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Societa'	:	GUALA CLOSURES
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Oggetto	:	GUALA CLOSURES - 1Q 2021 RESULTS

Testo del comunicato

Vedi allegato.

1Q 2021 RESULTS

- **1Q 21 Group revenues at 138.3 million euros, -5.2% at current exchange rates and +0.9% at constant exchange rates;**
- **Adjusted EBITDA at 24.3 million euros, with an organic growth of 3.3% at current exchange rates and of 13.0% at constant exchange rates; margin increase (+100bp at current exchange rate and +200bp at constant exchange rate and perimeter);**
- **Net financial debt is 474.7 million euros, higher for 10.5 million euros compared to the end of 2020, due to the normal business seasonality. 1Q21 Cash flow better for more than 18 million euros compared to 1Q 20, of which about 11.5 million euros due to lower M&A activities.**

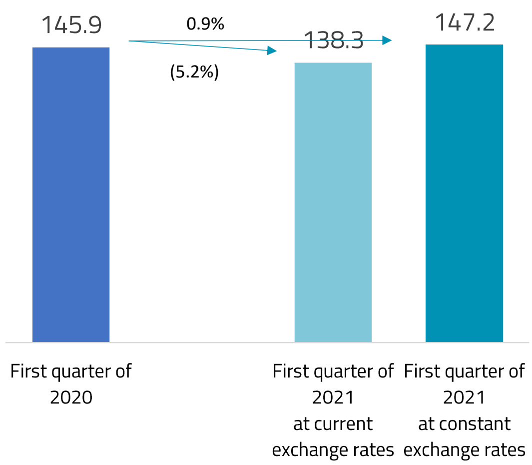
Alessandria, 12 May 2021. **The Board of Directors of Guala Closures S.p.A.** - world leader in the production and sale of plastic and aluminium closures for the beverages industry - **approved the Interim Financial Report as at 31 March 2021.**

ANALYSIS OF THE RESULTS FOR THE FIRST QUARTER OF 2021

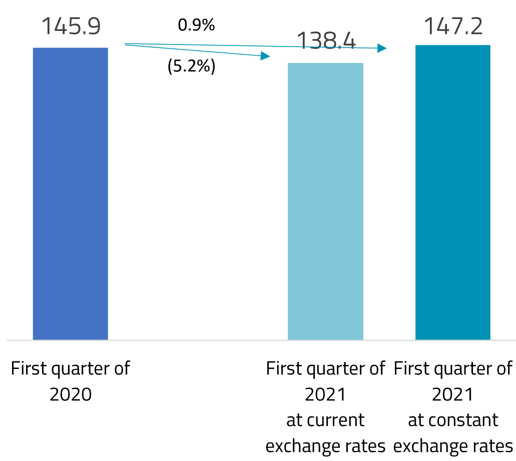
<u>Consolidated P&L results</u>

In the first three months of 2021, net revenue totalled €138.3 million, down €7.5 million (-5.2%) on the first three months of 2020 at current exchange rates and up €1.3 million (+0.9%) at constant exchange rates. The exchange rate effect negatively impacted the first three months of 2021 for €8.9 million following the appreciation of the Euro against almost all currencies with which the group operates.
The contribution on net revenue from the change in the consolidation scope is immaterial

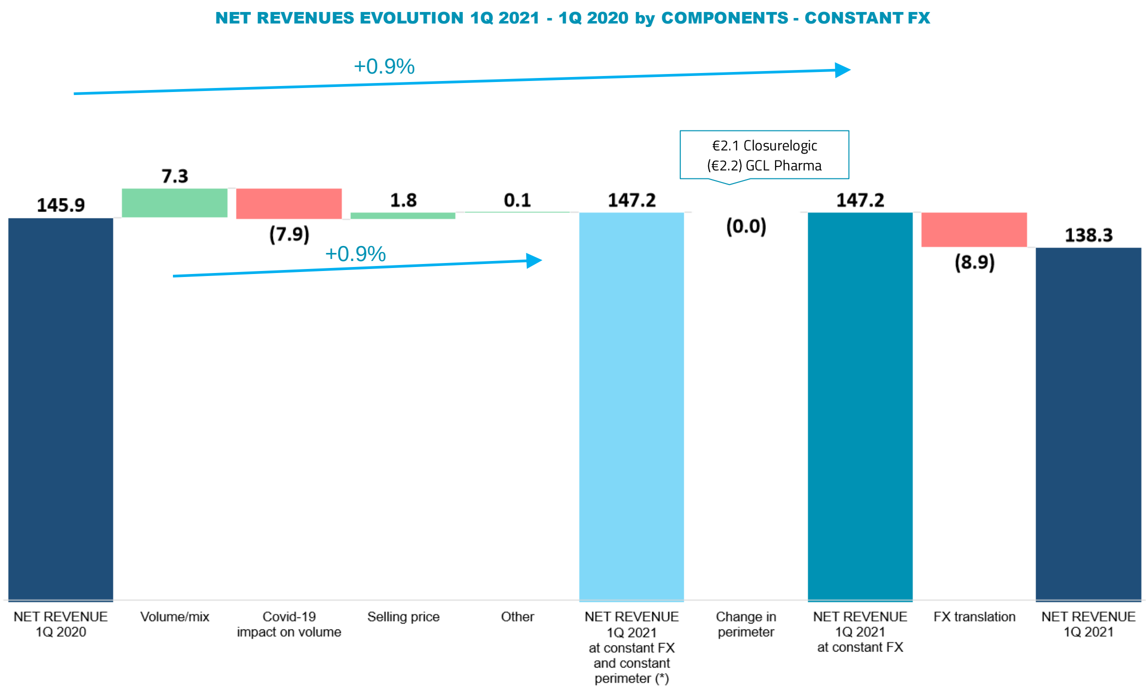
REPORTED FIGURES



RESTATED ON A LIKE-FOR-LIKE BASIS



The chart below shows the difference between net revenue for the first three months of 2020 and 2021:



(*) Net revenues 1Q 2021 at constant FX and constant perimeter were calculated excluding from net revenue 1Q 2021 (recalculated with 1Q 2020 FX) the Closurelogic revenues realized by Germany in JAN 2021 and by Turkey in 1Q 2021 and including the revenues realized by GCL Pharma in 1Q 2020

The Group reported an increase in volumes of €7.3 million in the first three months of 2021 and a benefit of €1.8 million deriving from the price increase policy. However, these positive effects were partly offset by the estimated impact of a loss in sale volumes (approximately -€7.9 million) due to Covid-19.

The increase in volumes is concentrate in the Americas, where revenue grew steadily in the spirits and wine markets, and Asia, with revenues growing compared to the first quarter of 2020 as they were already partially impacted by Covid-19 in the first quarter of 2020.
The largest loss in sales volumes caused by the pandemic was seen in the European water & beverages sector, which does most of its business through on-premises consumption and, therefore, has been heavily affected by the restrictions still imposed on the HORECA sector. This effect was mostly concentrated in Italy, Spain and Germany and in particular on the closures production for the water market.

The table below shows a breakdown of net revenue by geographical segment:

NET REVENUES BY GEOGRAPHICAL SEGMENT				
(Million Euro)	1Q 2020	1Q 2021	Variation %	
			Current FX rates	Constant FX rates
Europe	91.2	80.1	(12.2%)	(9.6%)
% of Group Net Revenues	*65.9%*	*57.9%*		
Latin and North America	24.3	27.8	14.5%	34.6%
% of Group Net Revenues	*17.6%*	*20.1%*		
Asia	17.2	17.7	2.9%	12.5%
% of Group Net Revenues	*12.4%*	*12.8%*		
Oceania	9.1	8.3	(8.5%)	(13.8%)
% of Group Net Revenues	*6.6%*	*6.0%*		
Africa	4.1	4.4	8.0%	17.8%
% of Group Net Revenues	*3.0%*	*3.2%*		
Total Group Net revenues	**145.9**	**138.3**	**(5.2%)**	**0.9%**

Net revenue from operations in Europe decreased by €11.1 million from €91.2 million in the first three months of 2020 (62.5% of net revenue) to €80.1 million in the first three months of 2021 (57.9%), with a negative translation impact of €2.4 million.
At constant exchange rates, the net revenue of this region would have decreased by €8.7 million (-9.6%) compared to the first quarter of 2020.
The downturn in sales is mostly due to the Covid-19 outbreak, especially in Spain, Italy and Germany (the pandemic's total effect on these countries is a reduction of €8.8 million).

Net revenue from operations in the Americas increased by €3.5 million from €24.3 million in the first three months of 2020 to €27.8 million in the same period of 2021 (16.7% and 20.1% of net revenue, respectively), despite the negative translation impact of €4.9 million recorded mainly in Mexico, Argentina and Brazil.
At constant exchange rates, the net revenue of this region would have increased by €8.4 million (+34.6%) compared to the first quarter of 2020.
The estimated net impact of Covid-19 on sales volumes in the Americas is an increase of €0.7 million.

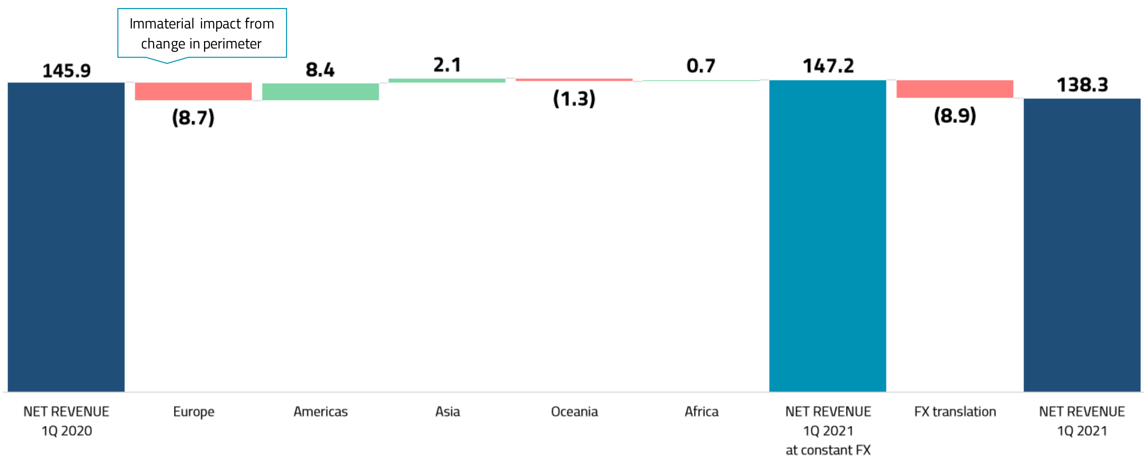
Net revenue from operations in Asia went from €17.2 million in the first quarter of 2020 (11.8% of net revenue) to €17.7 million in the first three months of 2021 (12.8%), an increase of €0.5 million, despite the negative translation impact of €1.6 million.
At constant exchange rates, this region's net revenue would have increased by €2.1 million (+12.5%) compared to the first quarter of 2020.
The estimated net impact of Covid-19 on sales volumes in Asia is immaterial.

Net revenue from operations in Oceania decreased by €0.8 million from €9.1 million in the first quarter of 2020 (6.2% of net revenue) to €8.3 million in the first quarter of 2021 (6.0%), despite a positive translation impact of €0.5 million.

At constant exchange rates, the net revenue of this region would have decreased by €1.3 million (-13.8%) compared to the same period of 2020.
Sales in this region have been affected by the drop in volumes after the slow-down of the domestic wine market, the steady increase in exports of bulk wine and the more recent reduction in wine exports to China.

Net revenue from operations in Africa increased by €0.3 million from €4.1 million in the first quarter of 2020 (2.8% of net revenue) to €4.4 million in the first three months of 2021 (3.2%), despite the negative translation impact of €0.4 million.
At constant exchange rates, the net revenue of this region would have increased by €0.7 million (+17.8%) compared to the corresponding period of 2020.
The estimated net impact of Covid-19 on sales volumes in Africa is an increase of €0.5 million.

NET REVENUES EVOLUTION 1Q 2021 - 1Q 2020 by GEOGRAPHIC AREA - CONSTANT FX

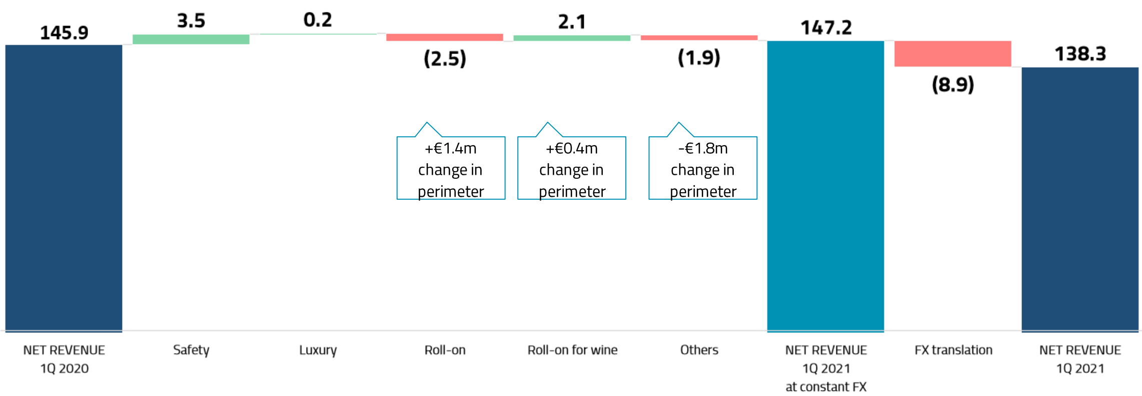


The following table gives a breakdown of and changes in net revenue by product:

Specialty Closures (Safety, Luxury)

NET REVENUES BY PRODUCT				
(Million Euro)	1Q 2020	1Q 2021	Variation %	
			Current FX rates	Constant FX rates
Safety	54.6	53.0	(2.9%)	6.4%
% of Group Net Revenues	*37.5%*	*38.3%*		
Luxury	7.7	7.3	(5.7%)	2.5%
% of Group Net Revenues	*5.3%*	*5.3%*		
Roll on	48.8	44.2	(9.4%)	(5.2%)
% of Group Net Revenues	*33.4%*	*31.9%*		
Roll on for Wine	28.1	29.3	4.6%	7.4%
% of Group Net Revenues	*19.2%*	*21.2%*		
Other revenues	6.7	4.5	(32.8%)	(29.0%)
% of Group Net Revenues	*4.6%*	*3.2%*		
Total Group Net revenues	**145.9**	**138.3**	**(5.2%)**	**0.9%**

NET REVENUES EVOLUTION 1Q 2021 - 1Q 2020 by PRODUCT - CONSTANT FX



Revenue from **Safety closures** decreased by €1.6 million from €54.6 million in the first quarter of 2020 (37.5% of net revenue) to €53.0 million in the first quarter of 2021 (38.3%), with a negative translation impact of €5.1 million.
At constant exchange rates, net revenue would have increased by €3.5 million or 6.4% compared to the first three months of 2020.

Revenue from **Luxury closures** decreased by €0.4 million from €7.7 million in the first quarter of 2020 (5.3% of net revenue) to €7.3 million in the first quarter of 2021 (5.3%), with a negative translation impact of €0.6 million.
At constant exchange rates, net revenue would have increased by €0.2 million, or 2.5%, on the first quarter of 2020.

Revenue from **Roll-on closures** decreased by €4.6 million from €48.8 million in the first quarter of 2020 (33.4% of net revenue) to €44.2 million in the first quarter of 2021 (31.9%), with a negative translation impact of €2.1 million.
At constant exchange rates, net revenue would have decreased by €2.5 million or 5.2% on the first three months of 2020 mainly as a consequence of the lower sales following the Covid-19 outbreak, which mostly impacted the water & beverages market.

Revenue from **Roll-on closures for wine** increased by €1.3 million from €28.1 million in the first quarter of 2020 (19.2% of net revenue) to €29.3 million in the first quarter of 2021 (21.2%), despite the negative translation impact of €0.8 million.
At constant exchange rates, net revenue would have increased by €2.1 million, or 7.4%, on the first quarter of 2020.

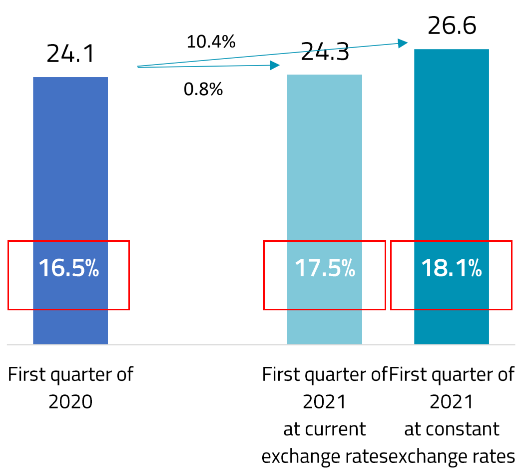
Other revenue decreased by €2.2 million from €6.7 million in the first quarter of 2020 (4.6% of net revenue) to €4.5 million in the first three months of 2021 (3.2%), with a negative translation impact of €0.3 million.
At constant exchange rates, other revenue would have decreased by €1.9 million on the first three months of 2020.
Other revenue includes that realised from the sale of closures for the pharmaceutical sector, PET and other revenue not included in the previous categories. The reduction is mainly due to the sale of GCL Pharma in April 2020.

Analysis of the evolution of the adjusted gross operating profit (Adjusted EBITDA)

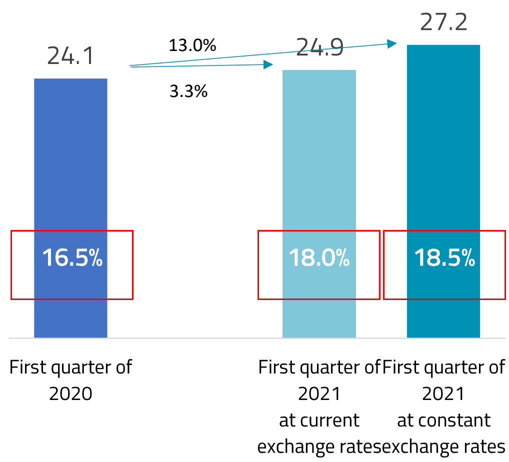
In the first three months of 2021, the **adjusted gross operating profit** (Adjusted EBITDA) totals €24.3 million, up €0.2 million (+0.8%) on the first three months of 2020 (€24.1 million), despite the €2.3 million decrease due to the negative translation impact following the appreciation of the Euro against almost all currencies with which the group operates.
At constant exchange rates, the adjusted gross operating profit would have been equal to €26.6 million, with an increase of €2.5 million (+10.4%) compared to the first three months of 2020.

The following charts show the trend in the adjusted gross operating profit (Adjusted EBITDA) for the first quarter of 2021 compared to the corresponding period of 2020. The figures restated on a like-for-like basis exclude the -€0.6 million effect of the change in scope.

REPORTED FIGURES



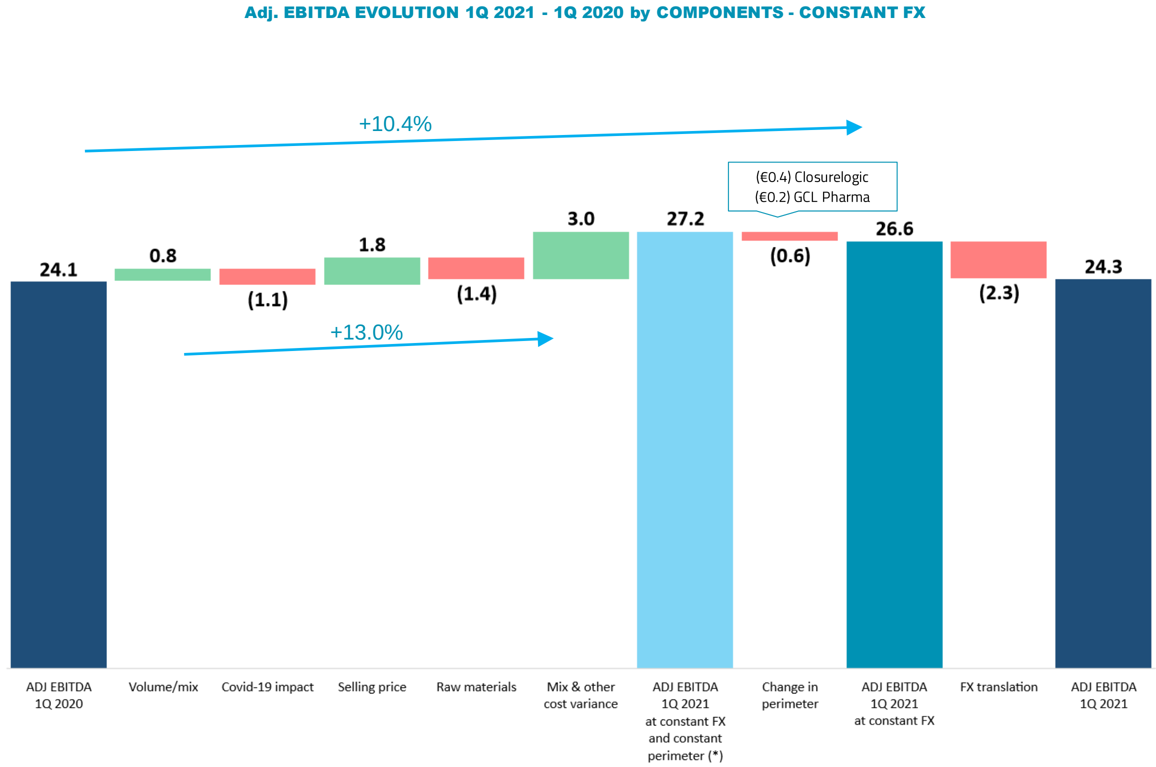
RESTATED ON A LIKE-FOR-LIKE BASIS



Note: *The percentages shown in the boxes indicate the adjusted gross operating profit as a percentage of sales.*

As a percentage of net revenue, the adjusted gross operating profit (adjusted EBITDA) for the first quarter of 2021 is 17.5%, compared to 16.5% in the corresponding period of 2020. On a like-for-like basis and at constant exchange rates, it would have been 18.5%.

The graph below shows the difference between adjusted gross operating profit in the first quarters of 2020 and 2021.



(*) Adj. EBITDA 1Q 2021 at constant FX and constant perimeter was calculated excluding from adj. EBITDA (recalculated with 1Q 2020 FX) the Closurelogic adj. EBITDA realized by Germany in JAN 2021 and by Turkey in 1Q 2021 and including the adj. EBITDA realized by GCL Pharma in 1Q 2020

The increase of adjusted gross operating profit (Adjusted EBITDA) on the first three months of 2020 has been equal to 10.4% at constant exchange rates and equal to 13.0% at constant exchange rates and perimeter.
The positive effects due to volume/mix (€0.8 million), to the increase in selling price (€1.8 million) and to mix and other cost variance (€3.0 million) have been partly offset by the increase in raw material costs (-€1.4 million) and by the Covid-19 pandemic estimated impact (-€1.1 million).

The "Change in perimeter" shows the adjusted gross operating profit from the consolidation of Closurelogic's business acquired in February 2020 in Germany and in September 2020 in Turkey and the sale of GCL Pharma in April 2020.

The Group's **EBITDA** in the first three months of 2021 reached €23.6 million, up 0.7% if compared to the same period of 2020.

Amortisation and depreciation decreased by €0.6 million from €16.3 million in the first quarter of 2020 (11.2% of net revenue) to €15.7 million in the same period of 2021 (11.3%).

In the first three months of 2021, the consolidated **EBIT** was €7.9 million compared to €7.1 million in the first three months of 2020.

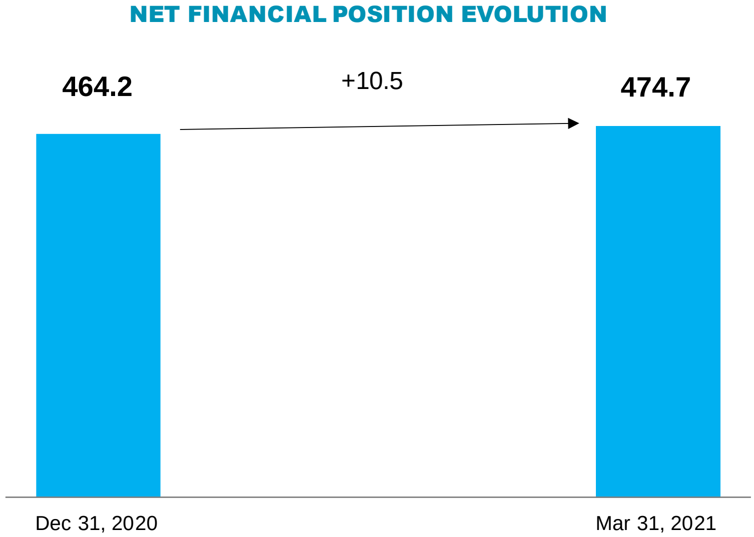
Net **financial expense** decreased by €3.5 million, from €10.6 million in the first quarter of 2020 to €7.1 million in the first quarter of 2021.
This reduction is mostly due to the significant reduction in net exchange losses (€6.5 million) and to the decrease in net interest expense (€0.2 million), partially offset by a negative effect of €2.4 million due to the increase in the net fair value losses on Market Warrants and by a €0.8 million reduction in the net fair value gains on non-controlling investors' put options.

Income taxes decreased by €1.5 million from €2.8 million in the first quarter of 2020 to €1.4 million in the same period of 2021.
This decrease is mainly due for €1.1 million to lower current taxes and for €0.3 million to lower deferred taxes.
The reduction in current taxes in the first quarter of 2021 compared to the first quarter of 2020, despite the increase in pre-tax result, is mainly attributable to the reduction in taxes in the Group companies in Eastern Europe and India due to the lower profitability of the period, while the increase in pre-tax profit is attributable to some countries, including Italy, which benefit from the use of previous losses.

The **loss** for the first three months of 2021 amounts to €0.5 million, which is an improvement of €5.7 million on the loss of €6.3 million for the corresponding period of 2020.
This improvement is due to the larger gross operating profit (+€0.2 million), the smaller net financial expense (+€3.5 million), the smaller amortisation and depreciation (+€0.6 million) and lower taxes (€1.5 million).

<u>**Net financial debt and cash flow**</u>

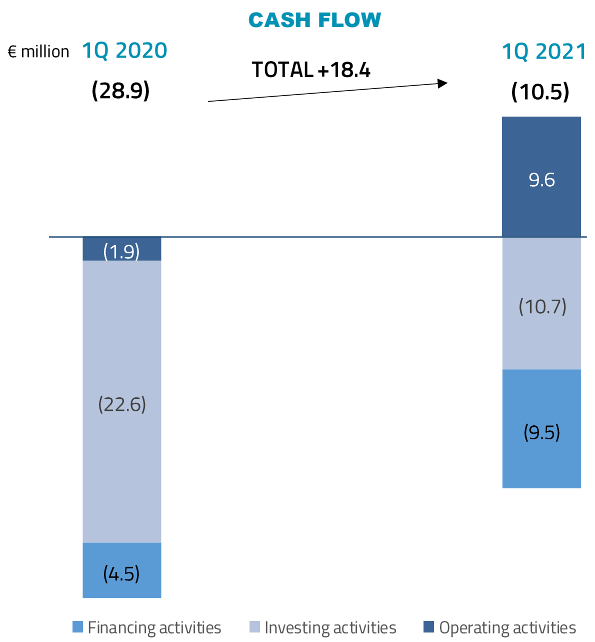
The following graph shows the change in net financial debt in the first three months of 2021:



During the first quarter of 2021, **net financial indebtedness** increased by €10.5 million from €464.2 million at December 31, 2020 to €474.7 million at March 31, 2021, due to the normal business seasonality. This increase is lower by €18.4 million compared to the increase of €28.9 million in the first quarter of 2020.

This €10.5 million increase in net financial indebtedness in the first quarter of 2021 was the net effect of cash flows generated by operating activities of €9.6 million, which were more than offset by the cash flows used in investing activities, totalling €10.7 million (including €1.6 million for the acquisition of another 10% minority interest in the UK company SharpEnd) and the cash flows of €9.5 million used in financing activities.

The following chart gives a breakdown of the various components comprising the changes in net financial indebtedness in the first three months of 2021 compared with the same period of the previous year:



The improvement of cash flows in the first quarter of 2021 compared to the first quarter of 2020 is equal to €18.4 million, mainly due to the following effects:

- Increase of **net cash flows from operating activities** of €11.5 million mainly due to the lower absorption from the change in net working capital;
- Decrease of **cash flows used in investing activities** of €11.9 million due to lower M&A activities (€11.5 million) and to the decrease in cash out for capex (€0.5 million).

The effects highlighted above have been partially offset by the €5.0 million increase of change in net financial debt due to **financing activities**.

* * *

The additional financial information for the period ended March 31, 2021, 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 reports" and on the authorised storage mechanism eMarket STORAGE at www.emarketstorage.com.

A conference call will be held today at 6:00 p.m CEST during which the management of Guala Closures will present the results for the first quarter 2021. The details to follow the conference call are available on website www.gualaclosures.com, section "Investor Relations".

* * *

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 ("*Testo Unico della Finanza*")

The Manager in charge of financial reporting of Guala Closures S.p.A., Anibal Diaz Diaz, hereby states 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.

* * *

Attached the statement of profit and loss, balance sheet and consolidated statement of cash flows at the end of first quarter 2021.

Gabriele Del Torchio
Chairman and Group CEO

Anibal Diaz
Group CFO

For information:

Investor Relations:
Guala Closures S.p.A.
Claudia Banfi
Tel +39 0131 753281
cbanfi@gualaclosures.com

Media contact:
True Relazioni Pubbliche
Federica Menichino
Tel +39 349 6976982
f.menichino@true-rp.it

12 May 2021

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.

E-MARKET SDIR CERTIFIED

Guala Closures S.p.A. – condensed consolidated statement of profit or loss for the three months ended March 31, 2021

(Thousands of Euros)	**For the three months ended March 31**	
	2020 (*)	**2021**
Net revenue	**145,882**	**138,335**
Change in inventories of finished goods and semi-finished products	8,079	6,871
Other operating income	1,172	1,282
Work performed by the Group and capitalised	849	1,233
Costs for raw materials	(65,609)	(61,471)
Costs for services	(30,063)	(26,837)
Personnel expense	(34,563)	(33,894)
Other operating expense	(2,344)	(1,958)
Gross operating profit (EBITDA)	**23,404**	**23,561**
Amortization	(16,272)	(15,679)
Operating profit (EBIT)	**7,132**	**7,882**
Financial income	7,843	3,996
Financial expense	(18,426)	(11,052)
Net financial expense	**(10,582)**	**(7,055)**
Profit before taxation	**(3,450)**	**827**
Income taxes	(2,828)	(1,372)
Profit (loss) for the period	**(6,278)**	**(546)**
Gross operating profit adjusted (Adjusted EBITDA)	**24,070**	**24,261**
% on net revenue	*16.5%*	*17.5%*

(*) The comparative figures for the three months ended March 31, 2020 were restated to reflect the effects of the completion of the PPA procedure related to the business combination of Guala Closures Deutschland GmbH.

E-MARKET SDIR CERTIFIED

Guala Closures Group

Guala Closures S.p.A. – condensed consolidated statement of financial position as of March 31, 2021

(Thousands of Euros)	December 31, 2020	March 31, 2021
Intangible assets	830,239	830,192
Property, plant and equipment	220,793	222,399
Right-of-use assets	16,516	17,059
Net working capital	123,806	134,312
Investments in associate companies	1,028	2,644
Net financial derivative assets	634	109
Employee benefits	(9,631)	(9,535)
Other net liabilities	(103,215)	(104,032)
Net invested capital	**1,080,170**	**1,093,148**
Financed by:		
Net financial liabilities	476,109	474,465
Financial liabilities - IFRS 16 effect	16,986	17,454
Financial liabilities – put option to non-controlling investors	29,032	28,684
Market Warrants	5,965	7,745
Cash and cash equivalents	(63,882)	(53,623)
Net financial indebtedness	**464,210**	**474,726**
Consolidated equity	**615,959**	**618,422**
Sources of financing	**1,080,170**	**1,093,148**

Guala Closures S.p.A. – condensed consolidated statement of cash flows for the three months ended March 31, 2021

(Thousands of Euros)	**For the three months ended March 31,**	
	2020 (*)	**2021**
A) Opening net financial indebtedness	**(462,511)**	**(464,210)**
Gross operating profit (EBITDA)	23,404	23,561
Net Gains on disposals of fixed assets	(13)	(327)
Variation in receivables, payables and inventories	(18,992)	(7,865)
Other operating items	24	(129)
Income taxes paid	(6,288)	(5,610)
B) Net Cash flows from operating activities	**(1,865)**	**9,630**
Net acquisitions of property, plant and equipment and intangible assets	(9,515)	(9,044)
Acquisition of Closureslogic GmbH assets (Germany)	(12,187)	-
Acquisition of minority shares of SharpEnd (UK)	(897)	(1,608)
C) Cash flows used in investing activities	**(22,598)**	**(10,653)**
Right of Use asset increase	(1,110)	(1,675)
Initial Impact of IFRS 16 accounting from Closurelogic acquisition	(1,270)	-
Net interests expense	(5,413)	(5,144)
Dividends paid	(769)	(568)
Change in put option vs minorities	1,186	348
Change in fair value of Market Warrants	583	(1,780)
Derivatives and other financial items	(480)	109
Effect of exchange rate fluctuation	2,806	(783)
D) Change in net financial indebtedness due to financing activities	**(4,467)**	**(9,493)**
E) Total change in net financial indebtedness (B+C+D)	**(28,930)**	**(10,516)**
F) Closing net financial indebtedness (A+E)	**(491,441)**	**(474,726)**
G) Reclass to net assets held for sale	**69**	
H) Closing net financial indebtedness as per financial statement (F+G)	**(491,373)**	

(*) The comparative figures for the three months ended March 31, 2020 were restated to reflect the effects of the completion of the PPA procedure related to the business combination of Guala Closures Deutschland GmbH, and for consistency with the classification used for the three months ended March 31, 2021.

Fine Comunicato n.2043-58	Numero di Pagine: 19