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Oggetto	:	Guala Closures - First Half 2020 Results

Testo del comunicato

Vedi allegato.

PRESS RELEASE

RESULTS FOR 1H 2020
BUSINESS SHOWS STRONG RESILIENCE DESPITE SIGNIFICANT IMPACT OF COVID-19 IN Q2

REVENUES -3.2% AT CONSTANT EXCHANGE RATES

ADJ EBITDA -9.8% AT CONSTANT EXCHANGE RATES; ON LIKE-FOR-LIKE BASIS, PROFIT MARGINS IN LINE WITH LAST YEAR

Q2 2020 CASH FLOW €7M AGAINST €-1.4M Q2 2019

NET DEBT €483M DOWN AGAINST Q1 2020 AND 1H 2019

- **Group revenues totalled around €281.8 million, -3.2% at constant exchange rates, and around €272 million, -6.4% at current exchange rates;**
- **Adjusted EBITDA[1] of around €45.5 million, -9.8% at constant exchange rates and €44.2 million, -12.2% at current exchange rates.**
- **On a like-for-like basis and at constant exchange rates, Group revenues -7.2% and Adj. EBITDA -7.6%, due to significant cost cutting measures; profit margins in line with 1H 2019 (17.3%);**
- **Through careful working capital management and capex optimization, in Q2 2020 cash generation of €7 million against cash absorption of €1.4 million in Q2 2019;**
- **Net financial debt totalled €483 million, down against Q1 2020 (€490.1 million) and 1H 2019 (€486.2 million).**

Milan, 7 September 2020. **The Board of Directors of Guala Closures S.p.A.** - a global leader in the production and sale of closures for the alcoholic and non-alcoholic beverages and food industry - **approved the Interim Financial Report as at 30 June 2020**[2]**.**

COMMENT OF THE GROUP CHAIRMAN AND CHIEF EXECUTIVE OFFICER

"Covid-19 has shown us how all of the certainties on which the world we operate in are based - emphasises Marco Giovannini, Chairman and CEO of Guala Closures - *can prove to be ephemeral.*

[1] See the closing section of this document for the definition of "adjusted".

However, thanks to careful, constant and strict HEALTH PREVENTION measures in all 29 of the Group's facilities, the company has continued to operate uninterruptedly, complying with local directives, in a safe and reasonably efficient manner.

This has earned us the utmost RESPECT from all of the stakeholders involved: first and foremost, our workforce, the local authorities, our customers, who didn't suffer any delays and weren't penalised, and the financial communities we work with, as we did not need to set in place any extraordinary funding operations.

All of this is further confirmation of the solidity and RESILIENCE of our business model, which, alongside our global market leadership, has enabled us to withstand the repercussions of the long months of lockdown. The group has therefore managed to mitigate the negative effects thanks to product, geographical and customer diversification: in fact we supply both the top 20 major global brands (about 1/3 of our turnover) and the smallest but dynamic local groups that have better managed to contain the damage of the pandemic; in addition, the company is less exposed to Asian markets and global travel retail.

In the first half of 2020, our research and innovation activities continued, both in the field of research for sustainable products, and as a response to the requests of numerous customers, who have started to prepare repacks of major world brands for 2021 and 2022.

In the second half of the year, we will continue to focus on containing internal costs, on production performance, cash flows and liquidity management.

This FOCUS will enable us to continue to invest in our SUSTAINABLE DEVELOPMENT; I use the word "development" rather than "growth" as our aim is to recover the production volumes that we unfortunately lost due to the pandemic.

Sustainability will be one our main drivers to boost the INNOVATION of products and processes, a core driver of our company's resilience and success.

Over the past few months, numerous brands have decided to work with the Group to launch new products as early as the third and fourth quarters of 2020, a sign of confidence in market recovery as well as in the speed and effectiveness of Guala Closures' solutions.

Towards the end of the second quarter of 2020, various local Governments, especially in the countries that were first hit by Covid-19 (Europe, Asia and Oceania) relaxed their restrictive measures and the HORECA segment gradually started to reopen.

Based on current figures, from the third quarter, the performance of the businesses that were most affected in the second quarter by the spread of Covid-19, are on the road to recovery, with a marked improvement in volumes."

ANALYSIS OF THE RESULTS FOR THE FIRST HALF OF 2020

Consolidated operational highlights

In the first six months of 2020, the Group recorded **consolidated net revenues** of €272.3 million, down by €18.8 million (-6.4%) against the first six months of 2019, resulting from a positive first quarter, up by 2.9% and a negative second quarter, down by 15.3% due to Covid-19.

Looking at the various components, the fall in revenues is due, in addition to the effect of exchange rates (€-9.5 millions), to the fall in volumes recorded at the end of the first quarter and in the second quarter of 2020, following the global spread of Covid-19. As the graph below shows, the fall in volumes was €21.4 million, and is mainly due to: activities in India, where the Government ordered a total lockdown of the country between 22 March and 27 April; activities in the UK, mostly focused on global brands and the duty free market; as well as activities in South Africa, where following the partial closure of the plant between 26 March and 30 April, only limited quantities for small market niches of the mineral water, beverages and pharmaceutical markets could be produced; and lastly activities in Spain and Italy, which were among the European countries most affected by Covid-19.

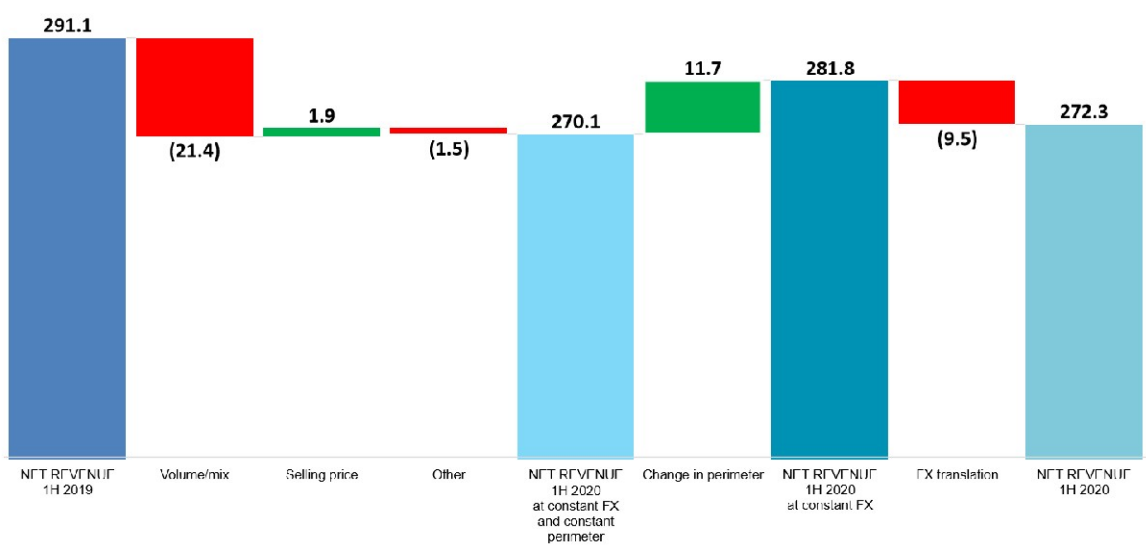
Despite the fall in volumes, in both the first and second quarters of 2020, the Group has continued to pursue a price increase policy, bringing a benefit of €1.9 million.

At constant exchange rates, revenues in the first half of 2020 dropped by only -3.2%. The change in the scope of consolidation brought a positive contribution of €11.7 million, which relates to the additional volumes resulting from the acquisition of the activities of Closurelogic in February 2020.

In the first half, exchange rates had an impact of €9.5 million, following the appreciation of the Euro against almost all currencies in which the Group operates. More specifically, the impact of exchange rates were particularly significant in the Group's South American activities.

The change in net revenues between the six months of 2019 and the first six months of 2020 is shown in the graph below:

NET REVENUES EVOLUTION 1H 2020 - 1H 2019 by COMPONENTS - CONSTANT FX



Moving to the breakdown of revenue growth by geographic area:

NET REVENUES BY GEOGRAPHICAL SEGMENT				
(Million Euro)	1H 2019	1H 2020	Variation %	
			Current FX rates	Constant FX rates
Europe	174.2	170.3	(2.3%)	(2.4%)
% of Group Net Revenues	*59.9%*	*62.5%*		
Latin and North America	52.3	52.1	(0.4%)	13.7%
% of Group Net Revenues	*18.0%*	*19.1%*		
Asia	37.1	25.8	(30.4%)	(28.3%)
% of Group Net Revenues	*12.7%*	*9.5%*		
Oceania	19.2	17.5	(8.7%)	(4.4%)
% of Group Net Revenues	*6.6%*	*6.4%*		
Africa	8.3	6.6	(19.8%)	(12.1%)
% of Group Net Revenues	*2.8%*	*2.4%*		
Total Group Net revenues	**291.1**	**272.3**	**(6.4%)**	**(3.2%)**

In **Europe**, net revenues fell by €3.9 million, dropping from €174.2 million in the first six months of 2019 (59.9% of net revenues) to €170.3 million in the first six months of 2020 (62.5%). The impact of exchange rates was a positive +€0.2 million.
The change in this area is mainly due to the change in the scope of consolidation (€11.7 million) resulting from the acquisition of Closurelogic, partly offset by the sale of a part of Spanish PET activities to third parties and the sale of GCL Pharma S.r.l. to third parties in the second quarter of 2020. The positive impact of the change in the scope were mitigated by a fall in sales caused by the lockdown due to Covid-19, particularly in the United Kingdom, Spain and Italy.

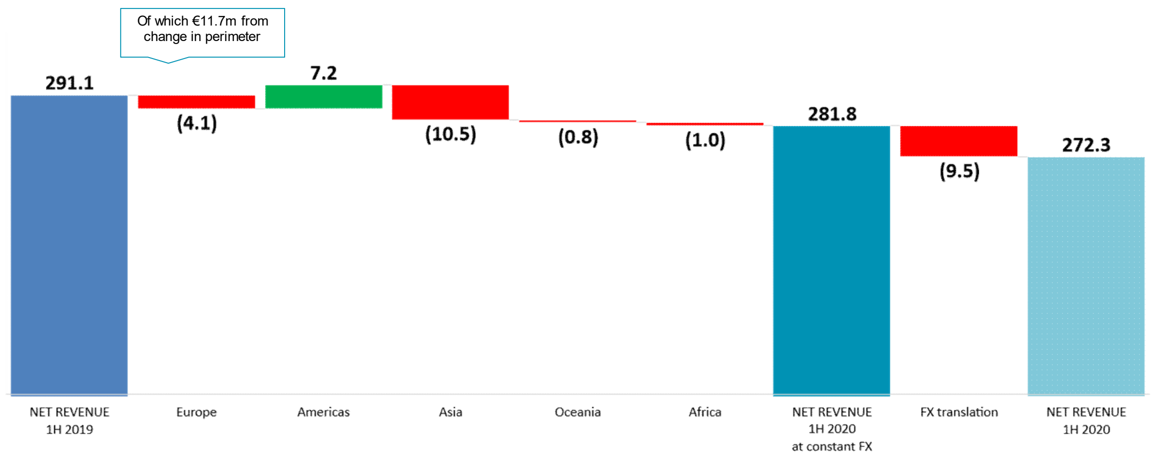
In the Americas, net revenues decreased by €0.2 million, falling from €52.3 million in the first six months of 2019 to €52.1 million in the first six months of 2020 (% of net revenues 18.0% and 19.1% respectively), solely due to the negative effect of exchange rate trends of -€7.4 million recorded mainly in Argentina, Mexico and Brazil.
At constant exchange rates, net revenues would have risen by €7.2 million (+13.7%) against the first six months of 2019.
This positive change is mainly due to the significant increase of sales in North America in the spirits market, following the increase in the demand for stronger "off-premise" brands and new business/customers, as well as higher sales in Chile in the wine market.

Net revenues in Asia fell from €37.1 million in the first six months of 2019 (12.7% of net revenues) to € 25.8 million in the first six months of 2020 (9.5%): the reduction is mainly due to lower sales recorded following the closure of plants in India and China following policies to contain the spread of Covid-19 and to a not fully operational period in the following months, as well as the fall in internal consumption, and partly to the start-up of activities in Kenya, where part of the volumes previously produced by the Group's Indian company have been transferred.

In **Oceania**, net revenues fell by €1.7 million, dropping from €19.2 million in the first six months of 2019 (6.6% of net revenues) to €17.5 million in the first six months of 2020 (6.4%), of which -€0.8 million was due to negative exchange rate trends. At constant exchange rates, net revenues in this area would have fallen by €0.8 million (-4.4%) against the first six months of 2019.
Sales in this region are mostly linked to the wine industry, which in recent years has been negatively influenced by the trend in exports of bulk wine, which is then bottled in the country where it is consumed. Due to Covid-19, the bottling season was delayed, which partly affected sales volumes.

In **Africa**, net revenues fell by €1.6 million, dropping from €8.3 million in the first six months of 2019 (2.8% of net revenues) to €6.6 million in the first six months of 2020 (2.4%), of which -€0.6 million was due to negative exchange rate trends.
At constant exchange rates, net revenues in this area would have fallen by €1.0 million (-12.1%) against the first six months of 2019. The fall in the revenues is due to business activities in South Africa, and specifically to the partial suspension of production from 26 March to 30 April following the lockdown imposed by the local government authorities. More specifically, the plant suspended the production of closures for the spirits market and continued with only the marginal activity relating to the Water&Beverage and Pharma markets included in the essential supply chain by local Government. Business activities in Kenya continue to expand, despite Covid-19, with significant growth rates against the previous year, partially offsetting the decrease recorded in South Africa.

NET REVENUES EVOLUTION 1H 2020 - 1H 2019 by GEOGRAPHIC AREA - CONSTANT FX

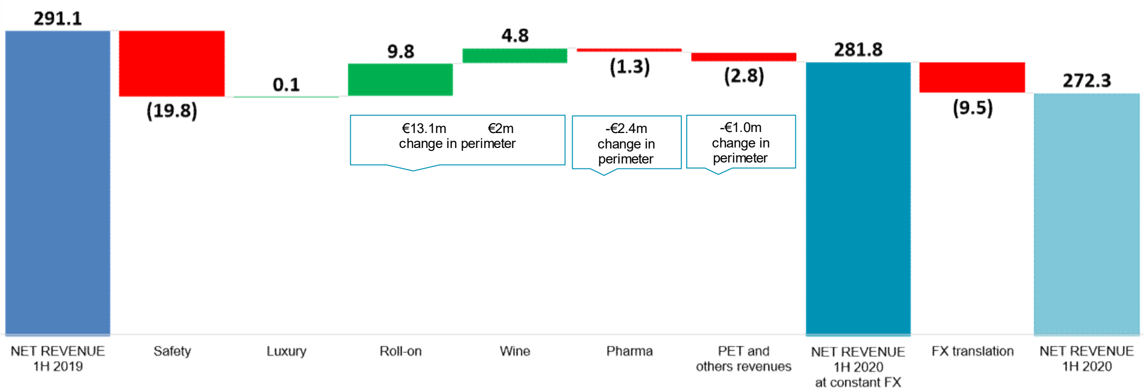


Breakdown of revenue growth by operating segment:

NET REVENUES BY PRODUCT	1H 2019	1H 2020	Variation % Current FX rates	Variation % Constant FX rates
Safety	117.7	93.9	(20.2%)	(16.8%)
% of Group Net Revenues	*40.4%*	*34.5%*		
Luxury	14.1	13.6	(3.7%)	0.5%
% of Group Net Revenues	*4.8%*	*5.0%*		
Roll on	88.5	96.6	9.2%	11.1%
% of Group Net Revenues	*30.4%*	*35.5%*		
Wine	55.1	57.0	3.3%	8.7%
% of Group Net Revenues	*18.9%*	*20.9%*		
Pharma	4.4	3.0	(31.8%)	(30.5%)
% of Group Net Revenues	*1.5%*	*1.1%*		
PET	3.5	1.5	(57.1%)	(57.1%)
% of Group Net Revenues	*1.2%*	*0.5%*		
Other revenues	7.8	6.8	(12.8%)	(10.2%)
% of Group Net Revenues	*2.7%*	*2.5%*		
Total Group Net revenues	**291.1**	**272.3**	**(6.4%)**	**(3.2%)**

Specialty Closures ↗ ↘

NET REVENUES EVOLUTION 1H 2020 - 1H 2019 by PRODUCTS - CONSTANT FX



Revenues from the sale of **Safety** closures fell by €23.8 million, dropping from €117.7 million in the first six months of 2019 (40.4% of net revenues) to €93.9 million in the first six months of 2020 (34.5%), of which -€4.0 million was due to negative exchange rate trends.

At constant exchange rates, net revenues would have fallen by €19.8 million (-16.8% against the first six months of 2019), mostly due to lower sales caused by the lockdown following Covid-19, which mainly impacted the spirits export market.

Revenues from the sale of **Luxury** closures fell by €0.5 million, dropping from €14.1 million in the first six months of 2019 (4.8% of net revenues) to €13.6 million in the first six months of 2020 (5.0%), of which -€0.6 million was due to negative exchange rate trends.
At constant exchange rates, net revenues in this segment would have risen by €0.1 million (+0.5%) against the first six months of 2019.

Revenues from the sale of **Roll-on** closures increased by €8.1 million, rising from €88.5 million in the first six months of 2019 (30.4% of net revenues) to €96.6 million in the first six months of 2020 (35.5%), of which -€1.7 million was due to negative exchange rate trends. The increase is mainly due to the acquisition of Closurelogic (€13.1 million).

Revenues from the sale of **Wine** closures rose by €1.8 million, changing from €55.1 million in the first six months of 2019 (18.9% of net revenues) to €57.0 million in the first six months of 2020 (20.9%), even though penalised by negative exchange rate trends (-€2.9 million).
At constant exchange rates, net revenues in this segment would have risen by €4.8 million, corresponding to +8.7% against the first six months of 2019, due mainly to the acquisition of Closurelogic and to the increases recorded in Chile.

Revenues from the sale of **Pharma** closures fell by €1.4 million, dropping from €4.4 million in the first six months of 2019 (1.5% of net revenues) to €3.0 million in the first six months of 2020 (1.1%), following the sale of 100% of the share capital of GCL Pharma to the Bormioli Pharma group in April 2020.

Revenues from the sale of **PET** closures fell by €2.0 million, dropping from €3.5 million in the first six months of 2019 (1.2% of net revenues) to €1.5 million in the first six months of 2020 (0.5%), due to the reorganisation of activities in this sector in 2019 with the sale of part of the plant and machinery to an operator external to the Group.

Consolidated **Adjusted EBITDA** in the first six months of 2020 amounted to €44.2 million, down by €6.2 million (-12.2%) against the first six months of 2019, of which €1.3 million was due to the negative effect of exchange rate trends following the appreciation of the Euro against almost all currencies in which the Group operates.

At constant exchange rates the Adjusted EBITDA would have fallen by €4.9 million (-9.8%) against the first half of 2019, mainly due to the consequences of Covid-19, both in terms of the fall in sales volumes and the additional costs incurred to guarantee the safety of the workplace and workers, as well as a lower level of production efficiency to guarantee safety and social distancing rules, partly offset by personnel cost containment measures, the reduction of travel expenses and government support.

The following graphs show the change in adjusted EBITDA for the first six months of 2020 against the first six months of 2019. The amounts recalculated on a like-for-like basis exclude -€1.1 million resulting from the negative effect of the consolidation of Closurelogic's business activities, acquired in February 2020 (-€0.6 million) and the normalisation of the effects resulting from the sale of part of the Spanish PET sector business to third parties (-€0.2 million) and of GCL Pharma sold in April 2020 (-€0.3 million).

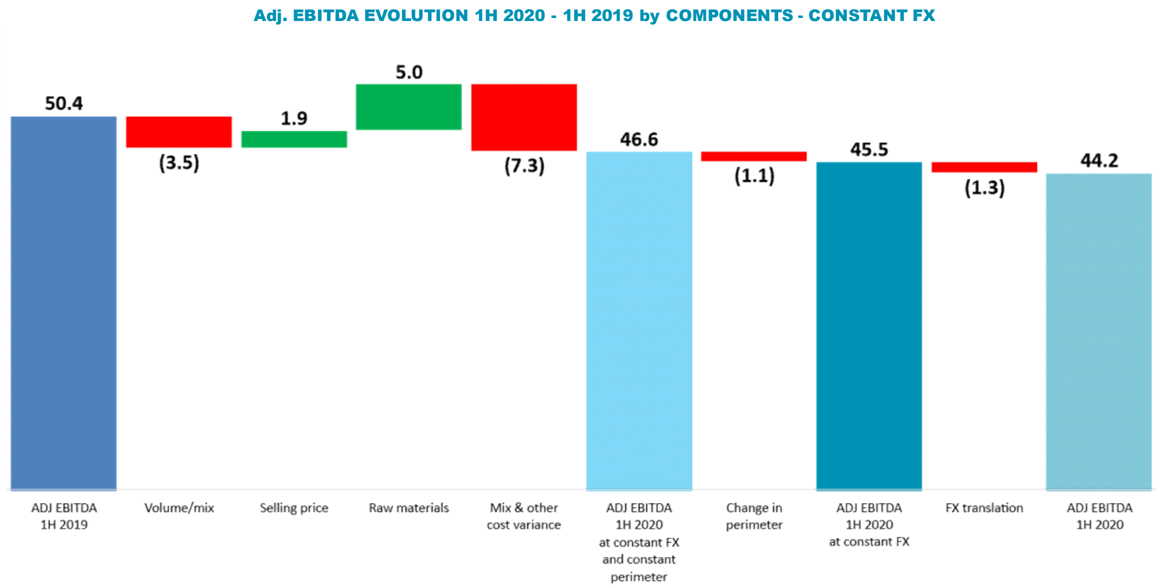
The fall in Adjusted EBITDA, mainly due to lower sales volumes in the second quarter of 2020, following the spread of Covid.19, and to the relative repercussions on the "Mix and other cost changes", was generated entirely in the second quarter of 2020, whereas an increase of this indicator had been recorded in the first quarter of 2020. The negative impact on Adjusted EBITDA was mitigated by the increase in product sales prices and the fall in the cost of raw materials.

Lastly, note that the Adjusted EBITDA figure for the period was negatively impacted by exchange rates (€1.3 million).

In terms of profit margins, in the first six months of 2020, Adjusted EBITDA represented 16.2% of net revenues compared to 17.3% in the first six months of 2019 due to the dilutive effect of the consolidation of Closurelogic's business activities acquired in February 2020.

On a like-for-like basis with 2019, due to personnel cost containment policies, a reduction of travel expenses and of marketing activities and to government support, the profit margin in the first six months of 2020 was 17.4%, up 0.1% against the first six months of 2019 (17.3%).

The components of the change in adjusted EBITDA between the first six months of 2019 and the first six months of 2020 are shown in the graph below:



Consolidated EBIT was €45.6 million, down by only 0.7% at current exchange rates, against €46 million in the first half of 2019. This limited fall is due to the benefit of the capital gains made on the sale of GCL Pharma, of €2.8 million.

Amortisation and **depreciation** increased by €0.7 million, rising from €31.2 million in the first six months of 2019 (10.7% of net revenues) to €31.9 million in the first six months of 2020 (11.7%).

Consolidated **EBIT** in 1H 2020 was €13.8 million, down 7% at current exchange rates, against €14.8 million in 1H 2019.

Financial charges rose from €13.3 million in the first six months of 2019 to €19.3 million in the first six months of 2020.
The €6.0 million increase was mainly due to the rise in net losses on exchange rates (€6.9 million), following the strong appreciation of the Euro against many currencies in which the Group operates and to the negative impact of changes in the fair value of Market Warrants (€1.0 million). This negative effect was partly offset by the following positive factors:
a) €1.4 million due to changes in the fair value of financial liabilities to minority shareholders for put options on minority shareholdings;
d) €0.7 million due to lower net interest expense;
c) €0.5 million relating to currency derivatives.

Income taxes fell by €2.7 million, dropping from €4.5 million in the first six months of 2019 (1.5% of net revenues) to €1.7 million in the first six months of 2020 (0.6% of net revenues). This reduction was due to both current and prepaid taxes.
Current taxes for the first six months of 2020 fell by €1.5 million against the first six months of 2019, mainly due to the fall in the Group's results impacted by Covid-19, particularly in India, Colombia, United Kingdom and Spain, partly offset by increases in Poland and the United States, where the final results for the first half of 2020 were considerably higher than those of the same period of the previous year.
Deferred taxes refer mainly to the release of deferred tax recognised on capital gains on assets which emerged following the Group PPA process.

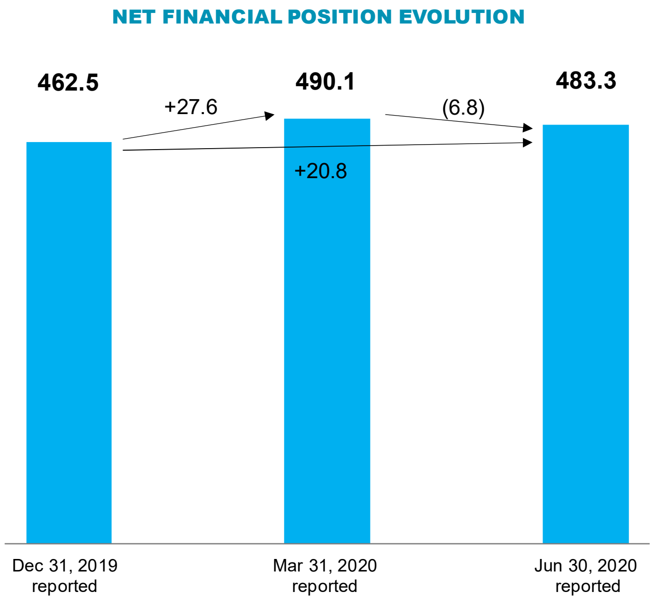
The **net result** for the first six months of 2020 is a loss of €7.3 million against a loss for the same period of last year of €3.0 million, a negative difference of €4.3 million.
The lower result is mainly due to lower sales volumes in the second quarter of 2020, which were impacted by Covid-19 and to the consequent lower gross operating result recorded and to the financial component, which includes significant losses on exchange rates, due to the appreciation of the Euro against the other functional currencies in which the Group operates. Lastly, the net result pertaining to the parent company is a loss of €11 million against a loss for the same period of last year of €5.9 million

Consolidated financial highlights

In the first six months of 2020, **net financial debt** rose from €462.5 million as at 31 December 2019 to €483.3 million as at 30 June 2020, marking an increase of €20.8 million, of which €6.2 million is due to two major extraordinary operations that took pace during the period:

1) increase of €13.5 million due to the acquisition of the business activities of Closurelogic in Germany (consideration transferred for the acquisition of €12.2 million, plus €1.3 million for the recognition of the liabilities assumed on the date of the operations relating to lease agreements acquired);
2) decrease of €7.4 million for the collection of the first instalment of the price deriving from the sale of GCL Pharma S.r.l. in Italy.

The graph below shows the change in net financial debt in 1H 2020:



The increase in net financial debt in the first six months of 2020 is due to a cash flow generated by operating activities of €13.7 million, a cash flow used in investments of €19.3 million and a negative change in net financial debt following financing activities of €15.2 million.

The net cash flow generated by operating activities was €13.7 million, €10.6 million less than the first six months of 2019 (€24.4 million).
This decrease was mainly due to the fall of €3.2 million in EBITDA net of the capital gains recorded on the sale of the stake held in GCL Pharma S.r.l., to a €4.5 million change in net working capital related to the increase in the Group’s activities following the acquisition of Closurelogic from the acquisition date of 30 June 2020 and to €4.3 million from other operating items. These effects were partly offset by an improvement of €2.5 million in the cash flow for taxes, mainly due to the effect of deferring the payment of several indirect taxes, such as VAT in the United Kingdom, obtained following measures to sustain liquidity set in place by the British Government due to Covid-19.

The cash flow used for investment activities in the first six months of 2020 was €19.5 million, with an increase of €3.4 million compared to the cash flow for the first six months of 2019 (€16.1 million). This increase was mainly due to M&A activities, which in the first six months of 2020 recorded a negative cash flow of €5.1 million (of which €12.2 million relating to the acquisition of the activities of Closurelogic GmbH, partly offset by €7.1 million resulting from the sale of the stake held in GCL Pharma S.r.l.), while in the first six months of 2019, it had only been €0.6 million resulting from the deferred payment of the Indian company Axiom Propack.
The cash-out for next investments in the period fell by €1.2 million, from €15.6 million in the first six months of 2019 to €14.4 million in the first six months of 2020.

The change in net financial debt following financing activities in the first six months of 2020 was a negative €15.1 million, €3.0 million less than the first six months of 2019 (-€18.0 million).
The main positive factors of this improvement are as follows:

- lower payment of dividends to minority shareholders (+€2.9 million);
- effect of exchange rate changes (+€2.6 million);
- lower change in derivatives and other financial items (+€1.4 million), due to the change in the fair value of liabilities to minority shareholders;

partly offset by the following negative factors:

- greater increase of financial liabilities for rights of use (€1.9 million);
- increase of €1.3 million in lease liabilities resulting from the initial impact of adopting IFRS 16 by the newly-consolidated Guala Closures Deutschland GmbH;
- greater negative change in the market value of the Market Warrants in the period of €1.0 million.

Significant events occurring after the end of the period

Claim in favour of GCL in relation to UCP acquisition

Following the acquisition of United Closures and Plastics Ltd. ("UCP") by the subsidiary GCL International S.à r.l., certain circumstances arose that could have led to infringements of the declarations and guarantees made by the seller Global Closures Systems UK Limited, for which the parent company, RPC Group Plc, had made a further guarantee.
Following the dispute of these circumstances, on 17 July 2020, a settlement agreement was reached, on the basis of which the sellers agreed to pay the buyer Guala Closures Group the amount of GBP 195 thousand as compensation.

OPA Special Packaging Solutions Investments S.à r.l.

With reference to the voluntary partial public tender offer relating to 15,166,000 ordinary shares of Guala Closures S.p.A. (corresponding to 22.57% of share capital and 20.22% of voting rights that may be exercised at the shareholders' meeting as of the date of the issuer's press release pursuant to art. 103, paragraphs 3 and 3-bis of the Consolidated Law on Finance and art. 39 of the Issuers' Regulation), promoted by Special Packaging Solutions Investment S.à r.l. at the price of €6.00 per share, which is detailed in full in the Report on Operations, to which the reader should refer, note that the process was concluded in July 2020, and that 8,256 ordinary Guala Closures shares

subscribed to the Offer, representing 0.05% of the Shares relating to the Offer, 0.01% of ordinary Guala Closures shares, as well as 0.01% of the share capital of Guala Closures.
During the Subscription Period, the Offeror did not make any purchases outside of the Offer. The Offeror purchased 2,697,627 Guala Closures shares outside of the offer, between the date on which the offer was released and the start of the subscription period, therefore, on conclusion of the Offer, based on the final results of the same, the offeror holds a total of 2,705,883 ordinary Guala Closure shares, representing 4.36% of Guala Closures ordinary shares, as well as 4.03% of share capital and 3.61% of the voting rights that may be exercised at the Shareholders' Meeting.

Purchase of company in Turkey
As part of the purchase of the assets of Closurelogic, the German subsidiary Guala Closures Deutschland GmbH had signed an agreement for the purchase of the Turkish company Closurelogic Ambalaj Ve kapak Sistemleri San. Ve Tic. Ltd. Sti. for a consideration of €350 thousand.
Said purchase agreement was subject to the fulfilment of certain conditions to minimise the responsibility of the purchaser (such as the conversion of the existing shareholders' loan into share capital, the conversion of the company from LLC to Joint stock company, the change of the company name etc.).
After the aforementioned conditions were fulfilled in August, the purchase of the company was formally made on 4 September 2020 at the price of €315 thousand, after several commercial liabilities that the purchaser became aware of only after the signature of the agreement had been deducted from the initially agreed price.

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The additional financial information for the period ended June 30, 2020, together with the presentation slides, are available to the public at the company's registered office and on the website www.gualaclosures.com, section "Investor Relations – Documents – Financial Statements" and on the authorized storage mechanism eMarket STORAGE at www.emarketstorage.com.
A conference call will be held today at 6:00 p.m. CEST. The details to follow the conference call are available on website www.gualaclosures.com, section "Investor Relations".

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Statement of the Manager in charge of financial reporting pursuant to art. 154-bis comma 2 of Legislative decree no. 58 of 24 February 1998 ("*Consolidated Law on Finance")*

The Manager in charge of financial reporting of Guala Closures S.p.A., Anibal Diaz Diaz, state that pursuant to art. 154-bis 2 of Legislative decree no. 58 of 24 February 1998 ("Testo Unico della Finanza") the accounting information included in the current press release is consistent with the accounting records and entries.

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Attached below some detailed tables such as the consolidated statement of profit and loss and of financial position and the consolidated statement of cash flows at 30 June 2020.

Marco Giovannini
Chairman and Group CEO

Anibal Diaz
Group CFO

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7 September 2020

E-MARKET SDIR CERTIFIED

Guala Closures Group

DEFINITIONS

Growth at constant exchange rates

The growth at constant exchange rates is calculated by applying the exchange rates of the previous year to the same items of the same period of the current year and making the comparison.

Organic growth in revenues

The organic growth in revenues is calculated adjusting the revenues of the two considered periods by acquisitions, by sales and by exchange rate effects (converting the revenues of the same period of the current year to the exchange rates of the previous year) and making the comparison

EBITDA

Result before interests, taxes, depreciation and amortization.

EBIT

Result before interests and taxes.

ADJUSTED EBITDA

"Adjusted": alternative performance measure determined excluding certain revenue or cost items in order to improve the interpretation of the Group's normalized profitability of the year.

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Guala Closures S.p.A. – condensed consolidated statement of profit or loss for the six months ended June 30, 2020

(Thousands of Euros)	**For the six months ended June 30**	
	2019 (*)	**2020**
Net revenue	**291,056**	**272,293**
Change in inventories of finished goods and semi-finished products	12,797	16,686
Other operating income	1,844	1,839
Work performed by the Group and capitalised	2,325	1,826
Costs for raw materials	(135,972)	(124,505)
Costs for services	(54,638)	(56,020)
Personnel expense	(64,259)	(64,696)
Other operating expense	(6,177)	(4,609)
Impairment	(1,009)	(0)
Gains on sales of equity investments	-	2,830
Gross operating profit (EBITDA)	**45,968**	**45,643**
Amortization	(31,180)	(31,885)
Operating profit (EBIT)	**14,788**	**13,759**
Financial income	5,263	10,315
Financial expense	(18,573)	(29,650)
Net financial expense	**(13,309)**	**(19,334)**
Profit before taxation	**1,479**	**(5,576)**
Income taxes	(4,454)	(1,730)
Profit (loss) for the period	**(2,975)**	**(7,305)**

Gross operating profit adjusted (Adjusted EBITDA)	**50,390**	**44,220**
% on net revenue	*17.3%*	*16.2%*

(*) The comparative figures for the six months ended June 30, 2019 were restated to reflect the effects of the completion of the PPA procedure related to the following business combinations: i) Guala Closures Group (July 31, 2018) and ii) Guala Closures UCP (December 12, 2018).

Guala Closures S.p.A. – condensed consolidated statement of financial position as of June 30, 2020

(Thousands of Euros)	**December 31, 2019**	**June 30, 2020**
Intangible assets	872,035	846,841
Property, plant and equipment	228,911	214,398
Right-of-use assets	27,630	27,094
Net working capital	127,880	140,276
Net financial derivative assets (liabilities)	(162)	2
Employee benefits	(6,600)	(8,716)
Other net liabilities	(122,123)	(110,678)
Net invested capital	**1,127,572**	**1,109,218**
Financed by:		
Net financial liabilities	468,378	483,843
Financial liabilities - IAS 17 / IFRS 16 effect	20,358	20,212
Financial liabilities – put option to non-controlling investors	26,958	26,864
Market Warrants	3,873	5,617
Cash and cash equivalents	(57,056)	(53,211)
Net financial indebtedness	**462,511**	**483,325**
Consolidated equity	**665,060**	**625,893**
Sources of financing	**1,127,572**	**1,109,218**

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Guala Closures Group

Guala Closures S.p.A. – condensed consolidated statement of cash flows for the six months ended June 30, 2020

(Thousands of Euros)	**For the six months ended June 30,**	
	2019	**2020**
Opening net financial indebtedness	**(459,509)**	**(462,511)**
Effects of IFRS 16 FTA	(16,962)	-
A) Opening pro forma net financial indebtedness	**(476,471)**	**(462,511)**
Gross operating profit (EBITDA)	45,968	45,643
Gains on sales of equity investments	-	(2,830)
Net (Gains) / losses on disposals of fixed assets	36	(23)
Variation in receivables, payables and inventories	(14,790)	(20,415)
Other operating items	2,455	(1,798)
Income taxes paid	(9,313)	(6,840)
B) Net Cash flows from operating activities	**24,356**	**13,738**
Net acquisitions of property, plant and equipment and intangible assets	(15,563)	(14,405)
Deferred payment on acquisition of Axiom Propack Ltd (India)	(554)	-
Acquisition of Closurelogic GmbH assets (Germany)	-	(12,187)
Disposal of GCL Pharma Srl (net of cash sold)	-	7,088
C) Cash flows used in investing activities	**(16,117)**	**(19,504)**
Right of Use asset increase	(430)	(2,369)
Initial Impact of IFRS 16 accounting from Closurelogic acquisition	-	(1,270)
Lease liabilities transferred as part of the sale of GCL Pharma Srl	-	264
Net interests expense	(11,007)	(10,952)
Dividends paid	(4,299)	(1,383)
Change in fair value of Market Warrants	(697)	(1,743)
Derivatives and other financial items	(1,482)	(124)
Effect of exchange rate fluctuation	(89)	2,529
D) Change in net financial indebtedness due to financing activities	**(18,005)**	**(15,048)**
E) Total change in net financial indebtedness (B+C+D)	**(9,765)**	**(20,814)**
F) Closing net financial indebtedness (A+E)	**(486,237)**	**(483,325)**

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