

GCL Holdings Group

Company presentation 1H 2017 results

September 12, 2017

Forward-looking Statements

This presentation may include, and the Company and its representatives may from time to time make, written or verbal statements which constitute “forward – looking statements”, including but not limited to all statements other than statements of historical facts, including statements regarding our intentions, belief or expectations concerning our future financial condition and performance, results of operations, strategy, prospects, and future developments in the markets in which we operate and plan to operate.

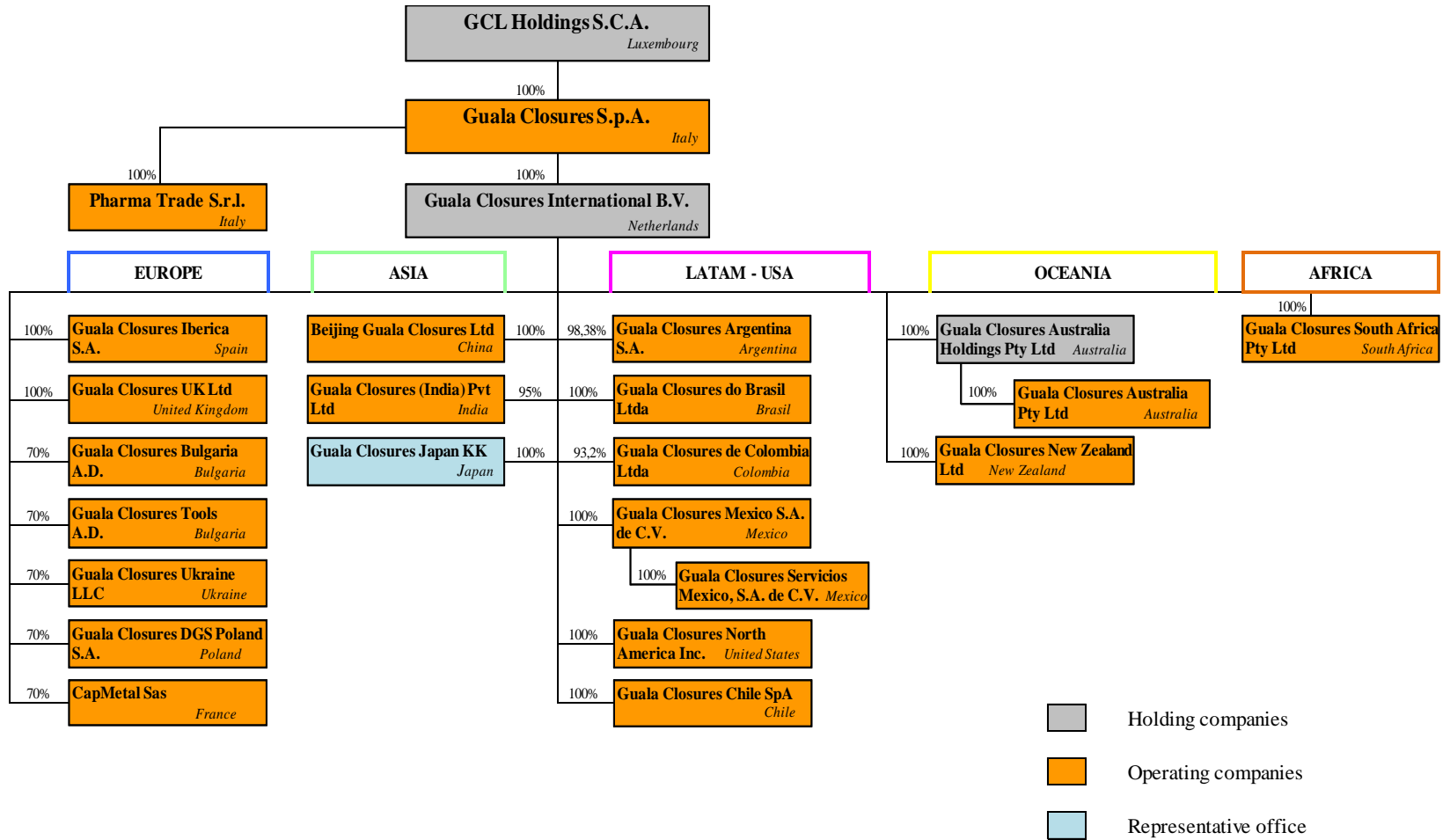
By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future.

We caution you that forward – looking statements are not guarantees of future performance and that our actual financial condition, results of operations and cash flows, and the development of the industry in which we operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this presentation.

In addition even if our financial condition, results of operations and cash flows, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in subsequent periods.




The Company undertakes no obligation to publicly update or publicly revise any forward-looking statements, whether as a result of new information, future events or otherwise. All subsequent written or verbal forward-looking statements attributable to the Company or to persons acting on the Company’s behalf are qualified in their entirety by the cautionary statements referred to above.

Group chart as at June 30, 2017






Key events

ACQUISITION OF AXIOM PROPACK:

-  On July 5, the Group signed in Mumbai an agreement for the purchase of 100% of shares of Axiom Propack Pvt Ltd, an Indian company active in the production of safety closures for spirits; the completion of the deal is forecasted in the month of October and is subject to customary closing conditions as per Indian law.
-  Axiom has a production unit in Karnataka, is serving the Indian IMFL (Indian Made Foreign Liquors) market and its activity started in 2016 with a first year turnover of about € 6 million.
-  With this acquisition the Group aims to reinforce its position in the area and to increase its production capacity in order to properly answer to the growing demand of protection against products' counterfeiting.

ACQUISITION OF THE ACTIVITY OF LIMAT S.A. de C.V. :

-  On July 13, the Group acquired the activity of LIMAT S.A. de C.V., a Mexican company specialised in the manufacturing of wood overcaps for top-range spirit bottles.
-  The activity of Limat is based in Mexico City and in 2016 recorded a turnover of approximately € 1 million;
-  With this acquisition the Group continues its production integration, to develop its products to the top of the spirits range, especially Tequila.

Key trends: group currencies

Exchange rate trend (1 € = x FC) P&L	Average 1H16	Average 1H17	Var % vs 1H16
US Dollar	1.1155	1.0825	(3.0%)
GB Pounds	0.7785	0.8601	10.5%
Lev Bulgaria	1.9558	1.9558	-
Ukraine Hryvnia	28.4031	28.9655	2.0%
Poland Zloty	4.3686	4.2685	(2.3%)
China Renmimbi	7.2937	7.4417	2.0%
Indian Rupia	74.9776	71.1244	(5.1%)
Argentinian Peso	15.9896	16.9976	6.3%
Brazilian Real	4.1349	3.4393	(16.8%)
Colombian Peso	3485.44	3162.05	(9.3%)
Mexican Peso	20.1599	21.0280	4.3%
Australian Dollar	1.5221	1.4356	(5.7%)
New Zealand Dollar	1.6485	1.5292	(7.2%)
South Africa Rand	17.2037	14.3100	(16.8%)
Japan Yen	124.5015	121.6587	(2.3%)
Chilean Peso	769.2615	714.1307	(7.2%)

LEGEND: Var % + EUR revaluation vs other group currencies; Var % - EUR devaluation vs other group currencies

 Devaluation of euro vs main group currencies compared to 1H 2016 (except GBP, UAH, CNY, ARS and MXP)

Key trends: group currencies

Exchange rate trend (1 € = x FC) BS	Dec 31, 2016	Jun 30, 2017	Var % vs Dec 16
US Dollar	1.0541	1.1412	8.3%
GB Pounds	0.8562	0.8793	2.7%
Lev Bulgaria	1.9558	1.9558	-
Ukraine Hryvnia	28.7386	29.7437	3.5%
Poland Zloty	4.4103	4.2259	(4.2%)
China Renmimbi	7.3202	7.7385	5.7%
Indian Rupia	71.5935	73.7445	3.0%
Argentinian Peso	16.7488	18.8851	12.8%
Brazilian Real	3.4305	3.7600	9.6%
Colombian Peso	3169.49	3478.65	9.8%
Mexican Peso	21.7719	20.5839	(5.5%)
Australian Dollar	1.4596	1.4851	1.7%
New Zealand Dollar	1.5158	1.5554	2.6%
South Africa Rand	14.4570	14.9200	3.2%
Japan Yen	123.4000	127.7500	3.5%
Chilean Peso	704.9452	758.2143	7.6%

LEGEND: Var % + EUR revaluation vs other group currencies; Var % - EUR devaluation vs other group currencies

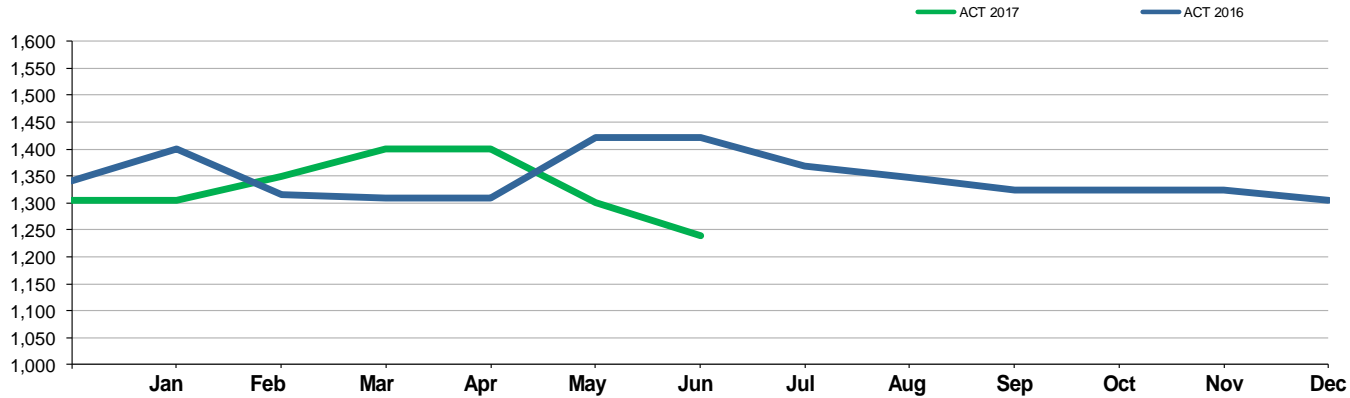


Revaluation of euro vs main group currencies compared to 2016 (except PLN and MXP)

Key trends: raw materials – plastics – Europe

Plastic price trend - High density polyethylene

HDPE Var % vs 1H 2016: (2.2%)

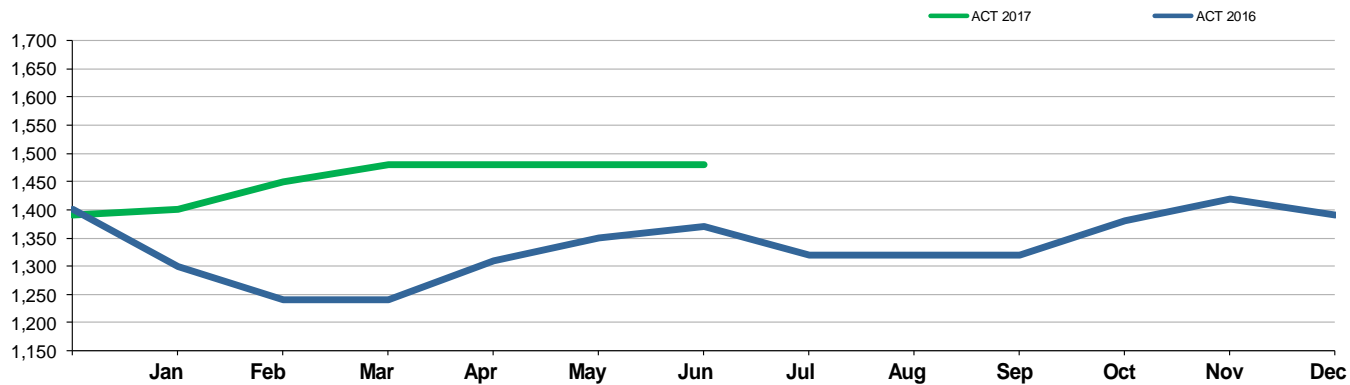


Average 1H
2016: 1,363 €/t

Average 1H
2017: 1,333€/t

Plastic price trend – Polypropylene, homopolymer

PP Var % vs 1H 2016: 12.3%



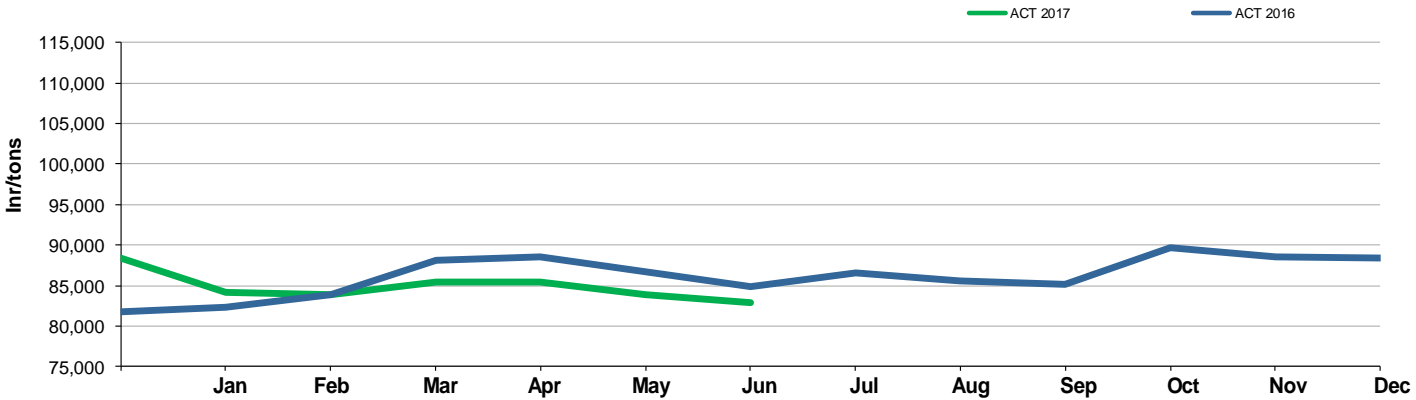
Average 1H
2017: 1,462 €/t

Average 1H
2016: 1,302 €/t

Key trends: raw materials – plastics - India

Plastic price trend - High density polyethylene

HDPE Var % vs 1H 2016: (1.7%)

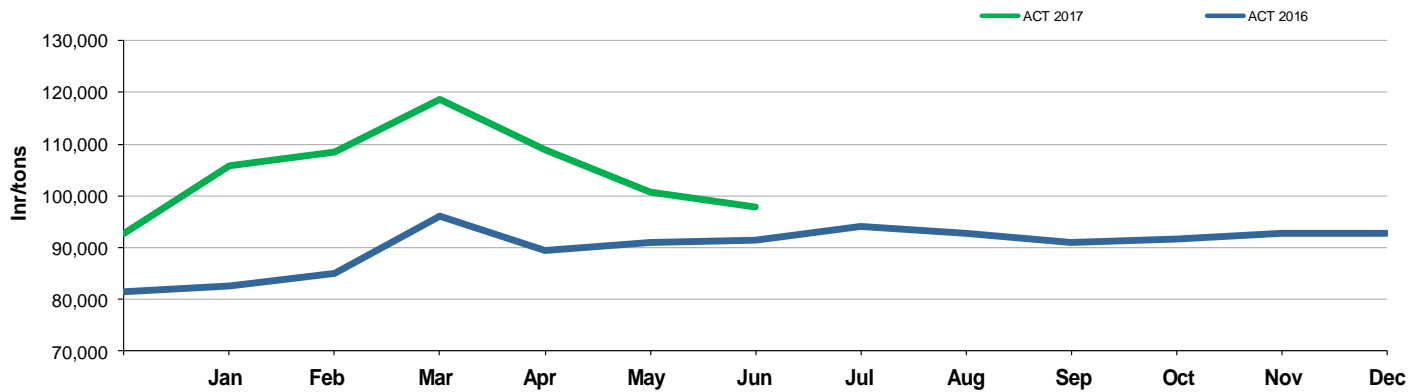


Average 1H 2016:
85,735 INR/t

Average 1H 2017:
84,279 INR/t

Plastic price trend – Polystyrene

PS Var % vs 1H 2016: 19.6%



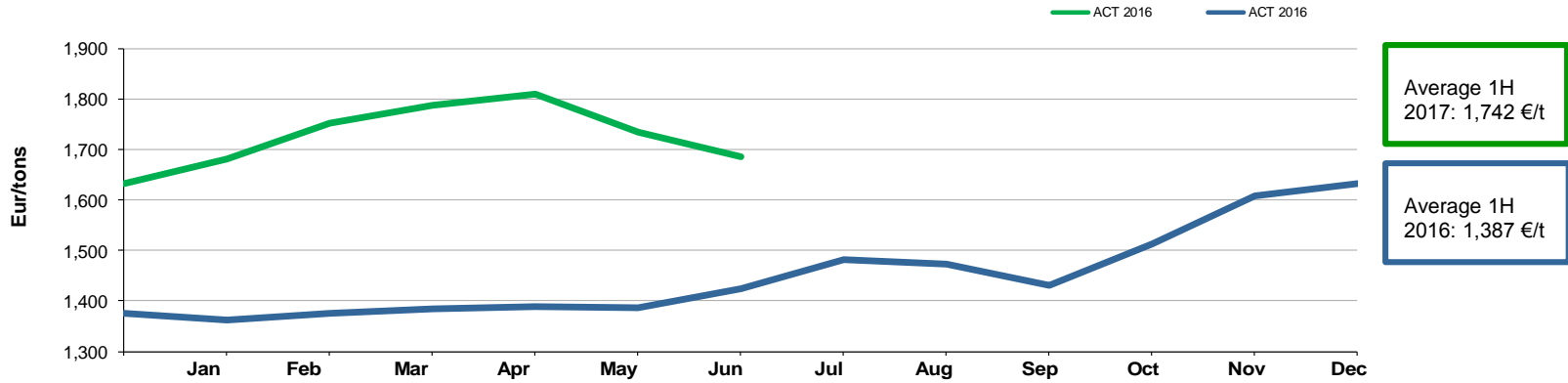
Average 1H 2017:
106,717 INR/t

Average 1H 2016:
89,221 INR/t

Key trends: raw materials - aluminum

Aluminum price trend (LME €/tons)

LME Var % vs 1H 2016: 25.6%



1H 2017 – Operating and financial review

NET REVENUE



- 🌐 Net revenue up €15.7 million (+6.6%) vs 1H 2016
- 🌐 At constant FX rates, net revenue up €13.0 million (+5.5%) vs 1H 2016, of which:
 - +3.4% organic growth
 - +2.1% from the acquisition of Capmetal SAS
- 🌐 Increase in sales volume/mix mainly in Italy, North America, Ukraine and Argentina
- 🌐 € 8.0 million negative non-recurring impact in 1H 2017 due to the change in Indian local rules and to business interruption due a production accident in Italy
- 🌐 Excluding the non-recurring impacts, net revenue in 1H 2017 would be € 259 million (+10.0% vs 1H 2016)

ADJUSTED EBITDA

- 🌐 Adjusted EBITDA up €1.1 million (+2.3%) vs 1H 2016
- 🌐 At constant FX rates, Adjusted EBITDA up €0.2 million (+0.5%) vs 1H 2016
- 🌐 Adjusted EBITDA margin at 18.9% (19.7% in 1H 2016)
- 🌐 1H 2017: positive impact mainly from sales volume/mix growth and raw materials
- 🌐 € 2.4 million negative non-recurring impact in 1H 2017 due to the change in Indian local rules and to business interruption due to a production accident in Italy
- 🌐 Excluding the non-recurring impacts, adjusted EBITDA in 1H 2017 would be € 49.9 million (+7.6% vs 1H 2016), with margin of 19.3%

1H 2017 – Non recurring impacts

€ million	Sales	EBITDA ADJ
1H 2017	251	47.5
India - impact from change in local rules	6.2	1.6
Italy - loss of margin due to production accident	1.8	0.8
Non recurring impacts	8.0	2.4
1H 2017 - after non recurring	259.0	49.9
<i>Margin</i>		<u>19.3%</u>

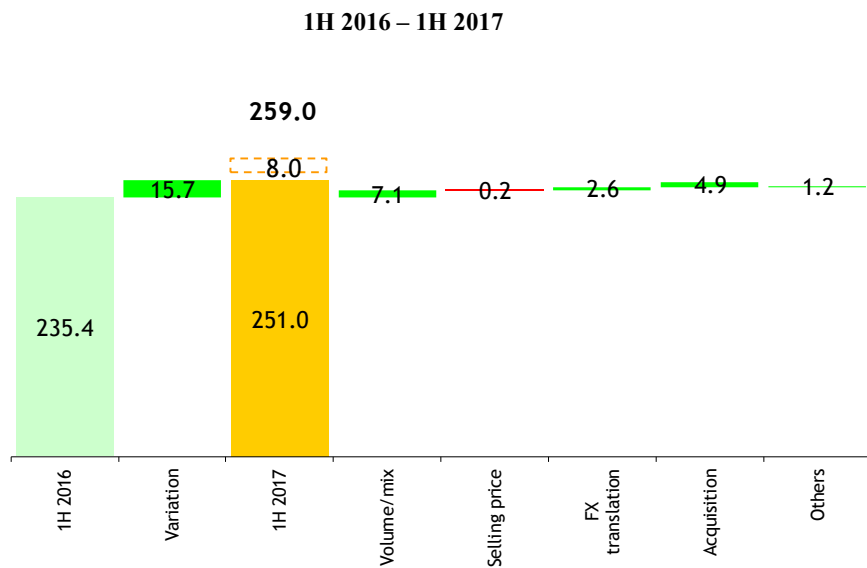
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 Guala Closures India has been negatively impacted in the first half of 2017 by the Indian Supreme Court ruling designed to reduce the sale of liquor near roads due the number of alcohol fuelled accidents. The ruling was helpfully clarified at the end of August and Guala Closures India order book is now back to the high levels seen historically.
- 
 Guala Closures Italy has been negatively impacted by a production accident occurred on 30 January 2017, which caused a temporary production stop in the period February – April 2017 with loss of supply which consequently caused a loss of margin in addition to the negative effect of extraordinary costs (already excluded from adjusted EBITDA). The production recommenced in May and the line is now operating normally.

1H 2017 – Financial snapshot

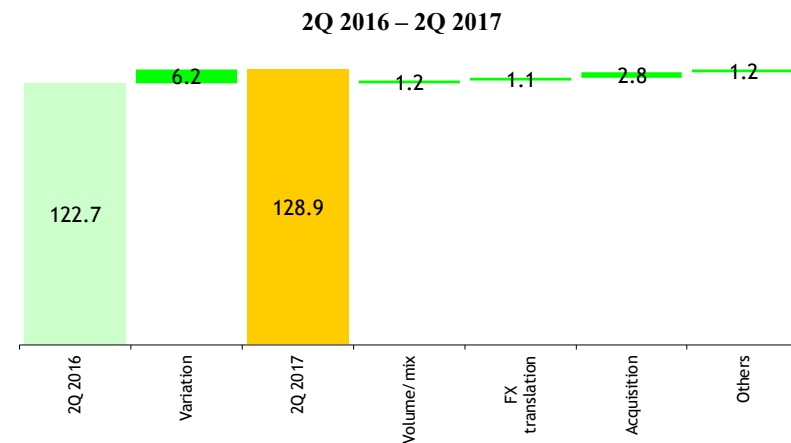
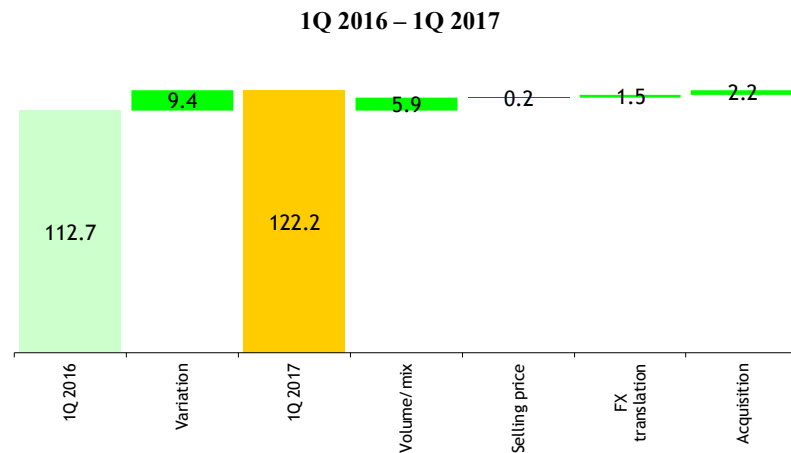
€ / ml	1Q 16	2Q 16	1H 16	3Q 16	4Q 16	12M 16	1Q 17	2Q 17	1H 17	Var % 1H 17 vs 1H 16
Revenues	112.7	122.7	235.4	133.4	131.5	500.3	122.2	128.9	251.0	6.6%
EBITDA	20.6	25.6	46.1	28.4	26.1	100.7	22.2	24.5	46.7	1.2%
% margin	18.2%	20.9%	19.6%	21.3%	19.9%	20.1%	18.2%	19.0%	18.6%	
Adjusted EBITDA	20.7	25.7	46.4	29.0	27.1	102.5	22.6	24.9	47.5	2.3%
% margin	18.3%	21.0%	19.7%	21.7%	20.6%	20.5%	18.5%	19.3%	18.9%	
EBIT	12.0	19.0	31.0	21.1	17.6	69.7	14.5	16.4	30.9	(0.3%)
% margin	10.6%	15.5%	13.2%	15.8%	13.4%	13.9%	11.9%	12.7%	12.3%	
Net result	(2.7)	3.6	1.0	4.8	(9.4)	(3.7)	3.8	(2.9)	0.9	(8.2%)
% margin	(2.4%)	2.9%	0.4%	3.6%	(7.1%)	(0.7%)	3.1%	(2.3%)	0.3%	

€ / ml	As at Dec 31, 2015	As at Mar 31, 2016	As at Jun 30, 2016	As at Sep 30, 2016	As at Dec 31, 2016	As at Mar 31, 2017	As at Jun 30, 2017
NWC	87.0	97.2	105.2	116.1	90.8	102.3	112.3
NWC days	59	78	77	78	62	75	78
Net debt	497.6	518.5	524.6	529.7	514.8	533.5	546.1

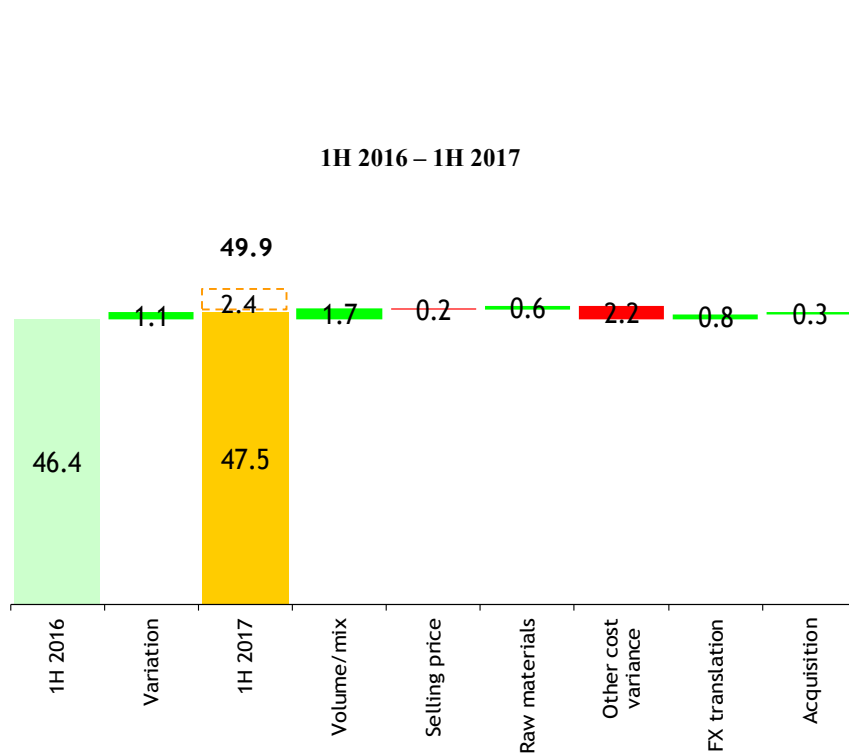
1H 2017 - Sales Bridges



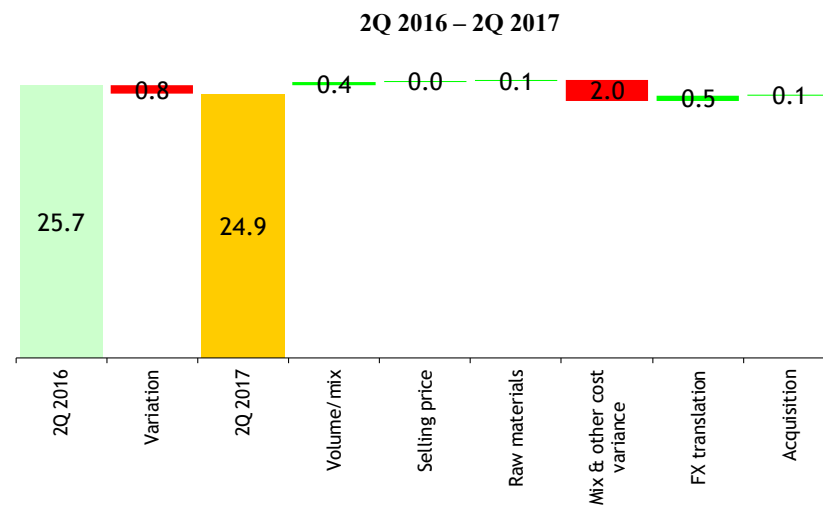
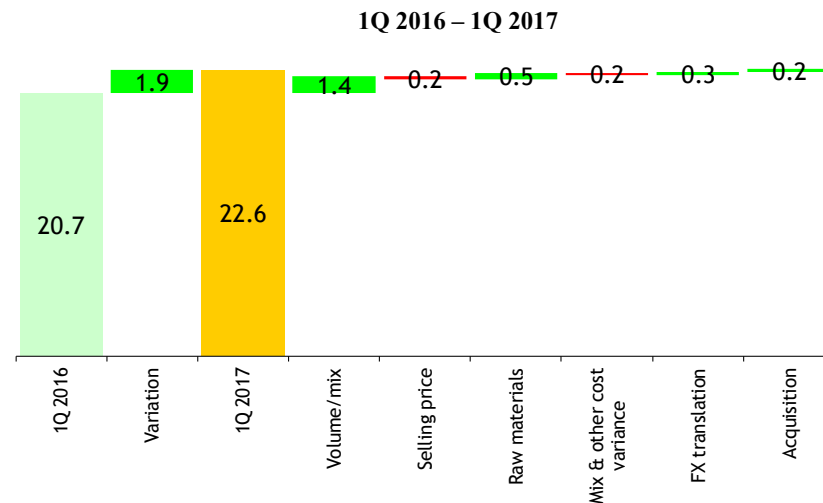
8.0 Non-recurring impacts in 1H 2017 due to the change in local rules in India and to a production accident in Italy



1H 2017 – Adjusted EBITDA Bridge



2.4 Non-recurring impacts in 1H 2017 due to loss of sales for the change in local rules in India and for a production accident in Italy



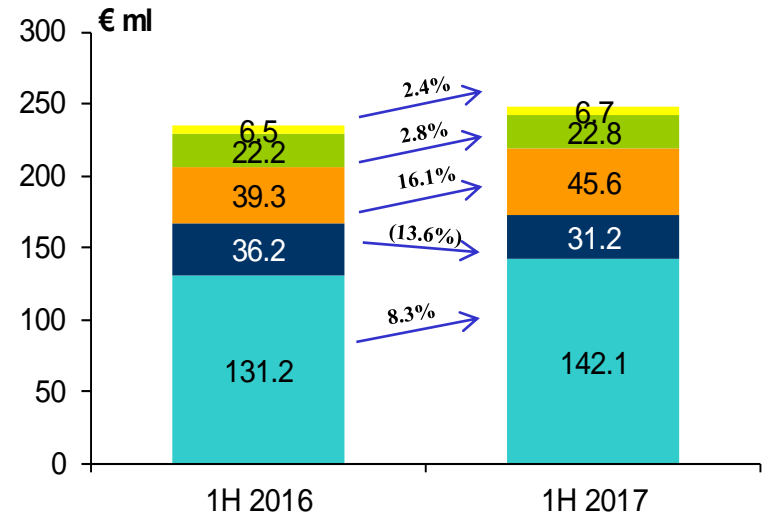
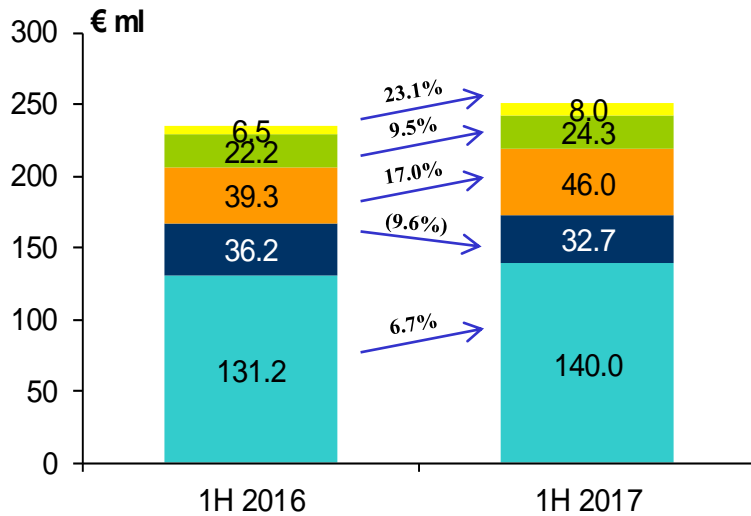
Net revenue by geographic area

REPORTED

AT COSTANT FX RATE 2016

235.4 **+6.6%** 251.0


235.4 **+5.5%** 248.4





■ Europe
 ■ Asia
 ■ Latin and North America
 ■ Oceania
 ■ South Africa

Cash Flow – sources and uses of funds

€ / mln	1Q	2Q	1H	3Q	4Q	12M	1Q	2Q	1H
	2016	2016	2016	2016	2016	2016	2017	2017	2017
Opening cash and cash equivalents	61.9	42.4	61.9	34.7	37.0	61.9	54.7	35.6	54.7
Cash flows generated by/(used in) operating activities	(0.3)	12.7	12.5	12.7	46.2	71.4	2.6	5.8	8.4
Cash flows used in investing activities	(8.4)	(8.2)	(16.6)	(6.2)	(9.5)	(32.3)	(10.4)	(7.0)	(17.4)
Cash flows generated by/(used in) financing activities	(9.3)	(13.5)	(22.8)	(3.7)	(19.1)	(45.6)	(11.7)	(4.6)	(16.4)
Net cash flows for the period	(17.9)	(9.0)	(26.9)	2.9	17.6	(6.4)	(19.5)	(5.8)	(25.4)
Effect of exchange rate fluctuation on cash held	(1.6)	1.3	(0.3)	(0.7)	0.2	(0.8)	0.5	(0.8)	(0.3)
Closing cash and cash equivalents	42.4	34.7	34.7	37.0	54.7	54.7	35.6	29.0	29.0

- 
CF operating: -€4.1 million vs 1H 2016 mainly due to higher absorption from the variation in net working capital (€2.9 million) and higher cash out for taxes (€1.1 million), partly compensated by higher EBITDA generated in 1H 2017 (€0.6 million).

- 
CF investing: -€0.8 million due to higher investments compared to 1H 2016.

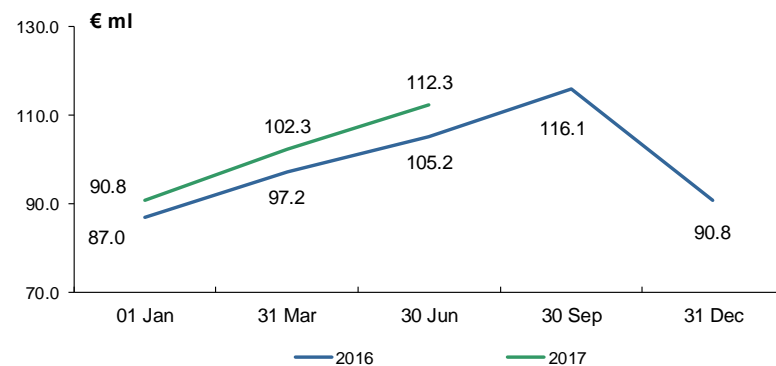
- 
CF Financing: +€6.4 million vs 1H 2016 mainly due to lower cash out flows for interest (€3.7 million), lower repayment of borrowings (€7.1 million) and to a capital increase received from the minority shareholders of Capmetal SAS (€0.8 million), partly compensated by the payment of residual transaction costs on the Refinancing occurred in November 2016 (€3.8 million) and by higher dividends paid to non-controlling interest (€ 2.2 million),

Net Working Capital

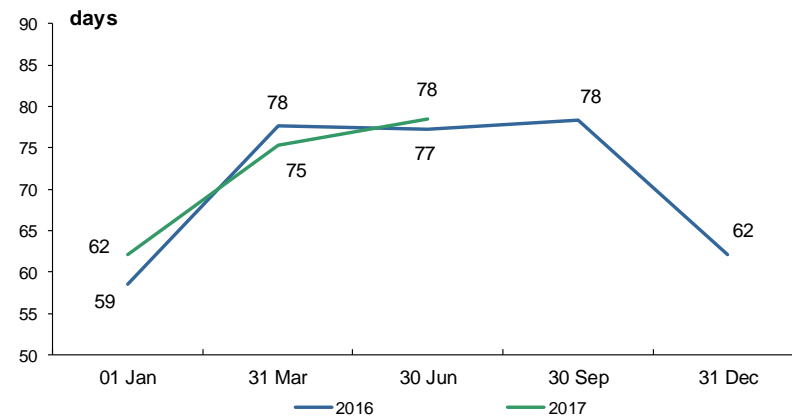
€ / ml	VALUE				
	As at 31/12/15	As at 30/06/16	As at 31/12/16	As at 31/03/17	As at 30/06/17
Trade receivables	86.9	93.2	89.1	92.5	97.9
Inventories	67.3	82.7	67.9	83.2	90.1
Trade payables	(67.1)	(70.7)	(66.2)	(73.3)	(75.7)
NWC value	87.0	105.2	90.8	102.3	112.3

	DAYS				
	As at 31/12/15	As at 30/06/16	As at 31/12/16	As at 31/03/17	As at 30/06/17
Trade receivables	58	68	61	68	68
Inventories	45	61	46	61	63
Trade payables	(45)	(52)	(45)	(54)	(53)
NWC days	59	77	62	75	78

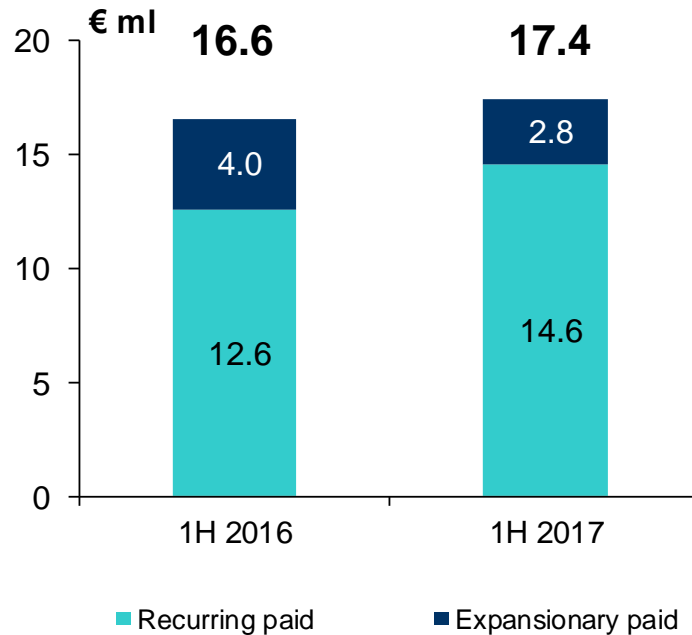
VALUE



DAYS



1H 2017 - Net Capex paid



EXPANSIONARY CAPEX 1H 2016:

🌐 New technology: Sputtering (Italy, Poland, UK)	€ 2.3 ml
🌐 New technology: Ukraine (Khortytza Project)	€ 1.1 ml
🌐 New building: Mexico	€ 0.2 ml
🌐 New product: Brasil (DeLuxe)	€ 0.1 ml
🌐 Other	€ 0.3 ml

EXPANSIONARY CAPEX 1H 2017:

🌐 New technology: UK	€ 0.8 ml
🌐 New technology: Ukraine (Siena d.32)	€ 0.4 ml
🌐 New technology: Poland (metalization)	€ 0.4 ml
🌐 New technology: Luxembourg	€ 0.4 ml
🌐 New product: Spain (Sherry)	€ 0.3 ml
🌐 New product: China	€ 0.2 ml
🌐 New building: Mexico	€ 0.1 ml
🌐 Other	€ 0.2 ml

Numerous New Projects underway involving New Technologies and Products

Appendix

P&L – 1H 2017

Thousands of €	1Q 2016	2Q 2016	1H 2016	3Q 2016	4Q 2016	12M 2016	1Q 2017	2Q 2017	1H 2017
Net revenue	112,734	122,651	235,385	133,415	131,468	500,268	122,172	128,864	251,036
Change in invent. of finish. and semi-fin. products	4,336	6,770	11,106	(4,876)	(4,951)	1,279	8,142	6,151	14,294
Other operating income	975	673	1,648	749	1,197	3,595	1,067	952	2,019
Work performed by the Group and capitalised	1,264	1,405	2,669	920	3,027	6,615	1,434	1,691	3,125
Costs for raw materials	(51,678)	(57,033)	(108,711)	(54,774)	(54,951)	(218,436)	(58,712)	(60,481)	(119,193)
Costs for services	(21,459)	(21,978)	(43,437)	(22,096)	(22,945)	(88,478)	(24,081)	(24,083)	(48,164)
Personnel expense	(23,397)	(24,091)	(47,488)	(22,792)	(23,526)	(93,806)	(25,480)	(25,653)	(51,133)
Other operating expense	(2,215)	(2,813)	(5,027)	(2,145)	(3,189)	(10,361)	(2,338)	(2,936)	(5,273)
Gross operating profit (EBITDA)	20,561	25,584	46,145	28,402	26,130	100,676	22,203	24,507	46,710
Amortization, depreciation and impairment losses	(8,594)	(6,553)	(15,147)	(7,306)	(8,511)	(30,964)	(7,689)	(8,114)	(15,803)
Operating profit	11,967	19,030	30,998	21,096	17,619	69,713	14,514	16,393	30,907
Exchange rate	(1,028)	(1,855)	(2,883)	(1,218)	1,640	(2,462)	1,187	(6,661)	(5,474)
Derivatives and other financial items	(280)	(82)	(362)	(33)	(1,993)	(2,389)	-	5	5
Net interest expenses	(9,566)	(9,575)	(19,142)	(9,527)	(20,286)	(48,954)	(7,430)	(7,758)	(15,188)
Profit before taxation	1,094	7,517	8,611	10,318	(3,021)	15,908	8,271	1,979	10,250
Income taxes	(3,752)	(3,909)	(7,661)	(5,550)	(6,352)	(19,563)	(4,466)	(4,911)	(9,377)
Profit (loss) for the period	(2,658)	3,609	951	4,768	(9,373)	(3,654)	3,805	(2,932)	872
Gross operating profit (EBITDA) - ADJUSTED	20,677	25,729	46,406	28,974	27,104	102,484	22,554	24,909	47,464
<i>EBITDA ADJUSTED % on Net revenue</i>	18.3%	21.0%	19.7%	21.7%	20.6%	20.5%	18.5%	19.3%	18.9%

Balance Sheet – as at June 30, 2017

Thousands of €	As at December 31, 2015	As at June 30, 2016	As at December 31, 2016	As at June 30, 2017
Intangible assets	376,656	373,850	373,990	373,467
Property, plant and equipment	186,144	185,535	189,932	191,108
Net working capital	87,042	105,196	90,768	112,288
Net financial derivative liabilities	(1,071)	(69)	100	(232)
Employee benefits	(5,745)	(6,220)	(6,246)	(6,429)
Other assets/liabilities	(30,381)	(26,616)	(30,242)	(25,988)
Net invested capital	612,644	631,677	618,303	644,213
<i>Financed by:</i>				
Net financial liabilities	559,546	559,335	569,502	575,074
Cash and cash equivalents	(61,944)	(34,744)	(54,703)	(29,023)
Net financial indebtedness	497,601	524,591	514,799	546,051
Consolidated equity	115,043	107,086	103,504	98,162
Sources of financing	612,644	631,677	618,303	644,213

Cash Flow – 1H 2017

Thousands of €	1Q 2016	2Q 2016	1H 2016	3Q 2016	4Q 2016	12M 2016	1Q 2017	2Q 2017	1H 2017
Opening cash and cash equivalents	61,944	42,436	61,944	34,744	36,966	61,944	54,703	35,625	54,703
A) Cash flows generated by operating activities									
Profit before taxation	1,094	7,517	8,611	10,318	(3,021)	15,908	8,271	1,979	10,250
Amortization, depreciation and impairment	8,594	6,553	15,147	7,306	8,511	30,964	7,689	8,114	15,803
Net finance costs	10,873	11,513	22,386	10,778	20,640	53,804	6,243	14,413	20,657
Change in:									
Receivables, payables and inventory	(12,954)	(7,699)	(20,652)	(11,468)	24,350	(7,770)	(9,773)	(13,767)	(23,540)
Other	(621)	270	(351)	363	732	743	(975)	(32)	(1,007)
VAT and indirect tax assets/liabilities	(2,709)	79	(2,630)	638	1,569	(422)	(4,807)	3,083	(1,724)
Income taxes paid	(4,534)	(5,487)	(10,020)	(5,201)	(6,597)	(21,818)	(4,068)	(7,987)	(12,054)
TOTAL A)	(257)	12,748	12,492	12,734	46,184	71,409	2,581	5,804	8,385
B) Cash flows used in investing activities									
Acquisitions of property, plant and equipment and intangible assets	(8,400)	(8,194)	(16,594)	(6,224)	(8,460)	(31,277)	(10,441)	(7,018)	(17,459)
Proceeds from sale of property, plant and equipment and intangibles	6	0	6	44	30	80	39	5	44
Acquisition of Capmetal SAS	-	-	-	-	(1,057)	(1,057)	-	-	-
TOTAL B)	(8,394)	(8,194)	(16,588)	(6,180)	(9,486)	(32,253)	(10,403)	(7,013)	(17,415)
C) Cash flows generated by/used in financing activities									
Financial income and expense	(4,224)	(13,661)	(17,885)	(4,168)	(16,538)	(38,591)	(7,149)	(7,020)	(14,169)
Payment of Redemption premium on Senior Notes due 2018	-	-	-	-	(4,688)	(4,688)	-	-	-
Payment of transaction cost on Bond and RCF	-	-	-	-	(8,332)	(8,332)	(3,056)	(712)	(3,768)
Other financial items	(376)	(32)	(409)	48	(820)	(1,180)	(243)	654	411
Dividends paid	(799)	(1,293)	(2,092)	(1,937)	(2,273)	(6,302)	(1,185)	(3,151)	(4,336)
Proceeds from minority for Capmetal SAS capital increase	-	-	-	-	-	-	824	-	824
Proceeds from new borrowings	8,081	3,273	11,353	2,494	549,163	563,010	1,941	6,673	8,613
Repayment of borrowings and finance leases	(11,967)	(1,809)	(13,776)	(111)	(535,556)	(549,443)	(2,844)	(1,070)	(3,914)
Change in financial assets	16	(19)	(3)	16	(83)	(70)	(11)	(3)	(14)
TOTAL C)	(9,270)	(13,542)	(22,812)	(3,657)	(19,127)	(45,596)	(11,721)	(4,630)	(16,352)
D) Net cash flows for the period (A+B+C)	(17,921)	(8,988)	(26,908)	2,897	17,571	(6,441)	(19,543)	(5,838)	(25,382)
Effect of exchange rate fluctuation on cash held	(1,588)	1,296	(292)	(675)	166	(801)	466	(764)	(298)
Closing cash and cash equivalents	42,436	34,744	34,744	36,966	54,703	54,703	35,625	29,023	29,023