	9,693	4,805
Increase/(decrease) in other current liabilities	424	1,112	1,018
Change in other non-current assets and liabilities	103	(441)	158
Total adjustments and changes	12,104	5,219	2,843
Net Cash Flows from operating activities	(A) 20,432	17,625	65,483
CASH FLOW FROM INVESTING ACTIVITIES:			
Gross investments in intangible assets	46	(136)	(2,974)
Gross investments in property, plant and equipment	(5,032)	(18,282)	(46,346)
Effect adoption IFRS 16	---	(4,302)	---
Increase/(decrease) in payables for purchases of non-current assets	(3,061)	(5,105)	(17,548)
Investments (divestments) in financial investments	---	---	2
Sales price of securities	---	---	---
Sales price of property, plant and equipment	740	49	264
Net cash flow used in investing activities	(B) (7,307)	(27,776)	(66,602)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest paid in the year	385	(507)	(2,144)
Interest received in the year	2,584	43	864
Net increase (decrease) of short-term bank payables	(10,214)	13,509	49,556
Repayment of medium/long-term loans	(731)	1,847	(3,498)
Dividends distributed	---	---	(31,569)
Net cash flow used in financing activities	(C) (7,976)	14,892	13,209
Change in assets and liabilities items due to translation effect	(D) (1,703)	(7)	304
Net change in cash and cash equivalents	(A+B+C+D) 3,446	4,734	12,394
Vetro Revet cash and cash equivalents	65	146	73
Cash & cash equivalents at beginning of the period	44,805	32,338	32,338
Cash & cash equivalents at end of the period	48,316	37,218	44,805

Zignago Vetro Group

Statement of Changes in Equity (unaudited)

(IFRS 11)

(Euro thousands)	Share capital	Legal reserve	Revaluation reserve	Other reserves	Translation reserve	Capital paid-i	Treasury shares	Actuarial profit/(loss) on in defined benefit plan	Retained earnings	Profit for the period	Total Owners of parent Equity	Total Non-controlling interest Equity	Total Consolidated Equity
31 December 2018	8,800	1,760	27,334	11,546	(1,248)	157	(1,093)	(922)	113,992	39,806	200,132	9	200,141
Consolidated profit	---	---	---	---	---	---	---	---	---	10,462	10,462	(146)	10,316
Other profits/(losses), net of tax effect	---	---	---	---	(7)	---	---	---	---	---	(7)	---	(7)
Total comprehensive income (expense)	---	---	---	---	(7)	---	---	---	---	10,462	10,455	(146)	10,309
Allocation of result	---	---	---	---	---	---	---	---	---	---	---	---	---
Other changes	---	---	---	---	---	---	---	---	---	---	---	---	---
Allocation of non-controlling interests eq.	---	---	---	---	---	---	---	---	245	---	245	---	245
31 March 2019	8,800	1,760	27,334	11,546	(1,255)	157	(1,093)	(922)	114,237	50,268	210,832	(137)	210,695
Consolidated profit	---	---	---	---	---	---	---	---	---	42,591	42,591	73	42,664
Other profits/(losses), net of tax effect	---	---	---	---	311	---	---	(266)	---	---	45	---	45
Total comprehensive income (expense)	---	---	---	---	311	---	---	(266)	---	42,591	42,636	73	42,709
Allocation of result	---	---	---	---	---	---	---	---	53,053	(53,053)	---	---	---
Sale of treasury shares	---	---	---	---	---	---	---	---	---	---	---	---	---
Distribution dividends	---	---	---	---	---	---	---	---	(31,569)	---	(31,569)	---	(31,569)
Other changes	---	---	---	292	---	---	---	---	---	---	292	---	292
Allocation of non-controlling interests eq.	---	---	---	---	---	---	---	---	(245)	---	(245)	---	(245)
31 December 2019	8,800	1,760	27,334	11,838	(944)	157	(1,093)	(1,188)	135,476	39,806	221,946	(64)	221,882
Consolidated profit	---	---	---	---	---	---	---	---	---	7,477	7,477	(65)	7,412
Other profits/(losses), net of tax effect	---	---	---	---	(1,703)	---	---	---	---	---	(1,703)	---	(1,703)
Total comprehensive income (expense)	---	---	---	---	(1,703)	---	---	---	---	7,477	5,774	(65)	5,709
Allocation of result	---	---	---	---	---	---	---	---	7,477	(7,477)	---	---	---
Other changes	---	---	---	262	---	---	---	---	---	---	262	---	262
Allocation of non-controlling interests eq.	---	---	---	---	---	---	---	---	---	---	---	---	---
31 March 2020	8,800	1,760	27,334	12,100	(2,647)	157	(1,093)	(1,188)	142,953	39,806	227,982	(129)	227,853