

# Industrie Zignago Santa Margherita SpA

## PRESS RELEASE

### ZIGNAGO GROUP: BOARD OF DIRECTORS APPROVES CONSOLIDATED QUARTERLY INTERIM REPORT AS AT SEPTEMBER 30TH 2005

#### 3rd Quarter (3Q05)

Net sales: €75.7 million (mn)	(+8.5% vs. 3Q04: €70 mn)
EBITDA: €17.9 mn	(+6.3% vs. 3Q04: €16.9 mn)
EBIT: €10.5 mn	(+20.4% vs. 3Q04: €8.7 mn)
Consolidated net profit: €6.4 mn	(+37.2% vs. 3Q04: €4.7 mn).

#### First 9 Months (9M05)

Net sales: €207.8 mn	(+0.9% vs. 9M04: 205.9 mn)
EBITDA: €48.6 mn	(-5.3% vs. 9M04: 51.3 mn)
EBIT: €26.3 mn	(-3.6% vs. 9M04: 27.2 mn)
Consolidated net profit: €18.7 mn	(+24.4% vs. 9M04: 15.1 mn).

The Board of Directors of **Industrie Zignago Santa Margherita SpA**, which met today at the company's registered offices, has approved the report on operating performance in the **3rd quarter of 2005** (3Q05 and 9M05).

The trends in the figures highlighted above also reflect the effect of the different consolidation area, as regards the special glass business. The latter is proportionally consolidated at 43.5% in 2005 but on a 100% line-by-line basis in 2004 (51% equity interest).

Calculating the YoY changes based on the two proportionally consolidated figures, the quarterly trends were as follows:

- Net sales: +13.8% (in 9M05: +6.6%)
- EBITDA: +15.5% (in 9M05: +4.1%)
- EBIT: +36.1% (in 9M05: +11.1%)

The key figures – prepared in compliance with international accounting and financial reporting standards (IAS/IFRS) and presented in the reclassified schedules used in previous financial reports – were as follows:

#### **3rd quarter of 2005 (3Q05)**

The Group's **consolidated net sales** in 3Q05 amounted to € 75.7 mn vs. €70 mn in 3Q04 (+8.5%).

**Net sales...**

Net sales generated outside Italy totalled € 29.4 mn (up by +33.9% vs. €22 mn in 3Q04).

Net sales breakdown by business segment in 3Q05 was as follows:

**... by business segment**

- Glass:	61.4% (3Q04: 66.1%)
- Winery:	28.1% (3Q04: 19.7%)
- Linen:	10.0% (3Q04: 13.5%)
- Others:	0.5% (3Q04: 0.7%)

**EBITDA** in 3Q05, amounting to € 17.9%, was 6.3% higher than in 3Q04 (€ 16.9 mn).

**EBITDA**

**Group EBIT** in 3Q05 totalled € 10.5 mn, up by 20.4% YoY (3Q04 = € 8.7 mn)

**EBIT**

3Q05 featured **consolidated net profit** for the group parent company's shareholders of € 6.4 mn, up by +37.2% vs. 3Q04 (€ 4.7 mn).

**Net profit**

### **First 9 months (9M05)**

The Group's **consolidated net sales** as up to September 30th 2005 (9M05) amounted to € 207.8 mn vs. € 205.9 mn in 9M04 (+0.9%).

**Net sales...**

Net sales generated outside Italy in 9M05 totalled € 73.5 mn (up by +2.2% vs. € 71.9 mn in 9M04).

Net sales breakdown by business segment in 9M05 was as follows:

**... by business segment**

- Glass: 67.0% (9M04: 65.5%)
- Winery: 22.5% (9M04: 22.3%)
- Linen: 9.8% (9M04: 11.5%)
- Others: 0.7% (9M04: 0.7%)

**Group EBITDA** as up to September 30th 2005 totalled € 48.6 mn and was -5.3% lower than in 9M04 (€ 51.3 mn).

**EBITDA**

**Group EBIT** in 9M05 amounted to € 26.3 mn, with a -3.6% decrease vs. 9M04 (€ 27.2 mn).

**EBIT**

**Consolidated net profit** for the Group parent company's shareholders as up to the end of September 2005 totalled € 18.7 mn, whilst in 9M04 it amounted to € 15.1 mn (+24.4%).

**Net profit**

The increase benefited from capital gains of € 2 mn on assets and other non-operating recurrent income of € 1.5 mn.

The main features of performance in 9M05 were as follows:

**Drivers of results**

- In the glass segment, growing sales and results, compared with 9M04, in a market environment feeling the effects of the less than favourable economic situation.
- In the winery segment, 9M05 sales and results on the increase, with performance in 3Q05 well above the first-half trend. There was significant growth of exports, mainly to the US market.
- In the linen segment, sales and operating margins on the decrease, with a considerable increase in net profit due to the contribution of non-recurrent income.

**Operating investments** made by Group companies in 9M05 totalled € 15.9 mn (9M04 = € 13.9 mn).

**Investments**

As September 30th 2005 **Group net financial debt** totalled € 30.5 mn vs. € 12.4 mn as at September 30th 2004 (December 31st 2004 = €21.6 mn).  
In 3Q05 net debt decreased by 18.8% vs. June 30th 2005 (€37.5 mn).

## **Financial status**

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### **Forecasts for the current financial year**

As far as the glass segment is concerned, for the fourth quarter (4Q05) we project substantial firmness of results, with operating margins, on an annual basis, generally in line with those of the previous year.

In the winery segment, in 4Q05 we expect confirmation of the good export trend, and year-end results showing improvement over the previous year.

In the linen segment, positive reversal of trend versus the previous quarter cannot be expected, with full-year revenues and operating results thus set to decrease.

The trend of the markets in which the Group's various companies are active enable us to project, for the full year, firmness of sales with operating margins further recovering versus 9M05, basically coming into line with the previous financial year's annual results.

Fossalta di Portogruaro, November 11th 2005

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This press release is available on the Web site: [www.zignago.com](http://www.zignago.com)

For further information please contact:

*Roberto Celot*

*Investor Relations Manager*

*Tel. +39 0421 246.583*

*Cell. +39 335 6901552*

*e-mail: [r.celot@zignago.com](mailto:r.celot@zignago.com)*

**RECLASSIFIED CONSOLIDATED BALANCE SHEET****AS AT SEPTEMBER 30TH 2005 AND 2004, JUNE 30TH 2005,  
AND DECEMBER 31ST 2004**

(€'000)	30.09.2005	30.06.2005	31.12.2004	30.09.2004
Trade and other receivables	84,808	76,543	84,462	79,703
Inventories	82,701	89,257	74,353	82,229
Current trade receivables	(68,342)	(71,846)	(82,518)	(68,576)
<i>A) Working capital</i>	<u>99,167</u>	<u>93,954</u>	<u>76,297</u>	<u>93,356</u>
Net tangible and intangible non-current assets	164,419	167,915	174,568	145,007
Equity investments not consolidated line by line	13,695	13,881	13,051	14,339
Other non-current financial assets	2,514	3,531	5,477	5,280
Provisions and non-financial medium-/long-term payables	(39,714)	(40,160)	(41,676)	(39,022)
<i>B) Net fixed capital</i>	<u>140,914</u>	<u>145,167</u>	<u>151,420</u>	<u>125,604</u>
<i>A+B = Net capital employed</i>	<u>240,081</u>	<u>239,121</u>	<u>227,717</u>	<u>218,960</u>
<i>Financed by:</i>				
Current financial payables	55,784	60,863	69,357	50,944
Cash & cash equivalents	(79,395)	(79,371)	(92,329)	(56,402)
Short-term net financial debt/(cash)	(23,611)	(18,508)	(22,972)	(5,458)
Non-current financial debt	54,087	56,044	44,540	17,852
<i>C) Net financial debt</i>	<u>30,476</u>	<u>37,536</u>	<u>21,568</u>	<u>12,394</u>
<i>D) Minorities' net equity</i>	<u>9,549</u>	<u>9,512</u>	<u>9,813</u>	<u>17,782</u>
Opening net equity	196,336	196,336	190,155	190,155
Dividends paid out in period	(17,500)	(17,500)	(16,500)	(16,500)
Capital increase	1,674	---	---	---
Other changes in net equity	800	898	54	58
Net profit for period	18,746	12,339	22,627	15,071
<i>E) Closing net equity</i>	<u>200,056</u>	<u>192,073</u>	<u>196,336</u>	<u>188,784</u>
<i>C+D+E = Total financial debt and net equity</i>	<u>240,081</u>	<u>239,121</u>	<u>227,717</u>	<u>218,960</u>

**RECLASSIFIED CONSOLIDATED INCOME STATEMENT****FOR 3RD QUARTER OF 2005 AND 2004**

€'000	3Q 2005		3Q 2004		Change	3Q 2004	
	€000	%	€'000	%		Pro-forma with proportional figures	
					€000	%	€000
<b>Net revenues</b>	<u>75,744</u>	<u>---</u>	<u>69,799</u>	<u>---</u>	<u>8.5%</u>	<u>66,574</u>	<u>---</u>
<b>Production value</b>	73,149	100.0%	70,260	100.0%	4.1%	66,800	100.0%
Costs of goods and services	<u>(40,279)</u>	<u>(55.1%)</u>	<u>(39,412)</u>	<u>(56.1%)</u>	<u>2.2%</u>	<u>(37,896)</u>	<u>(56.7%)</u>
<b>Value added</b>	32,870	44.9%	30,848	43.9%	6.6%	28,904	43.3%
Payroll costs	<u>(14,951)</u>	<u>(20.4%)</u>	<u>(13,986)</u>	<u>(19.9%)</u>	<u>6.9%</u>	<u>(13,395)</u>	<u>(20.1%)</u>
<b>EBITDA</b>	17,919	24.5%	16,862	24.0%	6.3%	15,509	23.2%
Depreciation & amortisation	<u>(7,252)</u>	<u>(9.9%)</u>	<u>(7,182)</u>	<u>(10.2%)</u>	<u>1.0%</u>	<u>(6,839)</u>	<u>(10.2%)</u>
Provisions	<u>(158)</u>	<u>(0.2%)</u>	<u>(952)</u>	<u>(1.4%)</u>	<u>(83.4%)</u>	<u>(948)</u>	<u>(1.4%)</u>
<b>EBIT</b>	10,509	14.4%	8,728	12.4%	20.4%	7,722	11.6%
Income from equity investments not consolidated line by line	488	0.6%	2	---	nmf	2	---
Net financial income/(charges)	<u>(330)</u>	<u>(0.5%)</u>	<u>(274)</u>	<u>(0.4%)</u>	<u>20.4%</u>	<u>(264)</u>	<u>(0.4%)</u>
Net capital gains on securities held as current assets	---	---	416	0.6%	nmf	416	0.6%
Net exchange-rate differences	<u>(19)</u>	<u>---</u>	<u>2</u>	<u>---</u>	<u>nmf</u>	<u>2</u>	<u>---</u>
Net recurrent non-operating income/(charges)	<u>214</u>	<u>0.3%</u>	<u>201</u>	<u>0.3%</u>	<u>6.5%</u>	<u>192</u>	<u>0.3%</u>
<b>EBT and non-recurrent items</b>	10,862	14.8%	9,075	12.9%	19.7%	8,070	12.1%
Net non-recurrent income/(charges)	<u>(87)</u>	<u>(0.1%)</u>	<u>(9)</u>	<u>---</u>	<u>nmf</u>	<u>(9)</u>	<u>---</u>
<b>EBT and before minorities</b>	10,775	14.7%	9,066	12.9%	18.9%	8,061	12.1%
Income tax and regional business tax (3Q05: 40.9%) (3Q04: 42.1%)	<u>(4,407)</u>	<u>(6.0%)</u>	<u>(3,818)</u>	<u>(5.4%)</u>	<u>15.4%</u>	<u>(3,418)</u>	<u>(5.1%)</u>
<b>Net profit before minorities</b>	6,368	8.7%	5,248	7.5%	21.3%	4,643	7.0%
Minorities' share of net profit	<u>39</u>	<u>0.1%</u>	<u>(577)</u>	<u>(0.8%)</u>	<u>nmf</u>	<u>28</u>	<u>---</u>
<b>Group net profit</b>	<u>6,407</u>	<u>8.8%</u>	<u>4,671</u>	<u>6.7%</u>	<u>37.2%</u>	<u>4,671</u>	<u>7.0%</u>

**RECLASSIFIED CONSOLIDATED INCOME STATEMENT****FOR FIRST 9 MONTHS OF 2005 AND 2004**

	First 9 Months 2005		First 9 Months 2004		Change	First 9 Months 2004	
						Pro-forma with proportional figures	
	€'000	%	€'000	%	%	€'000	%
<b>Net revenues</b>	207,823	---	205,942	---	0.9%	194,947	---
<b>Production value</b>	216,850	100.0%	214,913	100.0%	0.9%	203,844	100.0%
Costs of goods and services	(122,249)	(56.4%)	(120,132)	(55.9%)	1.8%	(115,543)	(56.7%)
<b>Value added</b>	94,601	43.6%	94,781	44.1%	(0.2%)	88,301	43.3%
Payroll costs	(46,049)	(21.2%)	(43,493)	(20.2%)	5.9%	(41,659)	(20.4%)
<b>EBITDA</b>	48,552	22.4%	51,288	23.9%	(5.3%)	46,642	22.9%
Depreciation & amortisation	(21,752)	(10.0%)	(21,404)	(10.0%)	1.6%	(20,383)	(10.0%)
Provisions	(540)	(0.3%)	(2,645)	(1.2%)	(79.6%)	(2,632)	(1.3%)
<b>EBIT</b>	26,260	12.1%	27,239	12.7%	(3.6%)	23,627	11.6%
Income from equity investments not consolidated line by line	488	0.2%	832	0.4%	(41.3%)	832	0.4%
Net financial income/(charges)	(1,152)	(0.5%)	(742)	(0.4%)	55.3%	(728)	(0.4%)
Net capital gains on securities held as current assets	---	---	1,079	0.5%	nmf	1,079	0.5%
Net foreign exchange differences	(3)	---	65	---	nmf	65	---
Net recurrent non-operating income/(charges)	2,792	1.3%	835	0.4%	nmf	701	0.4%
<b>EBT and non-recurrent items</b>	28,385	13.1%	29,308	13.6%	(3.1%)	25,576	12.5%
Net non-recurrent income/(charges)	2,067	0.9%	608	0.3%	nmf	608	0.3%
<b>EBT and before minorities</b>	30,452	14.0%	29,916	13.9%	1.8%	26,184	12.8%
Income tax and regional business tax (9M05: 38.5%) (9M04: 41.3%)	(11,714)	(5.4%)	(12,356)	(5.7%)	(5.2%)	(10,887)	(5.3%)
<b>Net profit before minorities</b>	18,738	8.6%	17,560	8.2%	6.7%	15,297	7.5%
Minorities' share of net profit	8	---	(2,489)	(1.2%)	nmf	(226)	(0.1%)
<b>Group net profit</b>	18,746	8.6%	15,071	7.0%	24.4%	15,071	7.4%