

GCL Holdings Group

Company presentation 1Q 2018 results

May 25, 2018

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.

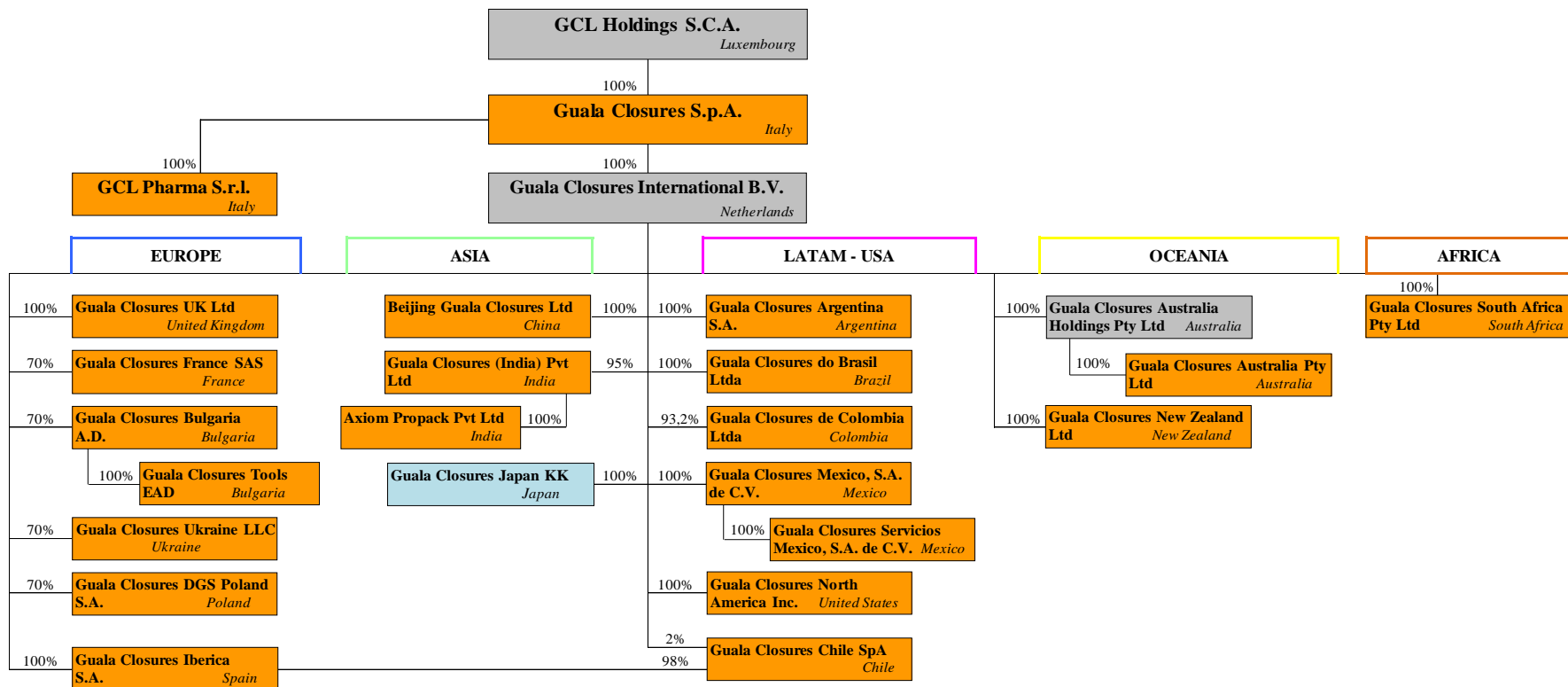
By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future.

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 March 31, 2018




- Holding companies
- Operating companies
- Representative office

Key events

SIGNATURE OF THE PRELIMINARY SALE OF THE DISCONTINUED PLANT IN ITALY

-  On February 19, 2018 the preliminary sale of the building located in Torre d'Isola (Italy) was signed. The completion of this operation is forecasted by the end of June 2018.

ACQUISITION OF THE RESIDUAL 1.62% NON-CONTROLLING INTEREST IN GUALA CLOSURES ARGENTINA S.A.

-  On March 20, 2018, the Group acquired the residual 1.62% non-controlling interest in Guala Closures Argentina S.A. for € 0.1 million

SUBSEQUENT EVENTS

SIGNATURE OF A SHARE PURCHASE AGREEMENT FOR THE SALE OF PART OF INTERESTS HELD IN GUALA CLOSURES S.P.A.

-  On April 16, 2018, GCL Holdings S.C.A. has signed a share purchase agreement with Space4 S.p.A. and Peninsula Capital II Sarl for the sale of about 81% of the interests held in its controlled company Guala Closures S.p.A. subject to certain condition precedents and resolution conditions as detailed in Space4 press release
-  Guala Closures S.p.A., after closing and subject to the no objection rules to be issued by Consob, shall be merged in Space 4 S.p.A., which is a listed at the Milan stock exchange, so that Guala Closures S.p.A. shall become a listed Company.
-  The operation envisages a re-organization of GCL Holdings S.C.A. whereby such company will become held entirely by the Managers (M. Giovannini, F. Bove, A. Diaz and P. Ferrari) who will roll-over their participations in Guala Closures S.p.A.; post closing, in fact GCL Holdings S.C.A. (held by the Managers) will hold about 15% minority interest in Guala Closures S.p.A. that will not be sold to the perspective purchasers.
-  Pursuant to the share and purchase agreement Space4 has undertaken to procure to the Company debt commitment from primary financial institutions for the refinancing of the senior bond and debt facilities of Guala Closures S.p.A.

Key trends: group currencies

Exchange rate trend (1 € = x FC) P&L	Average 03M17	Average 03M18	Var % vs 03M17
US Dollar	1.0647	1.2295	15.5%
GB Pounds	0.8598	0.8834	2.7%
Lev Bulgaria	1.9558	1.9558	-
Ukraine Hryvnia	28.8346	33.5445	16.3%
Poland Zloty	4.3208	4.1792	(3.3%)
China Renmimbi	7.3341	7.8149	6.6%
Indian Rupia	71.2990	79.1566	11.0%
Argentinian Peso	16.6902	24.2033	45.0%
Brazilian Real	3.3455	3.9902	19.3%
Colombian Peso	3109.98	3513.94	13.0%
Mexican Peso	21.6312	23.0362	6.5%
Australian Dollar	1.4052	1.5638	11.3%
New Zealand Dollar	1.4970	1.6898	12.9%
South Africa Rand	14.0842	14.7056	4.4%
Japan Yen	120.9933	133.1350	10.0%
Chilean Peso	697.5890	740.1533	6.1%

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



Revaluation of euro vs main group currencies compared to 3M 2017 (except PLN)

Key trends: group currencies

Exchange rate trend (1 € = x FC) BS	Dec 31, 2017	Mar 31, 2018	Var % vs Dec 17
US Dollar	1.1993	1.2321	2.7%
GB Pounds	0.8872	0.8749	(1.4%)
Lev Bulgaria	1.9558	1.9558	-
Ukraine Hryvnia	33.7318	32.6185	(3.3%)
Poland Zloty	4.1770	4.2106	0.8%
China Renmimbi	7.8044	7.7468	(0.7%)
Indian Rupia	76.6055	80.2960	4.8%
Argentinian Peso	22.9310	24.8189	8.2%
Brazilian Real	3.9729	4.0938	3.0%
Colombian Peso	3580.19	3439.76	(3.9%)
Mexican Peso	23.6612	22.5249	(4.8%)
Australian Dollar	1.5346	1.6036	4.5%
New Zealand Dollar	1.6850	1.7098	1.5%
South Africa Rand	14.8054	14.6210	(1.2%)
Japan Yen	135.0100	131.1500	(2.9%)
Chilean Peso	737.2900	744.5800	1.0%

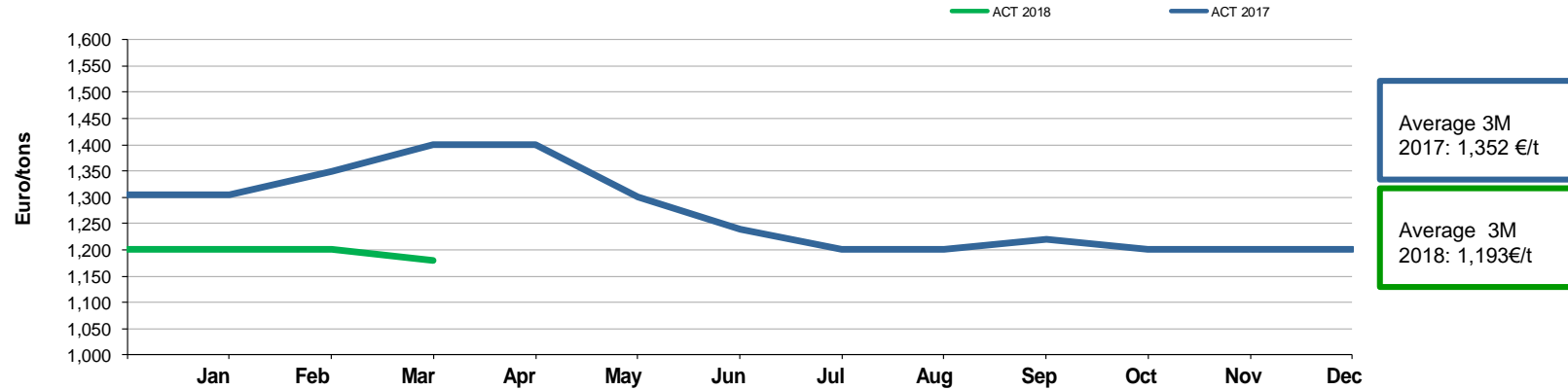
LEGEND: Var % + EUR revaluation vs other group currencies; Var % - EUR devaluation vs other group currencies

 Revaluation of euro vs main group currencies compared to 2017 (except GBP, UAH, CNY, COP, MXP, ZAR and JPY)

Key trends: raw materials – plastics – Europe

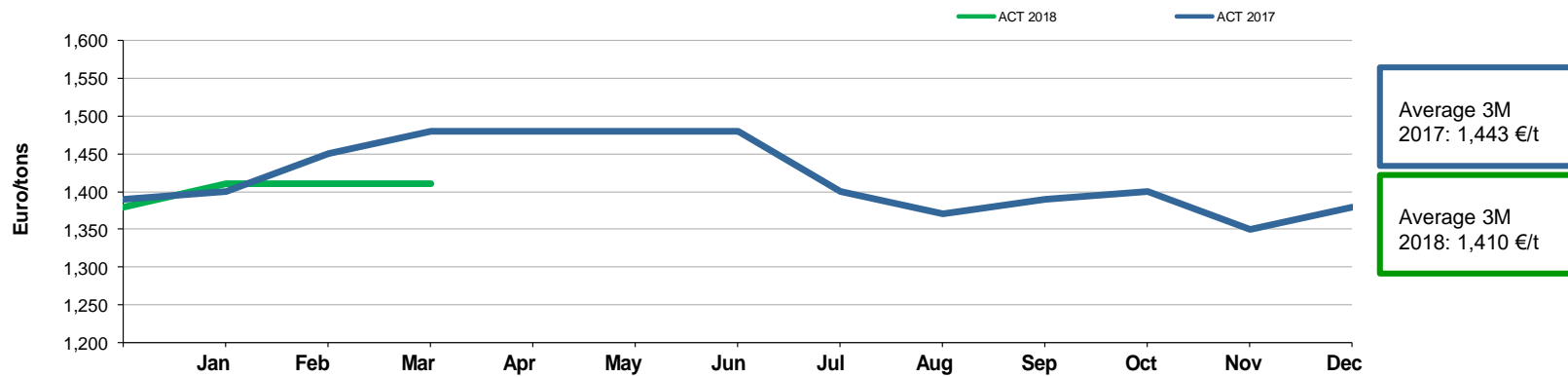
Plastic price trend - High density polyethylene

HDPE Var % vs 3M 2017: (11.7%)



Plastic price trend – Polypropylene, homopolymer

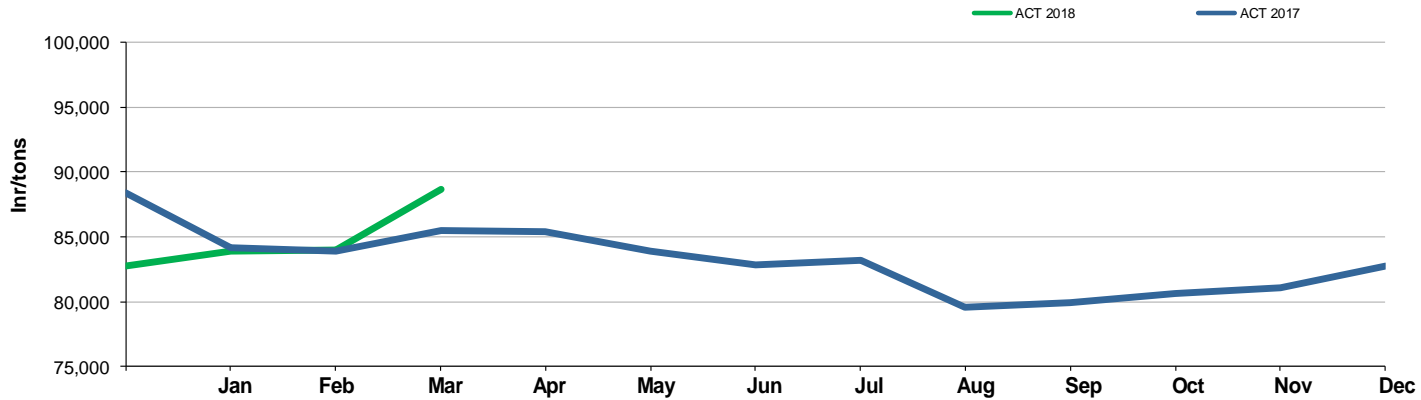
PP Var % vs 3M 2017: (2.3%)



Key trends: raw materials – plastics - India

Plastic price trend - High density polyethylene

HDPE Var % vs 3M 2017: 1.2%

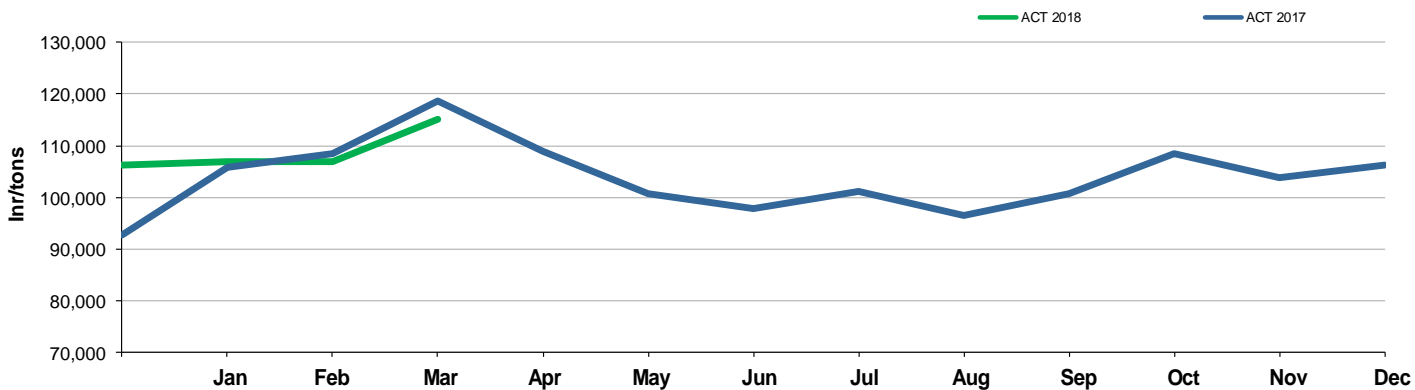


Average 3M 2018:
85,521 INR/t

Average 3M 2017:
84,509 INR/t

Plastic price trend – Polystyrene

PS Var % vs 3M 2017: (1.2%)



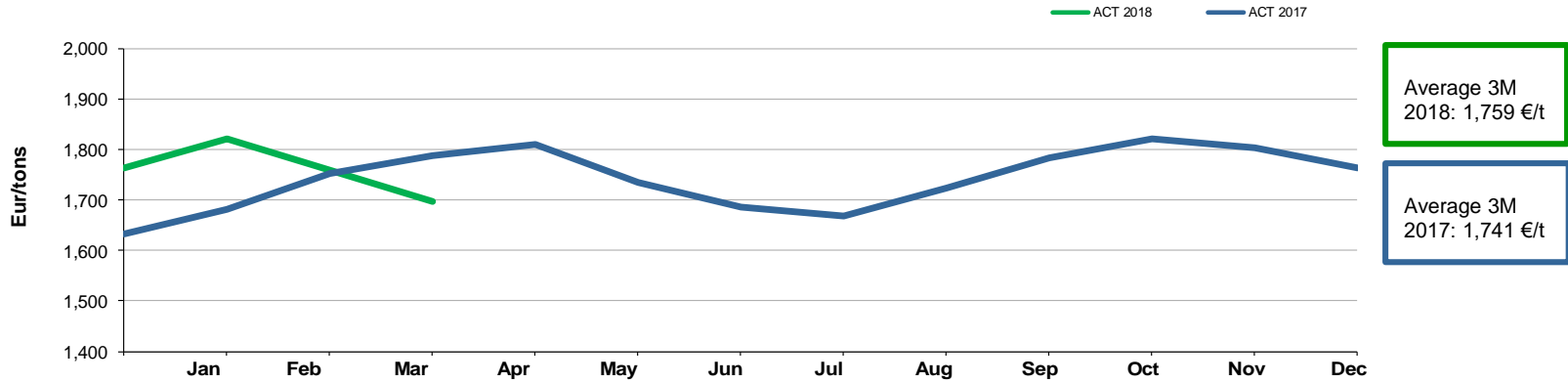
Average 3M 2017:
110,967 INR/t

Average 3M 2018:
109,637 INR/t

Key trends: raw materials - aluminum

Aluminum price trend (LME €/tons)

LME Var % vs 3M 2017: 1.1%



1Q 2018 – Operating and financial review

NET REVENUE

- 🌐 Net revenue up €0.4 million (+0.4%) vs 1Q 2017
- 🌐 At constant FX rates, net revenue up €8.9 million (+7.3%) vs 1Q 2017, of which:
 - +5.2% organic growth
 - +2.1% from the acquisition of Axiom Propack Pvt Ltd and ICOSA's activities
- 🌐 Increase in sales volume/mix mainly in India, Argentina, Ukraine, North America, Italy and China

ADJUSTED EBITDA

- 🌐 Adjusted EBITDA down €2.3 million (-10.2%) vs 1Q 2017
- 🌐 At constant FX rates, Adjusted EBITDA down €0.9 million (-3.8%) vs 1Q 2017
- 🌐 1Q 2018: selling price increase almost compensated the increase in raw materials costs; positive impact from change in perimeter

NET FINANCIAL POSITION

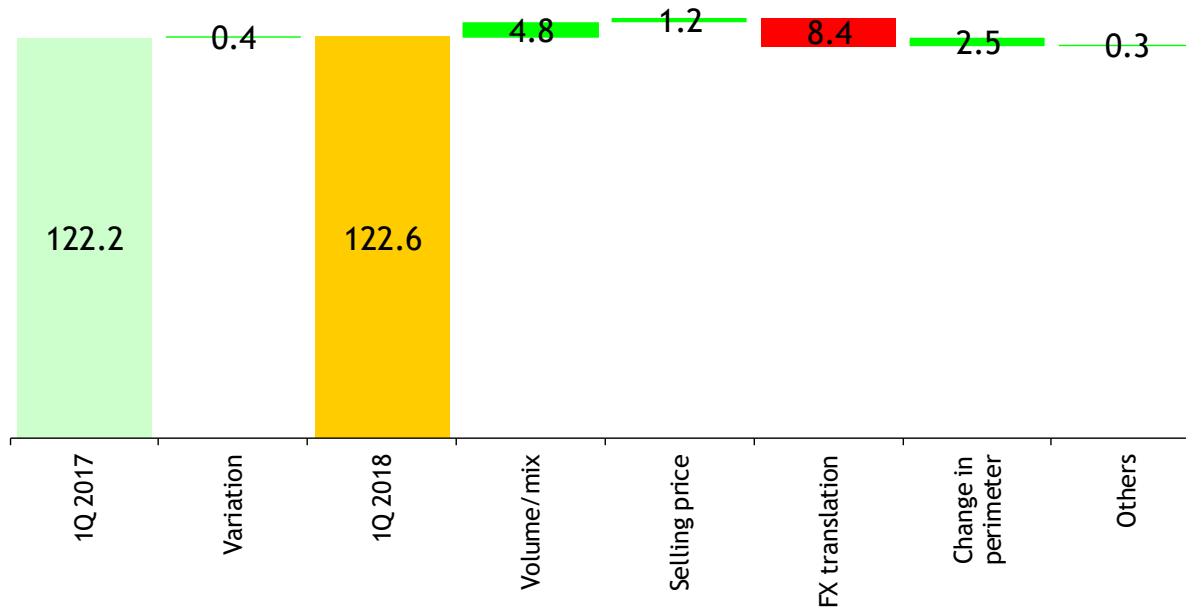
- 🌐 NFP increase in 1Q 2018 by €19.5 million vs year end 2017 (+ €18.7 million increase in 1Q 2017 vs year end 2016), mainly as a result of seasonality factors.

Financial snapshot

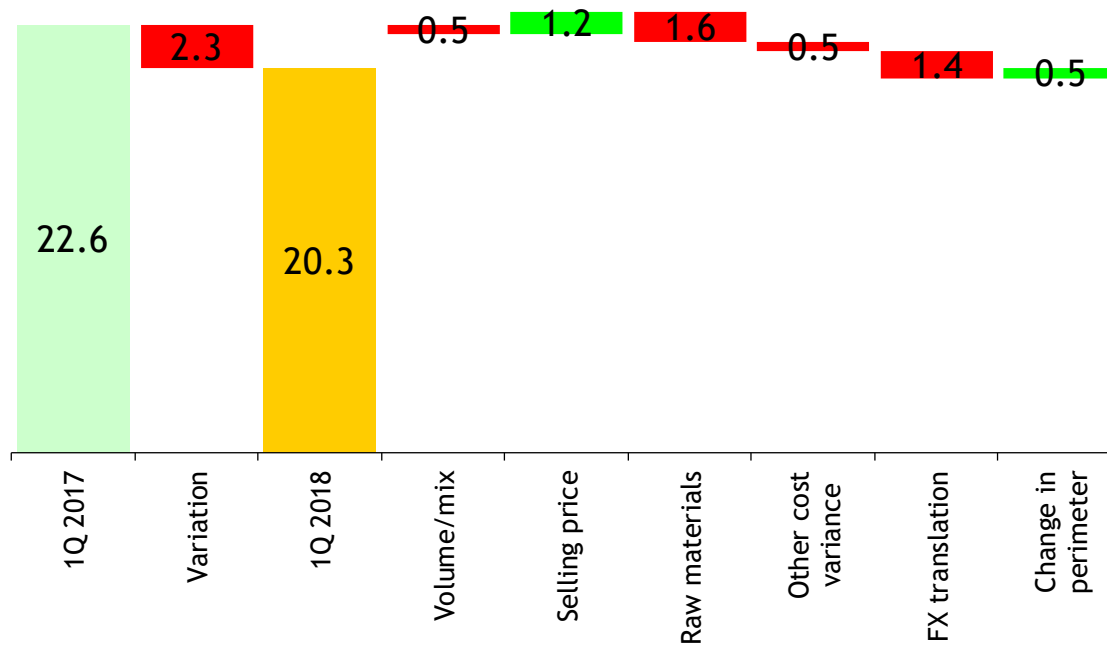
€ / ml	1Q 17	2Q 17	3Q 17	4Q 17	12M 17	1Q 18	Var % 1Q 18 vs 1Q 17
Net revenue	122.2	128.9	137.5	146.3	534.8	122.6	0.4%
EBITDA	22.2	24.5	29.5	27.0	103.2	21.1	(5.2%)
<i>% margin</i>	18.2%	19.0%	21.5%	18.4%	19.3%	17.2%	
Adjusted EBITDA	22.6	24.9	30.8	32.3	110.6	20.3	(10.2%)
<i>% margin</i>	18.5%	19.3%	22.4%	22.1%	20.7%	16.5%	
EBIT	14.5	16.4	21.9	16.9	69.7	13.2	(9.1%)
<i>% margin</i>	11.9%	12.7%	15.9%	11.5%	13.0%	10.8%	
Net result	3.8	(2.9)	4.6	(0.7)	4.8	(0.6)	(114.5%)
<i>% margin</i>	3.1%	(2.3%)	3.3%	(0.5%)	0.9%	(0.5%)	

€ / ml	As at Dec 31, 2016	As at Mar 31, 2017	As at Jun 30, 2017	As at Sep 30, 2017	As at Dec 31, 2017	As at Mar 31, 2018
NWC	90.8	102.3	112.3	124.7	113.5	122.9
<i>NWC days</i>	62	75	78	82	70	90
Net debt	514.8	533.5	546.1	555.8	552.5	572.0

1Q 2018 – Net revenue bridge



1Q 2018 – Adjusted EBITDA bridge



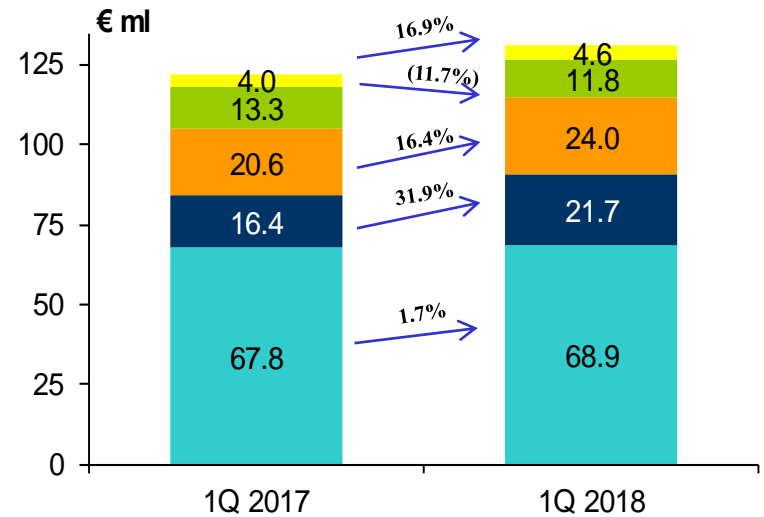
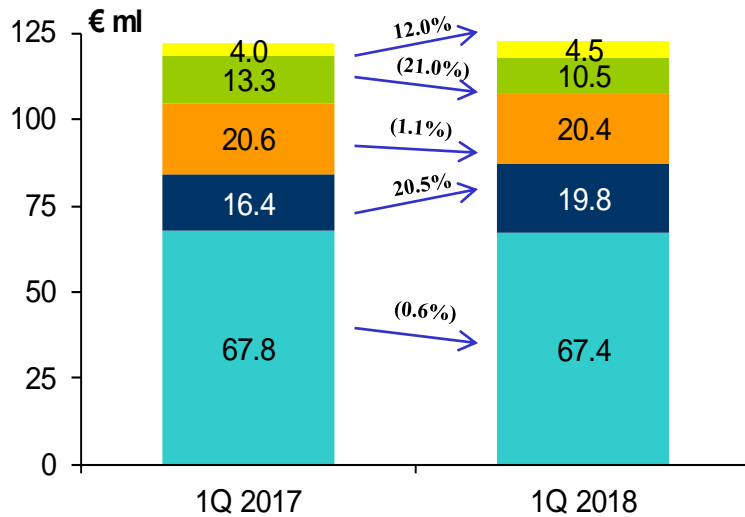
Net revenue by geographic area

REPORTED

AT COSTANT FX RATE 2017

122.2 +0.4% 122.6

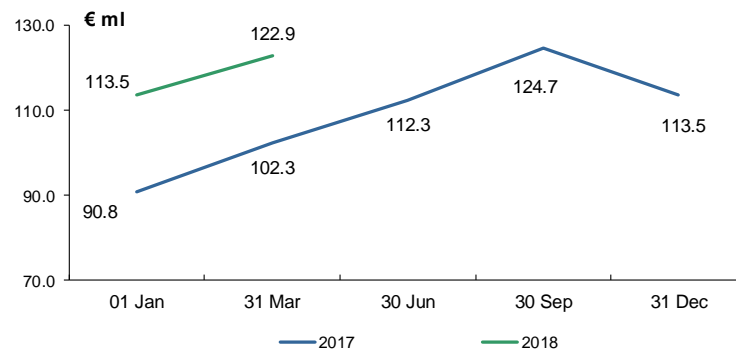
122.2 +7.3% 131.1



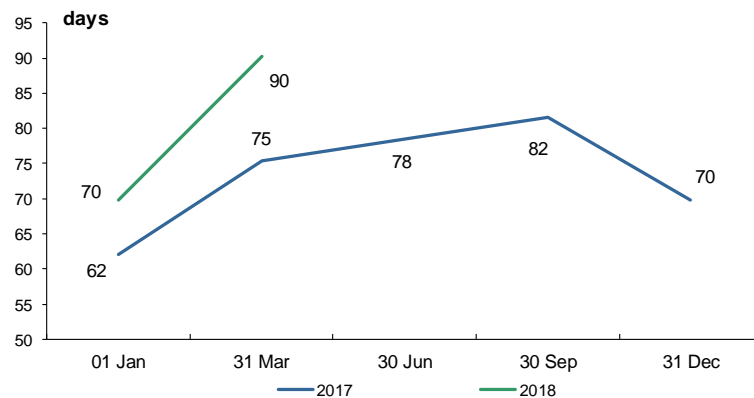
Europe
 Asia
 Latin and North America
 Oceania
 South Africa

Net Working Capital

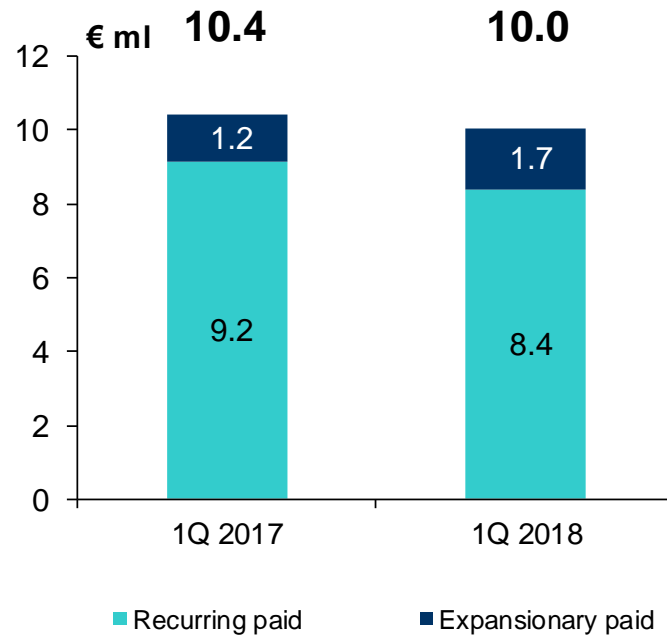
€ / ml	VALUE				
	As at 31/03/17	As at 30/06/17	As at 30/09/17	As at 31/12/17	As at 31/03/18
Trade receivables	92.5	97.9	107.7	102.4	98.9
Inventories	83.2	90.1	90.7	82.7	95.1
Trade payables	(73.3)	(75.7)	(73.6)	(71.7)	(71.2)
NWC value	102.3	112.3	124.7	113.5	122.9



	DAYS				
	As at 31/03/17	As at 30/06/17	As at 30/09/17	As at 31/12/17	As at 31/03/18
Trade receivables	68	68	70	63	73
Inventories	61	63	59	51	70
Trade payables	(54)	(53)	(48)	(44)	(52)
NWC days	75	78	82	70	90



1Q 2018 - Net Capex paid



EXPANSIONARY CAPEX 2017:





🌐 New technology: UK (Macallan)	€ 0.3 ml
🌐 New product: China (Emperador)	€ 0.3 ml
🌐 New technology: Ukraine (Siena d.32)	€ 0.2 ml
🌐 New product: Spain (Sherry)	€ 0.2 ml
🌐 New technology: Luxembourg	€ 0.1 ml
🌐 New building: Mexico	€ 0.1 ml

EXPANSIONARY CAPEX 2018:

🌐 New technology: Australia (Silk screen with base coater)	€ 0.8 ml
🌐 New product: Ukraine (Khortitsa)	€ 0.3 ml
🌐 New product: India (Nip cap 2 2nd step)	€ 0.3 ml
🌐 New product: Ukraine (Stoli 5)	€ 0.2 ml

Cash Flow – sources and uses of funds

€ / mln	1Q 2017	2Q 2017	3Q 2017	4Q 2017	12M 2017	1Q 2018
Opening cash and cash equivalents	54.7	35.6	29.0	28.8	54.7	40.6
Cash flows generated by/(used in) operating activities	2.6	5.8	8.0	35.6	52.0	(0.3)
Cash flows used in investing activities	(10.4)	(7.0)	(6.9)	(15.4)	(39.8)	(10.0)
Cash flows generated by/(used in) financing activities	(11.7)	(4.6)	(1.0)	(6.9)	(24.2)	(3.0)
Net cash flows for the period	(19.5)	(5.8)	0.1	13.3	(12.0)	(13.3)
Effect of exchange rate fluctuation on cash held	0.5	(0.8)	(0.3)	(1.5)	(2.1)	(0.4)
Closing cash and cash equivalents	35.6	29.0	28.8	40.6	40.6	26.9

-  **CF operating:** -€2.8 million vs 1Q 2017 mainly due to lower EBITDA generated in 1Q 2018 (€1.1 million) and to higher cash out for other operating items (€3.2 million, of which € 1.1 million due to non-recurring items), partly compensated by lower payment of taxes (€1.0 million) and by lower absorption from the variation in net working capital (€0.5 million)
-  **CF investing:** +€0.4 million vs 1Q 2017 due to lower investments paid (€0.4 million).
-  **CF Financing:** +€8.7 million vs 1Q 2017 mainly due to higher net proceeds from borrowings (€6.3 million) and to the absence in 1Q 2018 of any cash out related to refinancing (€3.1 million paid in 1Q 2017), partly compensated by the capital increase received in 1Q 2017 from the minority shareholders of Guala Closures France (€0.8 million).
-  **Net cash flows for the period:** +€6.2 million vs 1Q 2017 mainly due to lower cash flows used in financing activities

GCL 2018 Financial Guidelines

- 🌐 On May 2, 2018 Space4 and Guala Closures management presented to Space4 investors the business combination between Guala Closures and Space4.

- 🌐 The following guidelines on 2018 year end results of GCL Group (to be considered as a proforma of Guala Closures Group consolidated accounts after the Group Structure reorganization) have been provided to the market:
 - 🌐 Expected Net revenue: € 560 – 580 million
 - 🌐 Expected Adjusted Ebitda € 115-121 million
 - 🌐 Expected Net Income € 25-31 million – gross of exchange rate losses (which in 1Q 2018 accounted for € 2 million)
 - 🌐 Expected Net Financial Position: € 520 – 540 million

Appendix

P&L – 1Q 2018

Thousands of €	1Q 2017	2Q 2017	3Q 2017	4Q 2017	12M 2017	1Q 2018
Net revenue	122,172	128,864	137,485	146,311	534,832	122,618
Change in invent. of finish. and semi-fin. products	8,142	6,151	(1,582)	(5,861)	6,850	6,965
Other operating income	1,067	952	574	1,747	4,340	747
Work performed by the Group and capitalised	1,434	1,691	825	978	4,928	995
Costs for raw materials	(58,712)	(60,481)	(57,708)	(59,065)	(235,966)	(59,103)
Costs for services	(24,081)	(24,083)	(23,510)	(28,548)	(100,221)	(22,624)
Personnel expense	(25,480)	(25,653)	(24,164)	(25,292)	(100,589)	(25,333)
Other operating expense	(2,338)	(2,936)	(2,388)	(3,281)	(10,943)	(3,206)
Gross operating profit (EBITDA)	22,203	24,507	29,532	26,989	103,230	21,059
Amortization, depreciation and impairment losses	(7,689)	(8,114)	(7,603)	(10,113)	(33,519)	(7,863)
Operating profit	14,514	16,393	21,929	16,876	69,711	13,196
Exchange rate	1,187	(6,661)	(2,558)	(1,089)	(9,121)	(2,044)
Derivatives and other financial items	-	5	(5)	(900)	(900)	(450)
Net interest expenses	(7,430)	(7,758)	(7,771)	(8,420)	(31,379)	(7,778)
Profit before taxation	8,271	1,979	11,595	6,467	28,312	2,924
Income taxes	(4,466)	(4,911)	(7,001)	(7,151)	(23,529)	(3,477)
Profit (loss) for the period	3,805	(2,932)	4,593	(684)	4,782	(553)
Gross operating profit (EBITDA) - ADJUSTED	22,554	24,909	30,835	32,291	110,590	20,260
<i>EBITDA ADJUSTED % on Net revenue</i>	<i>18.5%</i>	<i>19.3%</i>	<i>22.4%</i>	<i>22.1%</i>	<i>20.7%</i>	<i>16.5%</i>

Balance Sheet – as at March 31, 2018

Thousands of €	As at December 31, 2016	As at March 31, 2017	As at December 31, 2017 (*)	As at March 31, 2018
Intangible assets	373,990	374,526	377,623	376,753
Property, plant and equipment	189,932	195,880	190,688	190,406
Non-current assets classified as held for sale	-	-	2,130	2,130
Net working capital	90,768	102,306	113,534	122,870
Net financial derivative liabilities	100	348	(213)	(367)
Employee benefits	(6,246)	(6,356)	(6,376)	(6,501)
Other assets/liabilities	(30,242)	(22,602)	(33,097)	(26,861)
Net invested capital	618,303	644,101	644,289	658,430
Financed by:				
Net financial liabilities	569,502	569,088	593,131	598,931
Cash and cash equivalents	(54,703)	(35,625)	(40,618)	(26,891)
Net financial indebtedness	514,799	533,463	552,513	572,040
Consolidated equity	103,504	110,638	91,775	86,390
Sources of financing	618,303	644,101	644,289	658,430

(*) The consolidated figures as at December 31, 2017 have been restated to reflect the adjustments to provisional fair values originally recognized in the consolidated financial statements as of December 31, 2017 related to the acquisition of Axiom Propack Pvt Ltd

Cash Flow – 1Q 2018

Thousands of €	1Q 2017	2Q 2017	3Q 2017	4Q 2017	12M 2017	1Q 2018
Opening cash and cash equivalents	54,703	35,625	29,023	28,823	54,703	40,618
A) Cash flows from operating activities						
Profit before taxation	8,271	1,979	11,595	6,467	28,312	2,924
Amortization, depreciation and impairment	7,689	8,114	7,603	10,113	33,519	7,863
Net finance costs	6,243	14,413	10,334	10,409	41,400	10,272
Change in:						
Receivables, payables and inventory	(9,773)	(13,767)	(15,189)	11,130	(27,599)	(9,271)
Other	(975)	(32)	(1,464)	2,961	490	(4,153)
VAT and indirect tax assets/liabilities	(4,807)	3,083	2,099	1,130	1,505	(2,873)
Income taxes paid	(4,068)	(7,987)	(7,013)	(6,588)	(25,654)	(5,020)
TOTAL A)	2,581	5,804	7,965	35,622	51,972	(258)
B) Cash flows used in investing activities						
Acquisitions of property, plant and equipment and intangible assets	(10,441)	(7,018)	(5,761)	(5,679)	(28,899)	(10,058)
Proceeds from sale of property, plant and equipment and intangibles	39	5	40	165	249	10
Acquisition of ICSA activities (Chile)	-	-	-	(4,509)	(4,509)	-
Acquisition of Axiom Propack Ltd (India)	-	-	-	(5,365)	(5,365)	-
Acquisition of Limat activities (Mexico)	-	-	(1,226)	-	(1,226)	-
TOTAL B)	(10,403)	(7,013)	(6,946)	(15,389)	(39,750)	(10,048)
C) Cash flows used in financing activities						
Acquisition of non-controlling interest in Guala Closures Tools	-	-	(1,050)	-	(1,050)	-
Financial income and expense	(7,149)	(7,020)	(7,190)	(7,828)	(29,187)	(7,246)
Payment of transaction cost on Bond and RCF	(3,056)	(712)	-	-	(3,768)	-
Other financial items	(243)	654	63	(214)	260	33
Dividends paid	(1,185)	(3,151)	(1,913)	(570)	(6,819)	(1,181)
Proceeds from issue of share capital minority Capmetal	824	-	-	-	824	-
Proceeds from new borrowings and bonds	1,941	6,673	9,567	6,149	24,330	8,000
Repayment of borrowings and bonds and finance leases	(2,844)	(1,070)	(106)	(4,383)	(8,403)	(2,599)
Change in financial assets	(11)	(3)	(329)	(59)	(402)	(36)
TOTAL C)	(11,721)	(4,630)	(958)	(6,906)	(24,215)	(3,030)
D) Net cash flow used in the year (A+B+C)	(19,543)	(5,838)	61	13,327	(11,994)	(13,336)
Effect of exchange rate fluctuation on cash held	466	(764)	(261)	(1,533)	(2,091)	(391)
Closing cash and cash equivalents	35,625	29,023	28,823	40,618	40,618	26,891