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LISTING MEMORANDUM **NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES**

Guala Closures S.p.A.

€455,000,000 Floating Rate Senior Secured Notes due 2024

Guala Closures S.p.A., a *società per azioni* incorporated under the laws of the Republic of Italy (the "**Issuer**"), is offering (the "**Offering**") €455,000,000 aggregate principal amount of its Floating Rate Senior Secured Notes due 2024 (the "**Notes**").

The Notes will bear interest at a rate per annum equal to the three-month EURIBOR (with a 0% floor) plus 350 basis points, reset quarterly, and will accrue from the Issue Date (as defined below). The Notes will mature on April 15, 2024. Some or all of the Notes may be redeemed prior to October 15, 2019, by paying 100% of the principal amount of such Notes plus a make-whole premium, and at any time on or after October 15, 2019, at the redemption prices set forth in this Listing Memorandum (the "**Offering Memorandum**"). The Issuer will pay interest on the Notes quarterly on January 15, April 15, July 15 and October 15 of each year, beginning on January 15, 2019.

Upon the occurrence of certain events constituting a "change of control", the Issuer will be required to make an offer to purchase the outstanding Notes at a purchase price of 101% of their principal amount. All, but not less than all, of the Notes may also be redeemed at 100% of their principal amount plus accrued interest if at any time the Issuer or any Guarantor (as defined below) of the Notes becomes obligated to pay withholding taxes as a result of certain changes in law.

The Notes will be senior secured obligations of the Issuer and will be guaranteed (collectively, the "**Notes Guarantees**" and each, a "**Notes Guarantee**") on a senior secured basis by certain of the Issuer's subsidiaries (the "**Subsidiary Guarantors**," and collectively, the "**Guarantors**" and each a "**Guarantor**"). The Notes Guarantees will rank *pari passu* in right of payment with all of such Guarantor's existing and future indebtedness that is not subordinated to such Notes Guarantee. The Notes Guarantees will be subject to contractual and legal limitations and may be released under certain circumstances.

The Notes will be secured by first-priority security interests over substantially the same rights, property and assets that secure the Revolving Credit Facility (as defined herein), subject to the operation of the Agreed Security Principles (as defined herein) and as further described herein. Under the terms of the Intercreditor Agreement (as defined herein), lenders under the Revolving Credit Facility, counterparties to certain hedging obligations and creditors of certain additional indebtedness that we may incur in the future, including certain hedging agreements, will receive proceeds from the enforcement of the foregoing security interests in priority to holders of the Notes. See "*The Offering—Security*".

Subject to and as set forth in "*Description of the Notes—Withholding Taxes*", the Issuer will not be liable to pay any additional amounts to holders of the Notes in relation to any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as the same may be amended or supplemented from time to time) or pursuant to Legislative Decree No. 461 of November 21, 1997 (as the same may be amended, or supplemented from time to time) where the Notes are held by a person resident in a country that does not allow for satisfactory exchange of information with Italy (as per the Ministerial Decree of the Minister of Economy and Finance of September 4, 1996 as amended, supplemented and replaced) and otherwise in the circumstances as described in "*Description of the Notes—Withholding Taxes*".

There is currently no public market for the Notes. Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market of the Luxembourg Stock Exchange. The Euro MTF Market is not a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). The Euro MTF market falls within the scope of Regulation (EC) 596/2014 on market abuse and the related Directive 2014/57/EU on criminal sanctions for market abuse.

The Notes will be represented on issue by one or more global notes, which will be delivered through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") on October 3, 2018 (the "**Issue Date**"). See "*Book-Entry, Delivery and Form.*"

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 24.

Price for the Notes: 100.0% plus accrued interest, if any, from the Issue Date

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The Notes and the Notes Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. In the United States, the Offering is being made only to "qualified institutional buyers" (as defined in Rule 144A of the U.S. Securities Act) in compliance with Rule 144A under the U.S. Securities Act ("Rule 144A"). You are hereby notified that the initial purchasers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act. For further details about eligible offerees and resale restrictions, see "*Plan of Distribution*" and "*Transfer Restrictions*".

Joint Global Coordinators and Joint Bookrunners

Credit Suisse **Banca IMI** **Barclays** **UniCredit Bank**

Joint Bookrunners

Banca Akros S.p.A.—Gruppo Banco BPM **KKR**

The date of this Listing Memorandum is October 11, 2018.

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You should rely only on the information contained in this Offering Memorandum. We have not, and Credit Suisse Securities (Europe) Limited, Banca Akros S.p.A.—Gruppo Banco BPM, Banca IMI S.p.A., Barclays Bank PLC, KKR Capital Markets Limited and UniCredit Bank AG (together, the “Initial Purchasers”) have not, authorized anyone to provide you with information that is different from the information contained herein. We are not, and the Initial Purchasers are not, making an offer of the Notes in any jurisdiction where the Offering is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front cover of this Offering Memorandum. Our business, financial condition, results of operations and prospects may have changed since that date.

IMPORTANT INFORMATION

We accept responsibility for the information contained in this Offering Memorandum and, to the best of our knowledge (having taken reasonable care to ensure that such is the case), the information is true and accurate in all material respects and contains no omission likely to affect the import of such information.

This document does not constitute a prospectus for the purposes of Section 12(a)(2) of or any other provision of or rule under the U.S. Securities Act.

You should rely only on the information contained in this Offering Memorandum. We and the Initial Purchasers have not authorized anyone to provide you with information that is different from the information contained herein. We are not, and the Initial Purchasers are not, making an offer of these securities in any jurisdiction where such offer is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front of this Offering Memorandum. This Offering Memorandum is based on information provided by us and other sources believed by us to be reliable. The Initial Purchasers are not responsible for, and are not making any representation or warranty to you concerning, our future performance or the accuracy or completeness of this Offering Memorandum.

This Offering Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not be offered or sold, directly or indirectly, and this Offering Memorandum may not be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Notes or possess or distribute this Offering Memorandum and you must obtain all applicable consents and approvals; neither we nor the Initial Purchasers will have any responsibility for any of the foregoing legal requirements. See "*Transfer Restrictions*".

In making an investment decision regarding the Notes offered hereby, you must rely on your own examination of the Issuer and the terms of this Offering, including the merits and risks involved. You should rely only on the information contained in this Offering Memorandum. We have not, and the Initial Purchasers have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this Offering Memorandum is accurate as of the date on the front cover of this Offering Memorandum only. Our business, financial condition, results of operations and the information set forth in this Offering Memorandum may have changed since that date.

You should not consider any information in this Offering Memorandum to be investment, legal or tax advice. You should consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding purchasing the Notes. We are not, and the Initial Purchasers are not, making any representation to any offeree or purchaser of the Notes regarding the legality of an investment in the Notes by such offeree or purchaser under appropriate investment or similar laws. This Offering Memorandum is to be used only for the purposes for which it has been published.

By accepting delivery of this Offering Memorandum, you agree to the foregoing restrictions, to make no photocopies of this Offering Memorandum or any documents referred to herein and not to use any information herein for any purpose other than considering an investment in the Notes.

We obtained the market data used in this Offering Memorandum from internal surveys, industry sources and currently available information. Although we believe that our sources are reliable, you should keep in mind that we have not independently verified information we have obtained from industry and governmental sources and that information from our internal surveys has not been verified by any independent sources. See "*Market and Industry Data*".

The contents of our websites do not form any part of this Offering Memorandum.

We have made an application for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's Euro MTF Market. This Offering Memorandum constitutes a prospectus for the purposes of Part IV of the Luxembourg act dated July 10, 2005 on prospectuses for securities, as amended (the "**Luxembourg Prospectus Law**"). The Notes will not be offered to the public in Luxembourg.

The information set out in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including "*Description of the Notes*" and "*Book-Entry, Delivery and Form*", is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream Banking currently in effect. While we accept responsibility for accurately summarizing the information concerning Euroclear and Clearstream Banking, we accept no further responsibility in respect of such information.

The distribution of this Offering Memorandum and the offer and sale of the Notes may be restricted by law in certain jurisdictions. You must inform yourself about, and observe, any such restrictions. See "*—Notice to Certain European Investors*", "*Plan of Distribution*" and "*Transfer Restrictions*" elsewhere in this Offering Memorandum. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the Notes or possess or distribute this Offering Memorandum and must obtain any consent, approval or permission required for your purchase, offer or sale of the Notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. We are not, and the Initial Purchasers are not, making an offer to sell the Notes or a solicitation of an offer to buy any of the Notes to any person in any jurisdiction except where such an offer or solicitation is permitted.

IN CONNECTION WITH THIS OFFERING, CREDIT SUISSE SECURITIES (EUROPE) LIMITED, (THE "**STABILIZING MANAGER**") (OR AFFILIATES ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR AFFILIATES ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZING ACTION. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

NOTICE TO INVESTORS IN THE UNITED STATES

The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

The Notes are being offered and sold outside the United States in reliance on Regulation S and within the United States to "qualified institutional buyers" ("**QIBs**") in reliance on Rule 144A of the U.S. Securities Act ("**Rule 144A**"). Prospective purchasers are hereby notified that the sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of these and certain other restrictions on offers, sales and transfers of the Notes and the distribution of this Offering Memorandum, see "*Transfer Restrictions*".

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "**SEC**"), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense in the United States.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable state securities laws pursuant to registration thereunder or exemption therefrom. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

NOTICE TO CANADIAN INVESTORS

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

NOTICE TO CERTAIN EUROPEAN INVESTORS

European Economic Area

This Offering Memorandum has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area (the "**EEA**") (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. The expression "**Prospectus Directive**" means Directive 2003/71/EC on the prospectus to be published when the securities are offered to the public or admitted to trading (as amended, including by Directive 2010/73/EU, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State.

Prohibition of offers to EEA retail investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("**MiFID II**"); or (ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. No key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared. Offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Professional investors and ECPs only target market

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. The target market and distribution channel(s) may vary in relation to sales outside the EEA in light of local regulatory regimes in force in the relevant jurisdiction. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the Manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the Manufacturers' target market assessment) and determining appropriate distribution channels.

United Kingdom

The explicable provisions of the United Kingdom Financial Services and Markets Act 2000 (the "**FSMA**") must be complied with in respect of anything done in relation to the Notes in, from or otherwise

involving the United Kingdom. This Offering Memorandum is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) (high net-worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

Italy

The Offering has not been registered with the *Commissione Nazionale per la Società e la Borsa* ("**CONSOB**") (the Italian securities exchange commission), pursuant to Italian securities legislation. Accordingly, no Notes may be offered, sold or delivered, directly or indirectly nor may copies of this Offering Memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Initial Purchaser has represented and agreed that it has not offered sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes or distribute any copy of this Offering Memorandum or any other document relating to the Notes in Italy except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree no. 58 of 24 February 1998 (the "**Italian Securities Act**") and Article 34-*ter*, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the "**CONSOB Regulation on Issuers**"), each as amended from time to time; and

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Securities Act and CONSOB Regulation on Issuers.

Any offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in the Republic of Italy under paragraphs (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1st September 1993 (the "**Consolidated Banking Act**") and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time;

(ii) in compliance with Article 129 of the Consolidated Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time; and

(iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

Any investor purchasing the Notes is solely responsible for ensuring that any offer or resale of the Notes by such investors occurs in compliance with applicable laws and regulations.

For selling restrictions in respect of Italy, see also "—*European Economic Area*" above.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes "forward-looking statements" within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this Offering Memorandum, including, without limitation, those regarding our intentions, beliefs or current expectations concerning, among other things: our future financial conditions and performance, results of operations and liquidity; our strategy, plans, objectives, prospects, growth, goals and targets; future developments in the markets in which we participate or are seeking to participate; and anticipated regulatory changes in the industry in which we operate. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "project," "should" or "will" or, in each case, their negative, or other variations or comparable terminology.

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 Offering Memorandum. 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 Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Important risks, uncertainties and other factors that could cause these differences include, but are not limited to those relating to:

- our international operating structure, including our operations in emerging markets;
- levels of consumption of spirits and/or wine;
- fluctuations in the price and availability of the raw materials we use;
- our ability to protect our intellectual property and maintain its value;
- our ability to realize the anticipated business growth opportunities, revenue benefits, cost synergies, operational efficiencies and other benefits anticipated from businesses we have acquired, or may in the future acquire, and manage any unexpected liabilities related thereto;
- fluctuations in foreign currency exchange rates;
- fluctuations in energy and freight costs;
- consolidation in the spirits industry and the concentration of our customers and concentration of end-point distribution networks;
- the seasonality of certain of our businesses;
- our ability to remain technologically competitive, adapt to developments in technology and respond to changes in consumer requirements;
- our ability to effectively manage our inventory in line with customer and market needs and demands;
- the loss of one of our key manufacturing facilities;
- employee slowdown, strikes and similar actions;
- the impact of increased competition or industry-wide imbalances between supply and demand;
- defects in our products and our ability to address the cost of liabilities and/or reputational damage in connection therewith;
- maintaining compliance with current and future environmental and health and safety standards and regulations;
- complex litigation and disputes and any liabilities thereto;
- the use of hazardous substances used in certain of our facilities;
- our ability to attract and retain key members of management and other personnel;

- our international operating structure exposing us to various tax regimes;
- liabilities that may not covered by insurance;
- uncertain and/or unfavorable economic and/or political conditions;
- the United Kingdom's referendum on withdrawal from the European Union;
- civil disturbances, political instability and military action in Ukraine and Russia;
- disruptions to the operations of our computer or data processing systems;
- market perceptions concerning the instability of the euro;
- laws and other factors restricting the exchange of currencies or the expatriation of funds;
- exposure to the risk of violations of anti-corruption laws, sanctions or other similar regulations in the countries in which we operate;
- changes in International Financial Reporting Standards;
- liabilities or sanctions under Italian law with respect to Decree 231 (as defined herein);
- our status as a publicly listed company;
- minority shareholders of certain of our subsidiaries;
- our presentation of certain financial guidance that has been provided pursuant to Italian listing rules, which is inherently uncertain and may differ materially from actual prospective financial results;
- our ability to generate sufficient cash to meet our debt service obligations;
- our contingent liability in respect of a put option by our Ukrainian co-investor; and
- the other factors discussed in this Offering Memorandum.

The foregoing factors and others described under "*Risk Factors*" should not be construed as exhaustive. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. We urge you to read this Offering Memorandum, including the sections entitled "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry Overview*" and "*Business*", for a more complete discussion of the factors that could affect our future performance and the industry in which we operate.

Any forward-looking statements are only made as at the date of this Offering Memorandum and, except as required by law or the rules and regulations of any stock exchange on which the Notes are listed, we undertake no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Offering Memorandum, including those set forth under "*Risk Factors*".

MARKET AND INDUSTRY DATA

In this Offering Memorandum, we rely on and refer to information regarding our business and the market in which we operate and compete. The market data and certain economic and industry data and forecasts used in this Offering Memorandum were obtained from governmental and other publicly available information, independent industry publications and reports prepared by industry consultants. In addition to the foregoing, certain information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Offering Memorandum was estimated or derived based on assumptions we deem reasonable and from our own research, surveys or studies conducted by third parties and other industry or general publications. Industry publications and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. While we believe that each of these studies and publications is reliable, neither we nor the Initial Purchasers have independently verified such data and cannot guarantee their accuracy or completeness.

In many cases, there is no readily available external information (whether from trade associations, government bodies or other organizations) to validate market-related analyses and estimates, requiring us to rely on our own internally developed estimates regarding the industry in which we operate, our position in the industry, our market share and the market shares of various industry participants based on our experience, our own investigation of market conditions and our review of industry publications, including information made available to the public by our competitors. None of the Issuer, the Group or the Initial Purchasers can assure you of the accuracy and completeness of, or take any responsibility for, such data. Similarly, while we believe our internal estimates to be reasonable, these estimates have not been verified by any independent sources and neither we nor the Initial Purchasers can assure you as to their accuracy or the accuracy of the underlying assumptions used to estimate such data. Unless otherwise indicated, data on our market position and market share is based on volume or revenue, depending on the geography, in each case for the year ended December 31, 2016 available data reported by certain competitors and certain other assumptions and estimates regarding penetration of closures and aluminum screwcaps. Our estimates involve risks and uncertainties and are subject to change based on various factors. See "*Risk Factors*", "*Industry Overview*" and "*Business*" for further discussion.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Issuer

Space4 S.p.A. was an Italian special purpose acquisition company, incorporated as a *società per azioni* incorporated under the laws of the Republic of Italy on September 19, 2017 ("**Space4**") for the purpose of identifying and investing, in accordance with certain criteria, in a target company.

On July 31, 2018, Space4 acquired the majority stake in Guala Closures S.p.A., a *società per azioni* incorporated under the laws of the Republic of Italy on July 26, 2000 ("**Guala**"), and the business unit of GCL Holdings S.C.A. (Guala's direct parent and 100% shareholder at the time "**GCL**") that was transferred (together with certain other transactions, the "**Group Reorganization**") to a new indirect subsidiary of Guala in connection with the acquisition (the "**Acquisition**"). On August 6, 2018, Guala merged by incorporation into Space4 (the "**Merger**" and together with the Acquisition and other related transactions in connection with the Merger and the Acquisition, including the Management Share Capital Increase (as defined herein), the "**Business Combination**"). On the same date as the Merger, Space4 adopted Guala's corporate name, "Guala Closures S.p.A.", and the resulting entity's ordinary shares and market warrants were admitted to and started trading on the Star segment of the Italian Stock Exchange (*Mercato Telematico Azionario*). Therefore, the Issuer is Space4 (now called Guala Closures S.pA.).

For further information on the Business Combination referred to above, please see "*Certain Definitions*" and "*The Transactions*".

Financial Data

Financial statements

Guala

We have presented in this Offering Memorandum the historical consolidated financial information of Guala, comprising:

- the consolidated financial statements of Guala as of and for the year ended December 31, 2015, audited by the Independent Auditors, and the auditor's report thereto;
- the consolidated financial statements of Guala as of and for the year ended December 31, 2016, audited by the Independent Auditors, and the auditor's report thereto;
- the consolidated financial statements of Guala as of and for the year ended December 31, 2017, audited by the Independent Auditors, and the auditor's report thereto; and
- the unaudited condensed consolidated interim financial statements of Guala as of and for the six months ended June 30, 2018 and 2017.

The audited consolidated financial statements of Guala were prepared on the basis of a financial period ending on December 31 of each year, and are presented in euro. The audited consolidated financial statements of Guala have been prepared in accordance with IFRS as adopted by the European Union. Guala's unaudited condensed consolidated interim financial statements as of and for the six-months ended June 30, 2018 and 2017 have been prepared in accordance with IAS 34.

The consolidated income statement of Guala presented elsewhere in this Offering Memorandum for the year ended December 31, 2015 has been restated following the reclassification of capitalized development expenditure and extraordinary maintenance booked in 2015 as "Other operating income", which in 2016 was reclassified to the caption "Work performed by the Group and capitalized". See note 35 to Guala's audited consolidated financial statements as of and for the year ended December 31, 2016 for more information.

With respect to the unaudited interim condensed consolidated financial statements for the six months ended June 30, 2018, included herein, the Independent Auditors have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included in the Guala interim condensed consolidated financial statements for the six months ended June 30, 2018, and included herein, states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

The historical consolidated financial statements of Guala presented in this Offering Memorandum do not correspond to the entire perimeter of the Group as it was then operated during the periods prior to the

Acquisition. Prior to the Acquisition, the Group was managed by GCL as the parent company, which provided holding company and other management services to the Group and conducted certain research and development activities for and on behalf of the Group. Financial consolidation of the Group's financial statements prior to the Acquisition was performed at the level of GCL with consolidated financial statements prepared under IFRS and in accordance with Luxembourg generally accepted auditing standards. Consequently, the historical consolidated financial statements of Guala included elsewhere herein do not present the full income statement, balance sheet and cash flows of the Group prior to the Acquisition. In particular, the historical consolidated financial statements of GCL included the costs and income associated with parent company activities corresponding mainly to items booked under the line items "cost for services-third parties" and "personnel expense", management employed at the GCL level, net revenue, assets and liabilities associated with the Group's research and development activities and certain shareholder debt liabilities on the balance sheet of GCL which are not reflected in Guala's historical financial statements. Prospective investors are cautioned therefore that the historical financial information of Guala as presented herein may not be comparable to the Group's future results of operations. See "*Risk Factors—Risks related to our presentation of financial information—The perimeter of preparation of the Group following the Acquisition differs from the perimeter of preparation of the historical financial information of Guala included elsewhere in this Offering Memorandum and therefore may not be comparable*" and "*Unaudited Pro Forma Financial Information of the Issuer*".

For further information on the Acquisition referred to above, please see "*Certain Definitions*" and "*The Transactions*".

We also present in this Offering Memorandum summary financial information of Guala for the twelve months ended June 30, 2018, which is calculated by taking the results of operations of Guala for the six months ended June 30, 2018 and adding it to the results of operations for the full year ended December 31, 2017, and subtracting the results of operations for the six months ended June 30, 2017. The financial information for the twelve months ended June 30, 2018 is not necessarily indicative of the results that may be expected for the year ended December 31, 2018, and should not be used as the basis for or prediction of an annualized calculation.

We also present in this Offering Memorandum certain financial information that is on the basis of segment revenue by location. This information is based on the geographical location of the subsidiary of the Group that records the revenue and such information is reported to us on a monthly basis by each country where such segments are based.

Space4

This Offering Memorandum also contains the historical consolidated financial information of Space4, comprising:

- the consolidated financial statements of Space4 as of and for the year ended December 31, 2017, audited by the Independent Auditors, and the auditor's report thereto; and
- the unaudited condensed interim financial statements of Space4 as of and for the six months ended June 30, 2018,

which can be found elsewhere in this Offering Memorandum.

The audited financial statements of Space4 were prepared on the basis of a financial period ended on December 31, 2017, and are presented in euro. The audited financial statements of Space4 have been prepared in accordance with IFRS as adopted by the European Union. Space4's unaudited condensed interim financial statements as of and for the six months ended June 30, 2018 have been prepared in accordance with IAS 34, as adopted by the European Union.

Pro forma financial information

We present in this Offering Memorandum unaudited *pro forma* condensed consolidated financial information of the Issuer as of and for the year ended December 31, 2017 and as of and for the twelve months ended June 30, 2018, giving effect to the Transactions (as defined under "*Certain Definitions*"). See "*Unaudited Pro Forma Financial Information of the Issuer*".

The unaudited *pro forma* condensed consolidated statement of financial position of the Issuer as of June 30, 2018 is based on and derived from: (i) the unaudited condensed interim statement of financial position of Space4 as of June 30, 2018, prepared in accordance with IAS 34, as endorsed by the European

Union; and, (ii) the unaudited condensed interim consolidated statement of financial position of Guala as of June 30, 2018, prepared in accordance with IAS 34, as endorsed by the European Union.

The unaudited *pro forma* condensed consolidated income statement of the Issuer for the six months period ended June 30, 2018 is based on and derived from: (i) the unaudited interim condensed income statement of Space4 for the six months period ended June 30, 2018, prepared in accordance with IAS 34, as endorsed by the European Union; and, (ii) the unaudited interim condensed consolidated income statement of Guala for the six months period ended June 30, 2018, prepared in accordance with IAS 34, as endorsed by the European Union.

The unaudited *pro forma* condensed consolidated income statement of the Issuer for the period from September 19, 2017 to December 31, 2017 is based on and derived from: (i) the audited income statement of Space4 for the year ended December 31, 2017, prepared in accordance with IFRS, as endorsed by the European Union; and, (ii) the audited consolidated income statement of Guala for the year ended December 31, 2017, prepared in accordance with IFRS, as endorsed by the European Union.

The unaudited *pro forma* condensed consolidated income statement of the Issuer for the six months period ended June 30, 2017 is based on and derived from the unaudited interim condensed consolidated income statement of Guala for the six months period ended June 30, 2017, prepared in accordance with IAS 34, as endorsed by the European Union.

The unaudited *pro forma* condensed consolidated income statement of the Issuer for the twelve months ended June 30, 2018 has been prepared by taking the *pro forma* condensed consolidated income statement of the Issuer for the six months ended June 30, 2018 and adding it to the *pro forma* condensed consolidated income statement for the year ended December 31, 2017 and then substracting the *pro forma* condensed consolidated income statement for the six months ended June 30, 2017.

For purposes of preparing the unaudited *pro forma* condensed consolidated financial information, certain adjustments have been performed on the basis described above. The unaudited *pro forma* adjustments are based on currently available financial information and certain assumptions that we believe are reasonable.

We use *pro forma* profit margin which means *pro forma* profit for the period divided *by pro forma* net revenue for the period, expressed as a percentage.

The unaudited *pro forma* condensed consolidated financial information does not reflect any changes in the business of Guala or Space4 or any other changes arising from the Transactions since June 30, 2018.

Rounding adjustments have been made in calculating some of the *pro forma* financial information included herein. Figures shown as totals in some tables and elsewhere may not be exact arithmetic aggregations of the figures that precede them.

The unaudited *pro forma* condensed consolidated financial information of the Issuer for the year ended December 31, 2017 and as of and for the six months ended June 30, 2018 is presented in this Offering Memorandum for illustrative purposes only and should not be considered indicative of the actual results that would have been achieved had the Transactions been completed on the dates indicated and do not purport to indicate our future consolidated results of operations or financial position. The actual results may differ significantly from those reflected in the unaudited *pro forma* condensed consolidated financial information for a number of reasons, including, but not limited to, differences in assumptions used to prepare the unaudited *pro forma* condensed consolidated financial information.

The unaudited *pro forma* condensed consolidated financial information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. The unaudited *pro forma* condensed consolidated financial information is based upon available information and certain assumptions that we believe to be reasonable and give effect to events that are directly attributable to the transactions described therein and are factually supportable. Neither the assumptions underlying the *pro forma* adjustments nor the resulting *pro forma* financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

The unaudited *pro forma* condensed consolidated financial information should be read in conjunction with the information included elsewhere in this Offering Memorandum under the captions "*Use of Proceeds*", "*Capitalization*", "*Selected Historical Financial and Other Data of Guala*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the audited and unaudited financial statements of Guala referred to above under *"—Financial statements*", which are included elsewhere in this Offering Memorandum.

Financial reporting following the Transactions

In connection with the preparation of the audited consolidated financial statements as of and for the year ending December 31, 2018, the Issuer will apply purchase accounting adjustments in connection with the Transactions to make purchase price allocation and goodwill accounting required under IFRS 3—Business Combinations. The application of purchase accounting could result in different carrying values for existing assets and liabilities, which may include intangible assets, such as goodwill and different amortization and depreciation expenses. Due to these and other potential adjustments, certain values recorded in the subsequent financial statements of the Issuer could be materially different once the adjustments are made. See "*Risk Factors—Risks related to our presentation of financial information*".

Other financial measures

In this Offering Memorandum, we present certain non-IFRS measures, including Gross operating profit, Adjusted operating profit, Adjusted gross operating profit, and Net financial debt.

- We define Gross operating profit as operating profit before depreciation, amortization and impairment losses.
- We define Adjusted operating profit as operating profit as adjusted to remove the effects of certain non-recurring and non-core income and charges.
- We define Adjusted gross operating profit (Adjusted EBITDA) as earnings before interest, tax, depreciation, amortization and impairment losses, as adjusted to remove the effects of certain non-recurring and non-core income and charges.

We believe that Gross operating profit is a useful indicator of our ability to incur and service our indebtedness and can assist certain investors, security analysts and other interested parties in evaluating us. We believe that Adjusted operating profit and Adjusted gross operating profit (Adjusted EBITDA) are relevant measures for assessing our performance because they are adjusted for certain items which, we believe, are not indicative of our underlying operating performance and thus aid in an understanding of our Profit and Operating profit.

Gross operating profit, Adjusted operating profit, Adjusted gross operating profit (Adjusted EBITDA) and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing Gross operating profit, Adjusted operating profit and Adjusted gross operating profit (Adjusted EBITDA) as reported by us to Gross operating profit, Adjusted operating profit and Adjusted gross operating profit (Adjusted EBITDA) of other companies. Gross operating profit as presented here differs from the definition of "Consolidated EBITDA" contained in the Indenture as described under the captions "*Description of the Notes*", or for the purposes of any of our other indebtedness. The information presented by both Gross operating profit, Adjusted operating profit and Adjusted gross operating profit (Adjusted EBITDA) is unaudited and has not been prepared in accordance with IFRS or any other accounting standards. In addition, the presentation of these measures is not intended to and does not comply with the reporting requirements of the SEC. Compliance with the SEC's requirements would require us to make changes to the presentation of this information.

None of Gross operating profit, Adjusted gross operating profit (Adjusted EBITDA) nor Adjusted operating profit is a measurement of performance under IFRS and you should not consider Gross operating profit, Adjusted gross operating profit (Adjusted EBITDA) or Adjusted operating profit as an alternative to net income or operating profit determined in accordance with IFRS, as the case may be, or to cash flows from operations, investing activities or financing activities. Gross operating profit, Adjusted operating profit and Adjusted gross operating profit (Adjusted EBITDA) have limitations as analytical tools, and you should not consider them in isolation. Some of these limitations are:

- they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debt;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and Gross operating profit and Adjusted gross operating profit (Adjusted EBITDA) do not reflect any cash requirements that would be required for such replacements;

- some of the exceptional items that we eliminate in calculating Gross operating profit, Adjusted operating profit and Adjusted gross operating profit (Adjusted EBITDA) reflect cash payments that were made, or will in the future be made; and
- the fact that other companies in our industry may calculate Gross operating profit, Adjusted operating profit and Adjusted gross operating profit (Adjusted EBITDA) differently than we do, which limits their usefulness as comparative measures.

We also present Net revenue and Adjusted gross operating profit (Adjusted EBITDA) on a "constant currency" basis for certain periods which, with respect to the period-over-period discussion in the "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", was prepared by translating the results of a given period in each currency other than the euro, our reporting currency, applying the average exchange rate of such currency in the previous comparative period instead of applying the period end exchange rate as we do when preparing our consolidated results. Results represented on a constant currency basis do not represent the amount of cash received by the Group and it is not a recognized measure under IFRS. Although the Group does not believe that these measures are a substitute for IFRS measures in light of the significant translation effects of movements in exchange rates due to the international nature of the Group's business, the Group believes that computing Net revenue and Adjusted gross operating profit (Adjusted EBITDA) results for any given period on a constant currency basis is the most appropriate means to compare the Group's current results of operations against the previous year. The non-IFRS measures may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of the Group's operating results as reported under IFRS.

We also present the non-IFRS measure of Net working capital.

- We define Net working capital as accounts receivable, plus inventories, less accountants payable.

We use Net working capital to monitor cash flow generation. Net working capital is not a measure of liquidity under IFRS or U.S. GAAP and have limitations as an analytical tool, some of which are as follows:

- Net working capital does not deduct cash flows used in other financing activities;
- Net working capital does not deduct certain other items settled in cash; and
- other companies in the industries in which we operate may calculate Net working capital, or other similarly titled measures differently than us, limiting their usefulness as a comparative measure.

We also present the non-IFRS measures of Net financial debt and Net leverage ratio and you should not consider Net financial debt and Net leverage ratio as an alternative to Net financial position, total financial liabilities or net indebtedness determined in accordance with IFRS.

- Net financial debt consists of current and non-current financial liabilities net of unamortized debt issuance costs, less cash and cash equivalents. It does not include the liability in respect of a put option granted to holders of a minority interest in our Ukrainian subsidiary. (For further information on the put option, see note 14 to Guala's consolidated financial statements as of and for the year ended December 31, 2017 and note 13 to Guala's unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018. See "*Risk Factors—Risks related to our indebtedness—As of June 30, 2018, we have recorded a financial liability in the amount of €16.7 million in respect of a put option relating to 30% of the share capital of our Ukrainian subsidiary*".)
- Net leverage ratio is Adjusted gross operating profit divided by net financial debt.

Net financial debt and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing Net financial debt as reported by us to Net financial debt of other companies.

Finally, we also present in this Offering Memorandum *Pro forma* gross operating profit, *Pro forma* adjusted gross operating profit (*Pro forma* Adjusted EBITDA), *Pro forma* net financial debt and *Pro forma* net interest expense of the Issuer for the twelve months ended June 30, 2018. See "*Unaudited Pro Forma Financial Information of the Issuer*" for a description of the unaudited *pro forma* adjustments made thereto. *Pro forma* gross operating profit, *Pro forma* adjusted gross operating profit (*Pro forma* Adjusted EBITDA), *Pro forma* net financial debt and *Pro forma* net interest expense give *pro forma* effect to the Transactions and have been included for illustrative purposes only and do not purport to indicate our future consolidated results of operations.

Recent Accounting Pronouncements

The International Accounting Standards Board issued IFRS 16 ("**Leases**") in January 2016. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. It will remove the distinction between "operating leases", which are reported on a company's statement of profit or loss and "finance leases", which are reported on a company's statement of financial position. Under the new standard, a lease is defined as a contract that provides the right to use an asset for a period of time in exchange for consideration. Therefore, companies that are lessees are required to recognize a lease liability for the obligation to make lease payments for the right to use the underlying asset for the term of the lease. IFRS 16 will effectively require companies that are lessees, including us, to report all leases as assets and liabilities on their statements of financial position. It will become effective from January 1, 2019 but may be implemented by companies prior to this date. We are considering the changes required by IFRS 16 and expect to comply with such requirements by the time IFRS 16 comes into effect. We are currently analyzing the potential impact of the first-time application of this standard on the consolidated annual accounts. We have not yet completed the process, given the various transition options established by this standard for first-time application. Given that to carry out our activity we lease a large number of facilities and, to a lesser extent, other properties, for periods in excess of one year, the application of IFRS 16 in 2019 is expected to have a significant impact on our accounts. See also "*Description of the Notes—Certain Definitions—IFRS*" for information regarding the treatment of lease accounting under the covenants to be included in the Indenture.

For further Recent Accounting Pronouncements, please make reference to Note 2 (w) "*Standards, amendments and interpretations not yet applicable*" of the audited consolidated financial statements of Guala as of and for the year ended December 31, 2017.

Other Data

Certain numerical figures contained in this Offering Memorandum, including financial information and certain operating data, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform exactly to the total percentage given.

CERTAIN DEFINITIONS

In this Offering Memorandum, the following words and expressions have the following meanings, unless the context otherwise requires or unless otherwise so defined. In particular, capitalized terms set forth and used in the sections entitled "*Description of Other Indebtedness—Intercreditor Agreement*" and "*Description of the Notes*" may have different meanings from the meanings given to such terms and used elsewhere in this Offering Memorandum.

- "***2021 Notes***" means the €510,000,000 Floating Rate Senior Secured Notes due 2021 issued by Guala on November 11, 2016, which were redeemed on August 2, 2018.
- "***Acquisition***" means the acquisition by Space4 of Guala (and certain assets and net liabilities of GCL (Guala's direct parent and 100% shareholder at the time) that were transferred to a new indirect subsidiary of Guala in connection with the acquisition), which was completed on July 31, 2018, as further described under "*The Transactions—The Business Combination and Public Listing*".
- "***Agreed Security Principles***" means the Agreed Security Principles as set out in a schedule to the Revolving Credit Facility Agreement as in effect on the date hereof, as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer.
- "***Bridge Facility***" means the bridge facility of €450,000,000 made available under the Bridge Facility Agreement.
- "***Bridge Facility Agreement***" means the bridge facility agreement dated July 20, 2018 between, *inter alios*, the Issuer as the borrower and UniCredit Bank AG, Milan Branch as the agent.
- "***Business Combination***" means the Acquisition, the Merger and other related transactions in connection with the Acquisition and the Merger, including the Management Share Capital Increase, as further described under "*The Transactions—The Business Combination and Public Listing*".
- "***Calculation Agent***" means Deutsche Bank AG, London Branch.
- "***Clearstream***" means Clearstream Banking, S.A. (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg.
- "***Collateral***" means the rights, property and assets securing the Notes and the Notes Guarantees on a first-ranking basis as described below under the caption entitled "*Description of the Notes—Security*".
- "***Compound Annual Growth Rate***" or "***CAGR***" means the year over year growth rate of an investment over a specified period of time.
- "***CONSOB***" means the *Commissione Nazionale per law Società e la Borsa*, the Italian Securities Exchange Commission, with its registered office in Rome, at Via G.B. Martini, 3.
- "***Consolidated statement of comprehensive income***" means consolidated comprehensive income, profit or loss and other comprehensive income (expense).
- "***Constant currency basis***" has the meaning ascribed to it under "*Presentation of Financial and Other Information—Other financial measures*".
- "***Decree 231***" means the Italian Legislative Decree no. 231 of June 8, 2001.
- "***EU***" means the European Union.
- "***euro***", "***EUR***" and "€" means the lawful currency of the Participating Member States.
- "***Euroclear***" means Euroclear Bank SA/NV established under the laws of the Kingdom of Belgium.
- "***Eurozone***" means the member states of the EU participating in the European Monetary Union.
- "***Financing***" means the drawing of the Bridge Facility under the Bridge Facility Agreement to finance the redemption of the 2021 Notes and the entering into the Revolving Credit Facility Agreement to replace the Prior Revolving Credit Facility, each in connection with the Business Combination.
- "***GCL***" means GCL Holdings S.C.A. (prior to the Business Combination), a corporate partnership limited by shares (*société en commandite par actions*) incorporated under the laws of the Grand

Duchy of Luxembourg, having its registered office at 8A, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B-141.684.

- "***GCL Holdings S.C.A.***" means GCL after the Group Reorganization.
- "***Group***", "***we***", "***us***", "***our***" and such similar references mean Guala Closures S.p.A. and its consolidated subsidiaries prior to or after the Merger as the context may require or indicate. See "*The Transactions—The Business Combination and Public Listing*" for further information on the Merger.
- "***Group Reorganization***" means the transfer, in connection with the Business Combination and along with certain other related transactions, of the business unit (primarily the research and development activities) of GCL to a newly formed indirect subsidiary of the Issuer, GCL International S.à r.l.
- "***Guala***" means Guala Closures S.p.A. (prior to the Merger), a *società per azioni*, incorporated under the laws of the Republic of Italy on July 26, 2000, with its corporate seat and its principal executive offices located at Via Rana 12, Spinetta Marengo, Alessandria 15122, Italy, and registered with the *Registro delle Imprese of Alessandria* with registered number and tax identification number (*codice fiscale*) 13201120154. See "*The Transactions—The Business Combination and Public Listing*" for further information on the Merger.
- "***Guarantors***" collectively means Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures do Brasil Ltda., Guala Closures Ibérica S.A.U., Guala Closures International B.V., Guala Closures New Zealand Limited, Guala Closures U.K. Limited, and "***Guarantor***" refers to each of them.
- "***IFRS***" means the International Financial Reporting Standards as adopted by the European Union.
- "***Independent Auditors***" means KPMG S.p.A.
- "***Indenture***" means the indenture to be entered into on the Issue Date.
- "***Indian rupees***" or "₹"means the lawful currency of the Republic of India.
- "***Initial Purchasers***" collectively means Credit Suisse Securities (Europe) Limited, Banca Akros S.p.A.—Gruppo Banco BPM, Banca IMI S.p.A., Barclays Bank PLC, KKR Capital Markets Limited and UniCredit Bank AG, and ***"Initial Purchaser***" means each of them.
- "***Intercreditor Agreement***" means the intercreditor agreement entered into on July 20, 2018, by and among, *inter alios*, the Issuer and UniCredit Bank AG, Milan Branch, as security agent. See "*Description of Other Indebtedness—Intercreditor Agreement*" for further information.
- "***Issue Date***" means the date of original issuance of the Notes.
- "***Issuer***" means Guala Closures S.p.A. (after the Merger), a *società per azioni*, incorporated under the laws of the Republic of Italy on September 19, 2017, with its corporate seat and its principal executive offices located at Via Rana 12, Spinetta Marengo, Alessandria 15122, Italy. The Issuer is registered with the *Registro delle Imprese* of Alessandria with registered number and tax identification number (*codice fiscale*) 10038620968. See "*The Transactions—The Business Combination and Public Listing*" for further information on the Merger.
- "***Italian Civil Code***" means the Italian civil code (*codice civile*), enacted by Italian Royal Decree No. 262 of March 16, 1942, as subsequently amended and supplemented.
- "***Management Share Capital Increase***" has the meaning ascribed to it under "*The Transactions*".
- "***Market Warrants***" refers to the instruments described under "*Principal Shareholders—Warrants*".
- "***Merger***" means the merger by incorporation of Guala into Space4, which was completed on August 6, 2018, as further described under "*The Transactions—The Business Combination and Public Listing*".
- "***Notes Guarantees***" collectively means the guarantees issued by each of the Guarantors in respect of the Notes and "***Notes Guarantee***" refers to each of them.
- "***Paying Agent***" means Deutsche Bank AG, London Branch.
- "***Participating Member State***" means any member state of the EU that adopts or has adopted, and in each case continues to adopt, the euro as its lawful currency in accordance with legislation of the EU relating to Economic and Monetary Union.

- "***Peninsula***" means Peninsula Capital S.à r.l., a limited liability company (*société à responsabilité limitée*), having its registered office at Boulevard Grande-Duchesse Charlotte, no. 46, Luxembourg, the Grand Duchy of Luxembourg.
- "***Permitted Collateral Liens***" has the meaning ascribed to it under "*Description of the Notes—Certain Definitions*".
- "***PET***" means polyethylene terephthalate resin for packaging applications which often utilize a preform mold in the manufacturing process.
- "***Polish złoty***" means the lawful currency of the Republic of Poland.
- "***Pounds Sterling***," "***sterling***", "***British Pounds***", "***GBP***" and "***£***" refers to the lawful currency of the United Kingdom.
- "***Prior Revolving Credit Facility***" means the super senior €65,000,000 multi-currency revolving credit facility of Guala that was repaid and cancelled in connection with the Transactions, and replaced with the Revolving Credit Facility.
- "***Public Listing***" means the commencement of trading on August 6, 2018 of the ordinary shares of the Issuer on the Star segment of the Italian Stock Exchange (*Mercato Telematico Azioniario*), a regulated market organized and managed by Borsa Italiana S.p.A.
- "***Quaestio***" means Quaestio Capital SGR S.p.A., the management company of Quaestio Italian Growth Fund.
- "***Refinancing***" means the refinancing of the Bridge Facility with the net proceeds of the Notes and the payment of related fees and expenses in connection with such refinancing, including the Offering, as further described under "*The Transactions—The Refinancing*".
- "***Registrar***" means Deutsche Bank Luxembourg S.A.
- "***Revolving Credit Facility***" means the super senior €80,000,000 multi-currency revolving credit facility made available under the Revolving Credit Facility Agreement as described under "*Description of Other Indebtedness—Revolving Credit Facility*".
- "***Revolving Credit Facility Agreement***" means the revolving credit facility agreement dated July 20, 2018 between, *inter alios*, the Issuer as the borrower and UniCredit Bank AG, Milan Branch as the agent.
- "***Security Agent***" means UniCredit Bank AG, Milan Branch, which is also representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code.
- "***Security Documents***" has the meaning ascribed to it under "*Description of the Notes—Certain Definitions*".
- "***South African rand***" means the lawful currency of the Republic of South Africa.
- "***SPAC***" means a special purpose acquisition company, which is a shell company incorporated to raise capital through an initial public offering and be listed on a stock exchange with the purpose of then, within a predetermined timeframe, acquiring a target company or business in any form, including a business combination or a merger with the shares of the resulting entity then being listed on the stock exchange.
- "***Space4***" means Space4 S.p.A. (prior to the Merger), a SPAC, and a *società per azioni* incorporated under the laws of the Republic of Italy on September 19, 2017, with its registered office address at Via Mauro Macchi, no. 27, Milan, Italy and registered with the Companies' Register (*Registro delle Imprese*) of Milan under number 100038620968.
- "***Trustee***" refers to The Law Debenture Trust Corporation p.l.c., in its capacity as trustee and common representative (*rappresentante comune*) of the holders of the Notes pursuant to article 2417 and 2418 of the Italian Civil Code.
- "***Transactions***" means the Business Combination, the Financing and the Refinancing.
- "***Transfer Agent***" means Deutsche Bank Luxembourg S.A.
- "***Ukrainian hryvnia***" means the lawful currency of the Republic of Ukraine.

- "***United States***" or "***U.S.***" means the United States of America, its territories and possessions, and any state of the United States of America and the District of Columbia.
- "***U.S. dollars***", "***USD***" and "***$***" means the lawful currency of the United States of America.

EXCHANGE RATE AND CURRENCY INFORMATION

In this Offering Memorandum:

- **$**, "**dollar**" or "**U.S. dollar**" refers to the lawful currency of the United States; and
- **€** or "**euro**" refers to the single currency of the participating member states of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time.

The following tables set forth, for the periods indicated, the period end, period average, high and low Bloomberg Composite Rates expressed in U.S. dollars per €1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The Bloomberg Composite Rate of the euro on September 25, 2018 was $1.1773 per €1.00.

	Year ended December 31,			
	Period end	**Average[(1)]**	**High**	**Low**
	U.S. dollar per €1.00			
2013	1.3743	1.3285	1.3802	1.2780
2014	1.2098	1.3284	1.3934	1.2098
2015	1.0862	1.1098	1.2002	1.0496
2016	1.0517	1.1070	1.1534	1.0388
2017	1.2005	1.1300	1.2036	1.0405

	Month			
	Period end	**Average[(2)]**	**High**	**Low**
	U.S. dollar per €1.00			
March 2018	1.2324	1.2336	1.2440	1.2242
April 2018	1.2078	1.2274	1.2380	1.2078
May 2018	1.1693	1.1813	1.1993	1.1540
June 2018	1.1677	1.1880	1.2492	1.1125
July 2018	1.1705	1.1683	1.1747	1.1600
August 2018	1.1595	1.1547	1.1718	1.1342
September 2018 (through to September 25, 2018)	1.1773	1.1656	1.1773	1.1561

Notes:

(1) The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year.

(2) The average rate for each month presented is based on the average Bloomberg Composite Rate for each business day of such month.

The above rates differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Offering Memorandum. Our inclusion of the exchange rates is not meant to suggest that the euro amounts actually represent U.S. dollar amounts or that these amounts could have been converted into U.S. dollars at any particular rate, if at all.

SUMMARY

The following summary highlights selected information from this Offering Memorandum. It is not complete and does not contain all of the information that you should consider before investing in the Notes. You should read this Offering Memorandum carefully in its entirety, including the sections entitled "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Industry Overview" and "Business", as well as our historical consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum.

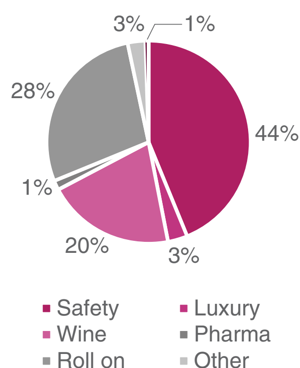
Overview

We believe that we are the world's leading producer of high value added closures for the spirits and wine industry. Through ongoing development and technological innovation, we believe that we are the top producer of non-refillable safety closures for the spirits industry with at least a 60% market share by volume of units sold worldwide, the leading global producer of aluminum screwcaps for wine closures with at least a 30% market share by volume of units sold and Europe's largest producer of roll on (standard) aluminum closures for wine, spirits and olive oil, in each case, in 2017. In aggregate, we operate from 27 plants, three sales offices and five research centers across 21 countries in five continents, and we sold over 14 billion closures in 100 countries in 2017.

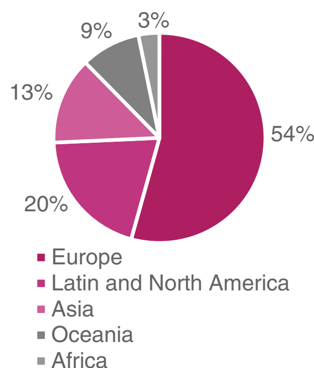
Our product lines include: Safety closures, Luxury closures, Wine closures, Pharma, Roll on (standard) closures, Other, and PET.

We serve a number of end markets and geographies. The following charts illustrate the breakdown of our net revenue for the year ended December 31, 2017 by product line and by geography, based on the location from which the product is sold by us.

Net revenue by product lines
December 31, 2017



Net revenue by geography
December 31, 2017



We believe that our global footprint and state of the art facilities, blue-chip customer base, technology and innovation and effective cost control provide us with a competitive advantage over other closures producers and create high barriers to entry in the markets in which we sell our products. Our position is further consolidated by our extensive intellectual property ("**IP**") portfolio, with, as of the end of 2017, over 140 active patents and other IP rights related to the design and manufacture of closures, and continuous product innovation (over 20 new products have been launched over the last three years).

By geography, we are the leading producer of safety closures by volume of units sold in a number of emerging markets, including Colombia, India, Mexico and Ukraine, and the leading manufacturer of aluminum screwcaps for wine closures in Argentina, Australia, New Zealand and Poland to serve the European market and in South Africa. Safety closures are primarily used in emerging markets where there is a high risk of counterfeiting of alcohol. Going forward, we believe we are well positioned to continue to maintain leading positions and benefit from the growth expected in most of these regions.

Our customer portfolio includes blue-chip major international and regional brands with whom we have built long-term relationships and have developed customized processes. We supply the top 10 premium spirits brands worldwide, including Smirnoff, Johnnie Walker, Bacardi, Jack Daniel's and Absolut. The breadth and diversity of our customer base results in no single brand accounting for more than 3% of our net revenue during the last three years.

For the twelve months ended June 30, 2018, giving effect to the Transactions, the Group generated *pro forma* net revenue of €542.5 million, *pro forma* operating profit of €63.6 million, *pro forma* profit of €3.8 million and *pro forma* Adjusted EBITDA of €109.9 million, resulting in a *pro forma* profit margin of 0.7% and a *pro forma* Adjusted EBITDA margin of 20.2%. We believe that these high margins, which historically have been consistently around 20% on an annual basis, are assisted by our raw material cost management and our ability to absorb raw material price fluctuations, global diversity and exposure to growth markets and ongoing management initiatives to improve production efficiencies.

In the last three years, we have experienced significant growth in our business. Guala's net revenue, operating profit, profit and Adjusted EBITDA have respectively increased from €521 million, €67 million, €1 million and €107 million in 2015 to €535 million, €76 million, €15 million and €111 million in 2017. Our growth has been primarily driven by (i) increasing penetration of branded spirits in emerging markets, (ii) the premiumization of locally produced spirits for the export market, (iii) increasing preference on the part of spirits suppliers in those countries towards safety closures to prevent counterfeiting and (iv) through the acquisition of local producers in certain key markets. In addition, we continue to grow our wine closures business, benefitting from the sustained growth in the aluminum closures market. We believe that there is strong future growth potential due to the greater use of safety closures in emerging markets and an increasing global trend in the wine industry towards the usage of aluminum screwcaps.

Our divisions and product classes

We have historically divided our operations into two categories: Closures and PET. The Closures division represents our core business, specialized in the following product lines: safety closures, luxury (decorative) closures, winecaps closures, pharmaceutical closures and other. The PET division mainly produces standard and custom molds, PET bottle and miniatures.

Safety closures

We believe that we are the world's leading producer of safety closures for spirits, with at least a 60% market share by volume of units sold worldwide. Our key customers include the largest global spirits distillers, such as Bacardi Martini, Brown-Forman, Diageo and Pernod Ricard. Safety closures are primarily made out of plastic and generally consist of 2 to 12 different components and are fitted with special devices to limit counterfeiting of the end product and to increase safety by making them tamper evident, non-refillable and leak-proof. Safety closures are primarily used by our customers when selling their products in emerging markets, where the risk of counterfeiting is highest.

In 2017, our safety closures product line generated net revenue of €234.3 million, representing 43.8% of our net revenue for the period.

Luxury (decorative) closures

We produce luxury closures, focused on aesthetic appeal and design which are customized plastic and aluminum closures for high-end spirits to meet customers' branding needs. The closures can be designed to suit all brand/market requirements.

In 2017, our Luxury closures product lines generated net revenue of €16.8 million, representing 3.1% of our net revenue for the period.

Wine closures

We believe that we are the leading producer of aluminum screwcaps for wine closures for the wine industry, with at least a 30% market share by volume of units sold. The market for aluminum screwcaps for wine closures continues to grow strongly as a result of the superior performance of aluminum closures compared to traditional cork closures. The market growth has been driven by the wine producers in New Zealand, Australia, Chile, Argentina and South Africa and is expected to be driven in the future by greater use of aluminum screwcaps for wine closures in Europe, the U.S. and Latin America, where we perceive significant potential for further growth.

In 2017, our wine closures product line generated net revenue of €108.8 million, representing 20.3% of our net revenue for the period.

Pharma

We introduced pharmaceutical closures as a new product line following the acquisition of Pharma Trade S.r.l. (now GCL Pharma S.r.l.) in 2009, as a strategic move into a complementary market segment, with similar characteristics in terms of production processes to safety closures for spirits.

In 2017, our Pharma product line generated net revenue of €7.8 million, representing 1.5% of our net revenue for the period.

Roll on (standard) closures

We believe that we are the largest producer of standard aluminum closures for spirits and wine in Europe. We also produce closures for mineral water and the olive oil and vinegar markets. Key spirits customers include Diageo and Pernod Ricard. In the oil market, our key customers include large producers such as Deoleo and Unilever. Roll on closures are primarily made out of aluminum and can typically comprise up to four different components.

In 2017, our Roll on closures product line generated net revenue of €149.2 million, representing 27.9% of our net revenue for the period.

Other

Other includes non-core sales (*i.e.,* the sale of aluminum scrap) and residual amounts not included in the foregoing product lines.

In 2017, Other generated net revenue of €15.1 million, representing 2.8% of our net revenue for the period.

PET

Our PET products include bottles, jars, and miniature flasks for drinks, as well as containers for cosmetics, beauty products, pharmaceuticals and food products. In 2017, our PET products generated €2.8 million in net revenue, representing 0.5% of our net revenue for the period. The PET division is no longer considered a core business of the Group.

The following table shows the distribution of our 2015, 2016 and 2017 net revenue by product line.

	Year ended December 31,		
	2015	2016	2017
	(€ in thousands)		
Safety	233,119	219,101	234,254
Luxury	15,645	16,054	16,826
Wine	95,879	97,611	108,757
Pharma	8,319	8,225	7,847
Roll on	150,680	143,099	149,218
Other	13,725	13,358	15,070
PET	3,165	2,820	2,847
Net Revenue	**520,533**	**500,268**	**534,819**

The table below illustrates the geographic distribution of net revenue for the years ended December 31, 2015, 2016 and 2017, and for the six months ended June 30, 2017 and 2018, based on the geographical location of production where the related net revenue is booked by us from product sales:

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	(€ in thousands)				
Europe	284,430	273,146	290,341	140,042	144,494
Latin and North America	96,589	89,276	106,988	45,978	46,570
Asia	70,356	74,768	71,916	32,692	39,752
Oceania	49,871	48,660	48,608	24,296	19,711
Africa	19,286	14,418	16,967	8,029	8,180
Net Revenue	**520,533**	**500,268**	**534,819**	**251,036**	**258,707**

Competitive strengths

We believe we have the following competitive strengths:

Leading positions in fast-growing markets for safety closures for spirits and roll on closures for wine

We believe we are the market leader in the production of safety closures for spirits with at least a 60% market share by volume of units sold worldwide, and the leading producer of aluminum screwcaps for wine closures for the wine industry with at least a 30% market share by volume of units sold. We also believe that we are a leading producer of aluminum closures for spirits in Europe. We estimate that in 2016 our market share for safety closures was six times greater than that of our nearest competitor. We believe that our market leadership positions are sustainable due to our commitment to quality, research and development efforts, proprietary production technologies, long-standing customer relationships, excellent customer service and brand recognition. For a spirits producer, packaging and brand are key elements in product identification and differentiation. We believe that our closures better enable our customers to differentiate and position their brands against their competitors.

We believe that the market for safety closures, particularly in emerging markets where premium brands are penetrating such markets, will continue to grow. See "*Industry Overview*". Safety closures help global manufacturers of spirits to protect against counterfeiting, particularly in emerging markets where the risk of counterfeiting is highest. For example, we believe that we are the leading manufacturer of safety closures in Colombia, India, Mexico and Ukraine. Both global and local manufacturers of spirits also use safety and luxury closures to differentiate their brands.

We also expect that the market for aluminum screwcaps for wine closures will continue to grow due to the advantages of aluminum screwcaps for wine closures over traditional cork closures. We believe that we are well placed to benefit from this growth because of our ability to cross-sell to manufacturers who also sell spirits, our capacity for decoration and design, the economies of scale permitted by the extent of our distribution network and the proximity of several of our plants to "New World" wine producers in Australia, New Zealand, South America and South Africa.

Technologically advanced facilities across the world

As the only safety closures producer with a global production network, we operate 27 production plants, in five continents, that incorporate advanced technologies, processing solutions, quality controls and state-of-the-art machinery. This production network allows us to provide high quality products in our key markets while limiting our labor costs.

Over the years we have developed proprietary production technologies that are crucial for the manufacture of technologically advanced closures. As customers increasingly demand more product customization, we believe that our facilities position us to adapt to this market trend and meet our customers' increasingly complex specifications.

The strength of our global presence and our established local relationships with industry players enhance our ability to launch new products in existing markets, to respond quickly to changing local trends and to play a proactive role in the development of new products and value added solutions that meet the requirements of customers across our geographic markets.

Long-standing blue chip customer relationships, high switching costs and diverse customer base

Our consistent product quality and customer service have allowed us to develop strong relationships with our customers, both in mature and emerging markets. We enhance customer loyalty through our research and development activities which are often driven by the specific business requirements of our customers. In particular, we have strong relationships with most of the large global producers of spirits, including Bacardi Martini, Brown Forman, Diageo and Pernod Ricard, and we work closely with individual brands owned by these producers. Due to the nature of bottle closures, we work in close partnership with spirits producers in the design and production of their end-products. For example, in recent years, we have developed the "Sunrise" safety closure for the Asian market, the "Florence" closure for Pernod Ricard's Ballantine's in both open pourer and non-refillable versions, the "Bikini" silver two piece closure for Campari's Skyy Vodka and the luxury quality "Ultis" closure for Pernod Ricard's Chivas Whiskey. In safety closures, we are typically the sole supplier for a particular brand in a particular region. No single brand accounted for more than 3% of our net revenue in 2015, 2016 or 2017.

As a result of the time and resources invested in joint product development activities with customers, we often receive recognition. For example, we received the distinguished WoldStar Award in the beverages category for our Sunrise closure in 2016 and two Alufoil trophies in 2017, one in relation to the re-design of Stolichnaya's products and the other for our state of the art decoration technology "3D embossing" for Salute Amaertto & Limoncello. We maintain strong relationships with the majority of our key customers, some of whom we have had business relations with for over 30 years.

We believe that the multinational scope of our operations and our ability to meet our customers' quality standards across geographic markets are increasingly important factors to our large global customers. In addition, our international presence allows us to operate in close physical proximity to our customers' production facilities and meet their product and design requirements with greater flexibility and at a more competitive price and quality than our competitors.

Highly differentiated product portfolio

We believe that one reason for our strong positioning in the global markets is the wide range of our product portfolio. Our safety closures, which are highly engineered packaging components generally consist of 2 to 12 different components, range from tamper evident seals to more sophisticated non-refillable devices covering the medium to high value added range of the closures market. Our luxury closures are made of both aluminum and plastic, are customized according to the requirements of our customers and can include ribbons, seals and unusual shapes and these are typically designed for high-end spirits produced in limited quantities. Our roll on closures and other product lines provide a range of products for spirits and mineral water and often provides an entry point for up-selling customers to other higher value added product lines. Our wine closures are made from aluminum and customers can choose whether or not to include a tamper evident band for protection against counterfeiting. Our pharma closures use some of the same technology but also feature rubber stoppers, PET vials, child proof and tear-off devices. Our research and development activities and our customer service functions enable us to improve all of these products and services in response to customer feedback.

Focus on innovation, technology and product development

We are committed to product research and development and we believe that we are a leading innovator in the closures industry, with a record of developing new and enhanced products with improved functionality and reliability. We protect our know-how by applying for patents and other intellectual property protections for our products and processes. As of the end of 2017, we had more than 140 active patents and other IP rights related to the design and manufacture of closures.

We operate research and development centers in Italy, Scotland, Mexico, Ukraine and Luxembourg. We believe that our developments allow us to derive a significant competitive advantage in our markets because more advanced products generally provide us with higher margins. During the last three years, we have launched over 20 new products. We also have developed proprietary manufacturing processes that help reduce our operating costs and improve our profitability. In certain cases, we work with our customers to develop new and more competitive products. By offering support and by providing the technical expertise and service needed to develop new products, we have enhanced our relationships with these customers.

Track record of successful acquisitions and integration efforts

Over the past two decades, our growth has been complemented through strategically identified acquisitions. In doing so, we have increased the number of geographical markets in which we operate, including Australia, Bulgaria, France, Poland, South Africa and Ukraine, and the types of products which we offer, including aluminum screwcaps for wine closures and pharmaceutical products. We believe that we have been successful at identifying and integrating acquired companies within the Group and at exploiting the synergies offered by such acquisitions. Our success in identifying and integrating acquisitions has contributed to the diversification of our geographic and product category profile and the maintenance of attractive margins.

Strong resilient profitability and cash flow conversion

Despite the effects of the weak global economic environment in prior years and adverse foreign exchange movements, Guala has demonstrated consistently strong performance in its levels of profit and

Adjusted EBITDA as well as its cash conversion rates, which reflects our success in tightly managing working capital and capital expenditure levels. We have achieved this partly due to growth through acquisitions but also from organic growth and, despite fluctuations in exchange rates and raw material prices. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

Experienced and committed management team

We benefit from the experience of our key management who each have over 30 years of experience in the industry. Management has consistently demonstrated its ability to develop our business by anticipating market trends and dynamics, creating significant added value for customers, and by penetrating new markets through organic growth and by acquiring and successfully integrating companies already operating in our industry. We took swift action in response to the weak global economic environment in past years, including headcount reductions, temporary plant shutdowns and exits from non-core markets. In recent years, management has continued to implement cost reduction measures and to improve cash flow management while pursuing our strategy to enter new markets and to consolidate through acquisitions.

Business strategy

We aim to maintain our market leadership and to continue growing our business and enhancing our profitability by growing our revenue, reducing our cost base and expanding our product portfolio. Our strategy to achieve these objectives includes the following key elements:

Increase sales in emerging markets through focus on safety closures

We believe we are the leading producer of safety closures by volume in each of Colombia, India, Mexico and Ukraine. We intend to continue our geographical expansion by consolidating our presence in these and other emerging markets through organic growth and selective acquisitions. According to third party reports, during the 2011 to 2016 period, the global value of consumption of spirits grew at a CAGR of 5.4%, from $509 billion in worldwide sales during 2011 to $662 billion in 2016. Growth going forward (2016-2021) is expected to be driven primarily by growth in emerging markets, including Africa (CAGR 8.2%), Asia Pacific Region (CAGR 6.7%), Latin America (CAGR 3.2%), and North America (CAGR 2.8%). See "*Industry Overview*".

According to our own estimates, the market for safety closures currently represents approximately 23% of the global spirits closures market with roll on (standard) closures accounting for the majority of the remaining market.

We expect significant growth for the safety closures segment in emerging markets. In recent years, these markets have experienced an increase in the consumption of branded spirits. We believe this has resulted in a greater demand for sophisticated anti-counterfeiting systems (such as our non-refillable safety closures) by the producers of such spirits. In addition, producers are increasingly using safety closures as a marketing tool to create a premium brand image through the use of exclusive packaging.

We believe that our leading position means that we are well placed to benefit from the expected future growth in emerging markets and in the safety closures market worldwide. We aim to take advantage of this trend by sustaining or increasing our shares of these markets, which in turn we intend to achieve by strengthening our relationships with drinks producers and by consolidating our presence and infrastructure in the relevant countries.

Invest in product development and cross-sell or up-sell high end products to existing customers

Competition in our key market segments is focused mainly on product quality, innovation and customer service. As a result, we believe that developing reliable products with innovative functional features, aesthetic appeal and other improvements are necessary for enhancing demand for our products. We plan to continue improving our product offering technologically and innovatively by developing (i) new ranges of safety closures that offer varying degrees of protection against counterfeiting while promoting our customers' brand images worldwide and (ii) new aesthetically appealing styles to complement existing products and meet the growing marketing requirements of our customers. We also encourage customers of our roll on (standard) closures to upgrade and convert to more sophisticated, aesthetic, luxurious and protective safety closures where appropriate.

Position the Group to benefit from ongoing growth in the market for wine closures

According to our estimates, the aluminum screwcaps for wine closures market grew from 5.2 billion pieces in 2011 to 6.7 billion pieces in 2016, driven primarily by increased usage in the U.S., Chile, Italy and France. The market is expected to continue on the growth path and grow to 7.8 billion pieces by 2021, representing a 3.2% CAGR between 2016 and 2021. We believe that aluminum winecaps today account for approximately 22% of all bottled wine worldwide and we believe that we are well positioned to capitalize on future growth in this industry, especially as large regions such as North America and Europe move towards greater usage of aluminum winecaps. See "*Industry Overview*". We believe we are one of the top producers of aluminum winecap closures, with at least a 30% market share by volume of units sold. We expect growth in the wine closures market to continue due to increasing end-consumer preference for aluminum closures rather than cork and we believe that our leading position in this market means we are well placed to benefit from this growth. We aim to take advantage of this trend by sustaining or increasing our share of this market, by strengthening our relationships with wine producers, particularly those which are also active in the spirits market, by developing new and aesthetically attractive closures, including closures with safety elements, and by consolidating our operations in the countries and regions where wine closures are purchased in large volumes.

Carry out further selected acquisitions in core and adjacent markets

During the last 10 years, we have grown both organically and through strategically identified acquisitions. In doing so we have increased the number of geographical markets in which we operate (for example, Australia, Bulgaria, France, Japan, Poland, Ukraine and South Africa) and the types of products which we offer. We believe that we have been successful at identifying and integrating acquired companies and at exploiting the synergies offered by such acquisitions.

We intend to continue to identify appropriate acquisitions where we consider it would help us consolidate our position in certain key geographical markets and potential new geographies that we view as underpenetrated markets as well as core and adjacent product markets, such as the pharmaceutical and label areas.

Further improve operational efficiency by optimizing manufacturing and the supply chain

We are continuing to optimize our production and supply chain network efficiency. To further improve the efficiency of our production processes we aim to (i) modernize and automate processes and product technologies, which we believe will enable us to respond promptly to evolving market needs, (ii) continually advance our production processes by implementing systems to monitor and improve our entire production cycles (the "continuous improvement" program) and (iii) hedge the risks of price fluctuation in the purchase price of aluminum through forward purchases on the London Metal Exchange through the use of hedging depending on the commodity price environment. We endeavor to leverage key focus platforms across the Group and improve profitability of selected sites opportunistically.

Continue prudent financial management, focusing on liquidity, deleveraging, net working capital and hedging of raw materials

We believe that the Group has benefited from prudent financial management throughout its history, with a particular focus on cost reduction and cash flow management.

We intend to use our cash flow generation capacity, and our Revolving Credit Facility, to maintain appropriate levels of liquidity and net working capital in order to enable us to respond to unexpected changes in economic conditions. We are also focused on deleveraging the Group's indebtedness over the medium to long term.

We will continue to monitor our capital expenditures carefully so as to benefit from favorable economic conditions and be able to take advantage of opportunities for acquisitions, and to continue to implement the Group's strategy, particularly in emerging markets. We will also continue to carefully monitor fluctuations in the prices of raw materials, both aluminum and plastics, and changes in prevailing currency exchange rates. We intend to manage raw material price fluctuations by hedging our exposures where appropriate and currency fluctuations by matching revenue to expenditure in each currency where possible.

The Transactions

The Business Combination and Public Listing

Space4 was an Italian SPAC, incorporated as a *società per azioni* under the laws of the Republic of Italy on September 19, 2017 for the purpose of identifying and completing the acquisition of a company, business or assets in any form, including a business combination or merger, whether or not in conjunction with the purchase or subscription of an equity ownership interest (minority or majority equity ownership interests as well as participating financing instruments). Its stated purpose was to focus on completing such a transaction in Italy with a privately held target company that has a strong international dimension. On December 21, 2017, Space4 completed an initial public offering of shares and warrants on the investment vehicles market (MIV), professional segment, a regulated market organized and managed by Borsa Italiana S.p.A., which raised €500 million of gross proceeds.

On April 16, 2018, the boards of directors of Guala, GCL (Guala's direct parent and 100% shareholder at the time) and Space4 approved (i) the acquisition by Space4, with co-investment by Peninsula, of the majority stake in Guala and the business unit of GCL that would be transferred (together with certain other transactions, the "**Group Reorganization**") to a new indirect subsidiary of Guala in connection with the acquisition (the "**Acquisition**"), (ii) the subsequent merger by incorporation of Guala into Space4 (the "**Merger**" and together with the Acquisition and other transactions related to the Merger and the Acquisition, including the Management Share Capital Increase (as defined below), the "**Business Combination**") and (iii) the admission to listing of the ordinary shares of the resulting entity (the Issuer) on the Star segment of the Italian Stock Exchange (*Mercato Telematico Azioniario*), a regulated market organized and managed by Borsa Italiana S.p.A. (the "**Public Listing**"). As required under Italian law, the Merger was then approved by the shareholders' meetings of Guala and Space4 on April 27, 2018 and May 28, 2018, respectively.

Space4, Peninsula and Quaestio, which was nominated as an additional buyer by Space4 in accordance with the sale and purchase agreement, completed the Acquisition on July 31, 2018. Concurrently, Guala completed, along with certain other transactions, a €25,000,000 share capital increase pursuant to which GCL, which was re-organized into becoming the investment vehicle of certain senior managers of Guala and their related parties (herein referred to as GCL Holdings S.C.A.), subscribed for additional shares issued by Guala (the "**Management Share Capital Increase**"). Space4 made an intercompany loan of €580,000,000 to Guala, using the cash remaining in Space4 after payment of its share of the Acquisition purchase price and drawings of €450,000,000 under the Bridge Facility made available to Space4 pursuant to the Bridge Facility Agreement. On August 2, 2018, Guala redeemed in full its existing €510,000,000 Floating Rate Senior Secured Notes due 2021 (the "**2021 Notes**") by using the funds lent to it by Space4. Guala also used some of such funds to repay the amounts outstanding under its €65,000,000 multicurrency revolving credit facility, made available pursuant to a senior facilities agreement dated October 10, 2008, as amended and restated from time to time, between, *inter alios*, Guala as borrower and UniCredit Bank AG, Milan Branch as the agent, which was replaced on August 2, 2018 with the Revolving Credit Facility, made available to Space4 pursuant to the Revolving Credit Facility Agreement.

The Merger was completed on August 6, 2018. On the same date, Space4 adopted Guala's corporate name, "Guala Closures S.p.A.", and transferred its registered office to Guala's registered office, Via Rana 12, 15122, Alessandria, Spinetta Marengo, Italy, and its ordinary shares and market warrants were admitted to and started trading on the Star segment of the Italian Stock Exchange (*Mercato Telematico Azioniario*). As of August 6, 2018, Guala therefore ceased to exist in its previous form and Space4 (now called Guala Closures S.p.A.) is the new parent company of the Group, the borrower under the Bridge Facility Agreement and the Revolving Credit Facility, and is the Issuer of the Notes offered pursuant to this Offering Memorandum.

As part of the Business Combination, the shares in Guala were exchanged, in accordance with a deed of merger, for shares in the Issuer. As of August 6, 2018, GCL Holdings S.C.A. (as the investment vehicle of certain senior managers of the Group and their related parties) held 24.28% of the voting rights exercisable in the general meetings of the shareholders of the Issuer.

Following the Transactions, as of June 30, 2018, the Issuer's *pro forma* net leverage ratio was 3.87x, compared to Guala's net leverage ratio of 5.14x, as of June 30, 2018, prior to the Business Combination.

See also "*Certain Definitions*", "*Management*", "*Principal Shareholders*" and "*Description of Other Indebtedness*".

The Refinancing

As described above, in connection with the Business Combination, the Issuer is the borrower under the Bridge Facility Agreement that provides for the €450.0 million Bridge Facility, which was drawn in full and used, along with other funds, to redeem the 2021 Notes and pay related fees and expenses.

The proceeds from the Offering will be used to refinance the Bridge Facility and to pay the costs, fees and expenses incurred in connection with such refinancing, including the Offering, and for general corporate purposes. See also "*Use of Proceeds*" and "*Capitalization*".

Sources and Uses of Proceeds

The gross proceeds from the sale of the Notes will be €455 million.

The gross proceeds from the issuance of the Notes will be applied on the Issue Date to repay the Bridge Facility pursuant to the Refinancing, for fees and expenses associated with the Refinancing, and for general corporate purposes.

The following table illustrates the estimated sources and uses. Actual amounts will vary from estimated amounts depending on several factors, including differences from our estimates of fees and expenses in connection with the Refinancing. See also "*Use of Proceeds*" and "*Capitalization*".

Sources of Funds	(in € millions)	Uses of Funds	(in € millions)
Notes offered hereby(1)	455.0	Refinance Bridge Facility(2)	450.0
		Estimated transaction fees and expenses and other payments(3)	1.6
		General corporate purposes(2)	3.4
Total Sources	**455.0**	**Total Uses**	**455.0**

Notes:

(1) Represents the gross proceeds from the Notes offered hereby. The proceeds from the issuance of the Notes will be applied on the Issue Date in connection with the Refinancing.

(2) The Bridge Facility will be repaid in full using the net proceeds of the Offering less €3.4 million of net proceeds that will be applied to general corporate purposes.

(3) Represents estimated fees and expenses associated with the Refinancing, including net underwriting and professional fees and transaction costs.

The Issuer

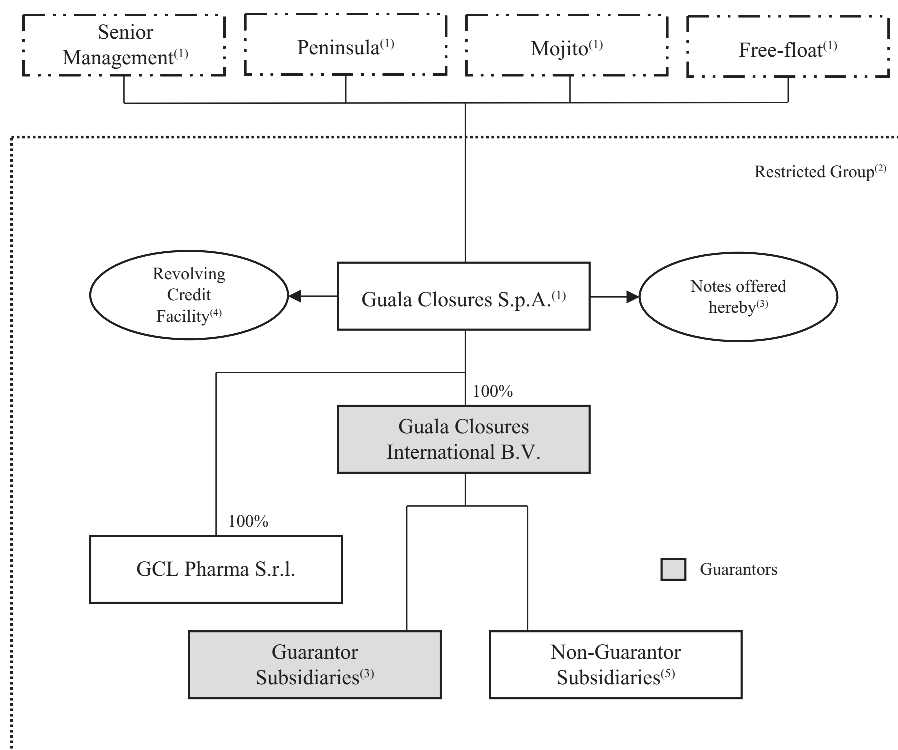
The Issuer is a *società per azioni*, incorporated under the laws of the Republic of Italy on September 19, 2017, with its corporate seat and its principal executive offices located at Via Rana 12, Spinetta Marengo, Alessandria 15122, Italy. The Issuer is registered with the *Registro delle Imprese* of Alessandria with registered number and tax identification number (*codice fiscale*) 10038620968. The Issuer is the entity resulting from the Merger (see "*The Transactions*").

Our Shareholders

The ordinary shares of the Issuer are listed on the Star segment of the Italian Stock Exchange (*Mercato Telematico Azionario)*. See "*Corporate Structure and Certain Financing Arrangements*", "*The Transactions*" and "*Principal Shareholders*" for further information.

CORPORATE STRUCTURE AND CERTAIN FINANCING ARRANGEMENTS

The following diagram summarizes our corporate structure and principal outstanding financing arrangements after giving effect to the Transactions, including the Refinancing. The diagram does not include all entities in the Group, nor all of the debt obligations thereof. For a summary of the debt obligations identified in this diagram, please refer to the sections entitled "*Capitalization*", "*Description of Other Indebtedness*", and "*Description of the Notes*" for further information.



Notes:

(1) Since August 6, 2018, the Issuer's shares have been listed on the Star segment of the Italian Stock Exchange (*Mercato Telematico Azioniario*). The shareholding information is on the basis of the contents of the shareholders' ledger and other information available to the Issuer and is as of August 6, 2018 (*i.e.,* the date of the Merger). "Senior Management" holds 24.28% of the voting rights exercisable in the general meeting of the shareholders of the Issuer through GCL Holdings S.C.A. GCL Holdings S.C.A., following the Business Combination, is the investment vehicle majority-owned and controlled by Mr. Marco Giovannini through which he, Francesco Bove, Anibal Diaz Diaz and Paolo Ferrari (other principal managers of the Group) and their related parties have investments in the shareholding of the Issuer. "Peninsula" holds 8.82% of the voting rights exercisable in the general meeting of the shareholders of the Issuer through PII G S.à r.l., an entity ultimately controlled by Peninsula Capital II S.à r.l. "Mojito" (an entity belonging to the private equity firm aPriori Capital Partners LP) holds 5.63% of the voting rights exercisable in the general meeting of the shareholders of the Issuer through GCL Holdings LP S.à r.l., an entity ultimately controlled by Mojito Luxco 2 GP in liquidation. Melville S.r.l., a company indirectly controlled by NB Renaissance Partners is a co-investor in GCL Holdings LP S.à r.l. The free-float has the remaining percentage of the voting rights exercisable in the general meeting of the shareholders of the Issuer, equal to 61.25% of the voting rights. Of the free-float, as of August 6, 2018, (i) Delfin holds 4.00% of the voting rights; (ii) Quaestio holds 3.34% of the voting rights; (iii) Space Holding S.r.l. holds 3.14% of the voting rights; (iv) Private Equity Opportunities Fund II SCS-SIF, Compartment B holds 0.76% of the voting rights. As of the date of this Offering Memorandum, on the basis of the communication received by Issuer in accordance with the provisions of the Italian Securities Act and the CONSOB Regulation on Issuers, we are not aware of any changes in the percentages held by our significant shareholders (*i.e.,* the shareholders holding a percentage of the voting rights at least equal to 5%). See "*The Transactions*" and "*Principal Shareholders*" for further information.

(2) The entities in the "Restricted Group" are subject to the covenants in the Revolving Credit Facility Agreement (providing for the Revolving Credit Facility) and will be subject to the covenants in the Indenture.

(3) The Notes will be senior secured obligations of the Issuer and will be guaranteed, on the earlier of (a) November 30, 2018 and (b) the date the Revolving Credit Facility receives the benefit of such guarantees, on a senior secured basis by each of the Guarantors, which will be Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures do Brasil Ltda., Guala Closures Ibérica S.A.U., Guala Closures International B.V., Guala Closures New Zealand Limited and Guala Closures U.K. Limited. The Notes Guarantees will be subject to limitations under applicable laws and may be released under certain circumstances. See "*Description of the Notes—Guarantees*" and "*Risk Factors—Risks related to the Notes and Notes Guarantees generally*" and "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain*

Insolvency Law Considerations". The Notes and the Notes Guarantees will be secured on a first priority basis (subject to the operation of the Agreed Security Principles, certain perfection requirements and any Permitted Collateral Liens) on the earlier of (a) November 30, 2018 and (b) the date on which the Revolving Credit Facility receives the benefit of such security: (i) over the entire issued share capital of each of Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures International B.V., Guala Closures New Zealand Limited and Guala Closures U.K. Limited; (ii) the issued share capital of Guala Closures DGS Poland S.A. and of Guala Closures Ukraine LLC that is owned by the Group; and, (iii) the assignment by way of security (or pledge) over certain receivables by and between the Issuer and any of its Restricted Subsidiaries, and by and between any Restricted Subsidiaries, arising under any intercompany loan in a principal amount of greater than €10.0 million and with a final maturity date in excess of 12 months. See "*Description of the Notes—Security*" and "*Description of Other Indebtedness—Intercreditor Agreement"* for further information. For the twelve months ended June 30, 2018, the Issuer and the Guarantors generated 40% of the Group's *pro forma* net revenue and 22% of the Group's *pro forma* Adjusted EBITDA and as of June 30, 2018, represented 77% of the Group's *pro forma* total assets. In addition, as of June 30, 2018, our non-Guarantor subsidiaries had €20.5 million of the Group's *pro forma* debt, excluding the put option in respect of Guala Closures Ukraine LLC. See "*Description of Other Indebtedness—Revolving Credit Facility*".

(4) A €80.0 million Revolving Credit Facility is currently available under the Revolving Credit Facility Agreement. The Revolving Credit Facility and will be guaranteed on a senior secured basis by the Issuer and each of the Guarantors that guarantee the Notes and within the same time period specified for the Notes under note (3) above. The Revolving Credit Facility will be secured by first ranking security interests granted on an equal and ratable first priority basis over the same assets that secure the Notes and Notes Guarantees described above in note (3). In the event of enforcement of the Collateral, the holders of the Notes will receive proceeds from the Collateral only after lenders under the Revolving Credit Facility and creditors of certain additional indebtedness that we may incur in future under credit facilities and certain hedging obligations (if any) have been repaid in full.

(5) The Issuer's subsidiaries that will not guarantee the Notes generated approximately 60% of the Group's *pro forma* net revenue and 78% of the Group's *pro forma* Adjusted EBITDA (in each case net of consolidation adjustments) for the twelve months ended June 30, 2018 and represented 23% of the Group's *pro forma* assets as of June 30, 2018. As of June 30, 2018, €20.5 million of the Group's *pro forma* indebtedness was outstanding at non-Guarantor subsidiaries, excluding the put option liability in respect of Guala Closures Ukraine LLC. See "*Risk Factors—Risks related to the Notes and Notes Guarantees generally—The Notes will be structurally subordinated to the liabilities of non-Guarantor subsidiaries*".

THE OFFERING

The following overview of the Offering contains basic information about the Notes, the Guarantees and the security. It is not intended to be complete and it is subject to important limitations and exceptions. For a more complete understanding of the Notes, the Guarantees and the security, including certain definitions of terms used in this overview, please see "Description of the Notes" and "Description of Other Indebtedness."

Issuer . . . . Guala Closures S.p.A., a *società per azioni*, incorporated under the laws of the Republic of Italy on September 19, 2017, with its corporate seat and its principal executive offices located at Via Rana 12, Spinetta Marengo, Alessandria 15122, Italy. The Issuer is registered with the *Registro delle Imprese* of Alessandria with registered number and tax identification number (*codice fiscale*) 10038620968.

Notes Offered . . . . €455.0 million aggregate principal amount of Floating Rate Senior Secured Notes due 2024.

Issue Price . . . . 100.0% plus accrued interest, if any, from the Issue Date.

Issue Date . . . . October 3, 2018.

Maturity Date . . . . April 15, 2024.

Interest Rate and Payment Date . . . . . The Notes will bear interest at a rate equal to three month EURIBOR (with a floor of 0%) plus 350 basis points, as determined by the Calculation Agent, payable in arrears on January 15, April 15, July 15 and October 15 of each year, commencing on January 15, 2019.

Denominations and Form . . . . The Notes will be issued in minimum denominations of €100,000 and any integral multiple of €1,000 in excess thereof. Notes in denominations of less than €100,000 will not be available. The Notes will be issued initially as global notes. Holders of Notes will hold the global notes through Euroclear and Clearstream. Please see "*Book-Entry, Delivery and Form*".

Ranking of the Notes . . . . The Notes:

- will rank as general senior secured obligations of the Issuer;
- will be *pari passu* in right of payment with any future indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including without limitation, the obligations under the Revolving Credit Facility;
- will rank senior to any existing or future indebtedness of the Issuer that is subordinated in right of payment to the Notes;
- will be guaranteed on a senior basis by all of the Guarantors;
- will be secured by the Collateral and effectively subordinated to any existing or future indebtedness of the Issuer that is secured by property or assets of the Issuer that do not secure the Notes, to the extent of the value of such property or assets;
- will be effectively junior to any existing and future indebtedness of the Issuer that will receive proceeds from any enforcement action over the assets securing the Notes on a priority basis, including indebtedness under the Revolving Credit Facility, and certain other future indebtedness or hedging obligations; and

	• will be structurally subordinated to all obligations of the Issuer's subsidiaries that are not Guarantors. For the twelve months ended June 30, 2018, the Issuer and the Guarantors generated 40% of the Group's *pro forma* net revenue and 22% of the Group's *pro forma* Adjusted EBITDA and as of June 30, 2018, represented 77% of the Group's *pro forma* total assets (in each case net of consolidation adjustments). In addition, as of June 30, 2018, our non-Guarantor subsidiaries had €20.5 million of the Group's *pro forma* debt, excluding the put option in respect of Guala Closures Ukraine LLC.
Guarantees	The Issuer's obligations under the Notes and the Indenture will be jointly and severally guaranteed, on the earlier of (a) November 30, 2018 and (b) the date on which the Revolving Credit Facility receives the benefit of such guarantees, on a senior basis by Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures do Brasil Ltda., Guala Closures Ibérica, S.A.U., Guala Closures International B.V., Guala Closures New Zealand Limited and Guala Closures U.K. Limited. The Notes Guarantees will be subject to legal and contractual limitations, and may be released in certain circumstances. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*".
Ranking of the Guarantees	The Notes Guarantee of each Guarantor: • will be a general senior obligation of that Guarantor; • will rank *pari passu* in right of payment to any existing or future indebtedness of that Guarantor that is not subordinated in right of payment to the Notes Guarantee of that Guarantor, including the obligations under the Revolving Credit Facility; and • will rank senior in right of payment to any future indebtedness of that Guarantor that is subordinated in right of payment to the Notes Guarantee of such Guarantor. The Notes Guarantees will be subject to the terms of the Intercreditor Agreement. See "*Description of Other Indebtedness—Intercreditor Agreement*".
Security	The Notes will be secured on a first-ranking basis by the Collateral, subject to the Agreed Security Principles, certain perfection requirements and any Permitted Collateral Liens, over the same rights, property and assets that will secure the Revolving Credit Facility and certain hedging obligations. The Intercreditor Agreement will provide that lenders under our Revolving Credit Facility and counterparties to certain hedging obligations (if any) will receive the proceeds from the enforcement of the Collateral in priority to holders of the Notes. See "*Description of the Notes—Security*" and "*Description of Other Indebtedness—Intercreditor Agreement*" for further information. Liens on the rights, property and assets securing the Notes shall comprise the following (together, the "**Collateral**") on the

earlier of (a) November 30, 2018 and (b) the date on which the Revolving Credit Facility receives the benefit of such security:

- over the entire issued share capital of each of Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures International B.V., Guala Closures New Zealand Limited and Guala Closures U.K. Limited;
- the issued share capital of Guala Closures DGS Poland S.A. and of Guala Closures Ukraine LLC that is owned by the Group; and
- the assignment by way of security (or pledge) over certain receivables by and between the Issuer and any of its Restricted Subsidiaries, and by and between any Restricted Subsidiaries, arising under any intercompany loan in a principal amount of greater than €10.0 million and with a final maturity date in excess of 12 months.

See also "*Risk Factors—Risks related to the Notes and the Notes Guarantees generally—The Notes will not be initially guaranteed by the Guarantors or secured by the Collateral*".

The security interests securing the Notes may be released under certain circumstances. See "*Risk Factors—Risks Related to the Notes and Notes Guarantees generally,*" "*Description of Other Indebtedness—Intercreditor Agreement*" and "*Description of the Notes—Security—Release of Liens*".

All Collateral shall be subject to the operation of the Agreed Security Principles, certain perfection requirements and any Permitted Collateral Liens (as defined in the "*Description of the Notes*"). See "*Description of the Notes—Security*".

Subject to certain conditions, including compliance with the covenant described under "*Description of the Notes—Certain Covenants—Impairment of Security Interest*," the Collateral may also secure other indebtedness, including on a basis junior, senior or *pari passu* to the Notes, and the Issuer, the Issuer and its Restricted Subsidiaries shall be permitted to grant security over the Collateral in connection with future issuances of their indebtedness or indebtedness of the Issuer and its Restricted Subsidiaries, including any additional notes, as permitted under the Intercreditor Agreement.

See "*Description of Other Indebtedness—Intercreditor Agreement*", "*Description of the Notes—Security*" and "*Limitations of Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*".

The security interests securing the Notes may be limited by applicable law or subject to certain defenses that may limit their validity and enforceability. For more information, see "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*".

Intercreditor Agreement . . . . The Issuer and the Security Agent, among others, are party, and the Trustee will upon the Issue Date, and each Guarantor will upon the date on which it grants its Notes Guarantee, become party, to the Intercreditor Agreement, which sets out, among

	other things, the relative priorities of their entitlement and certain other matters relating to the administration of the Notes Guarantees and security interests. See "*Description of Other Indebtedness—Intercreditor Agreement*".
Additional Amounts	All payments paid by or on behalf of the Issuer, any Guarantor or any surviving entity under or with respect to the Notes or any guarantee under the Notes will be made free and clear of, and without withholding or deduction for or on account of, any present or future tax, duty, levy, impost, assessment or other governmental charges (including, without limitation, penalties, interest and other similar liabilities related thereto) of whatever nature imposed or levied by or on behalf of any jurisdiction in which the Issuer, any Guarantor or, if applicable, any surviving entity is incorporated, organized or otherwise resident for tax purposes or from or through which any of the foregoing makes any payment on the Notes or by any taxing authority therein or political subdivision thereof, unless such withholding or deduction is required by law or by the interpretation or administration of law. If any such withholding or deduction is required, the Issuer, the Guarantors or surviving entity, as the case may be, will pay such additional amounts as may be necessary to ensure that the net amount received after such withholding or deduction will be not less than the amount that would have been received if such taxes had not been required to be withheld or deducted, subject to certain exceptions. See "*Description of the Notes—Withholding Taxes*". Subject to and as set out in "*Description of the Notes—Withholding Taxes*," the Issuer will not be liable to pay any additional amounts to holders of the Notes in relation to any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as the same may be amended, or supplemented from time to time) or pursuant to Legislative Decree No. 461 of November 21, 1997 (as the same may be amended, or supplemented from time to time) where the Notes are held by a person resident in a country that does not allow for satisfactory exchange of information with Italy (as per the Ministerial Decree of the Minister of Economy and Finance of September 4, 1996 as amended, supplemented and replaced) or once effective, any other decree that will be issued in the future under Article 11(4)(c) of Decree No. 239 of April 1, 1996) and otherwise in the circumstances as described in "*Description of the Notes—Withholding Taxes*".
Optional Redemption	Prior to October 15, 2019, the Issuer may redeem some or all of the Notes by paying 100% of the principal amount of the relevant Notes plus a make-whole premium, and at any time on or after October 15, 2019, at the redemption prices set forth in this Offering Memorandum.
Optional Redemption for Taxation Reasons	In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of the Notes at 100% of the principal amount thereof, plus accrued and unpaid interest to the date of redemption. Please see "*Description of the Notes— Redemption for Taxation Reasons*".
Change of Control	Upon the occurrence of certain events constituting a "change of control," the Issuer will be required to offer to repurchase all

	outstanding Notes at a purchase price in cash of 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest, if any, to the date of purchase.
Certain Covenants	The Indenture will contain covenants that, among other things, limit the ability of the Issuer and its restricted subsidiaries to: • incur or guarantee additional indebtedness and issue certain preferred stock; • pay dividends, redeem capital stock and make certain investments; • make certain other restricted payments; • create or permit to exist certain liens; • impose restrictions on the ability of its subsidiaries to pay dividends or make other payments to us; • dispose of its assets; • merge or consolidate with other entities; and • impair the security interests for the benefit of the holders of the Notes. Each of these covenants is subject to a number of important limitations and exceptions as described under "*Description of the Notes—Certain Covenants*".
Transfer Restrictions	The Notes and the Notes Guarantees have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. We have not agreed to, or otherwise undertaken to, register the Notes (including by way of an exchange offer).
Use of Proceeds	The proceeds from the issuance of the Notes will be applied on the Issue Date in connection with the Refinancing to (i) refinance the Bridge Facility; (ii) pay fees and expenses associated with the Refinancing, including underwriting and professional fees and transaction costs; and (iii) for general corporate purposes. See "*Use of Proceeds*".
No Established Market for the Notes	The Notes will be new securities for which there is no existing market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
Listing	Application has been made to have the Notes listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF.
Governing Law	The Indenture and the Notes will be governed by the laws of the State of New York. The Intercreditor Agreement is governed by English law. The security documents will be governed by applicable local law for each security interest as described under "*Description of the Notes*".
Trustee	The Law Debenture Trust Corporation p.l.c.

Paying Agent and Calculation Agent	Deutsche Bank AG, London Branch.
Luxembourg Listing Agent, Transfer Agent and Registrar	Deutsche Bank Luxembourg S.A.
Security Agent	UniCredit Bank AG, Milan Branch.
Risk Factors	Investing in the Notes involves substantial risks. You should consider carefully all the information in this Offering Memorandum and, in particular, you should evaluate the specific risk factors set forth in the "*Risk Factors*" section of this Offering Memorandum before making a decision whether to invest in the Notes.

SUMMARY HISTORICAL FINANCIAL INFORMATION AND OTHER DATA

The summary consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows data of Guala set forth below as of and for the years ended December 31, 2015, 2016 and 2017 were derived from the audited consolidated financial statements and the notes thereto of Guala, prepared in accordance with IFRS, as adopted by the EU, and included elsewhere in this Offering Memorandum. The consolidated financial statements including the notes thereto of Guala have been audited by the Independent Auditors for the years ended December 31, 2015, 2016 and 2017 as set forth in their auditors' reports included elsewhere in this Offering Memorandum. The summary consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows data of Guala set forth below as of and for the six months ended June 30, 2017 and 2018 were derived from the unaudited condensed consolidated interim financial statements and the notes thereto of Guala, prepared in accordance with IAS 34 as adopted by the EU. The financial information of Guala for the twelve months ended June 30, 2018 has been calculated by taking the results of operations for the six months ended June 30, 2018 and adding it to the results of operations for the full year ended December 31, 2017, and subtracting the results of operations for the six months ended June 30, 2017.

The historical consolidated financial statements of Guala presented in this Offering Memorandum do not correspond to the entire perimeter of the Group as it was then operated during the periods prior to the Acquisition. In particular, the historical consolidated financial statements of GCL as included the costs and income associated with parent company activities corresponding mainly to items booked under the line items "costs for services–third parties" and "personnel expense" and management employed at the GCL level, assets, net revenue and liabilities associated with the Group's research and development activities and certain shareholder debt liabilities on the balance sheet of GCL which are not reflected in Guala's historical financial statements. Prospective investors are cautioned therefore that the historical financial information of Guala as presented herein may not be comparable to the Group's future results of operations. See "*Risk Factors—Risks related to our presentation of financial information*" and "*Unaudited Pro Forma Financial Information of the Issuer*".

The summary unaudited *pro forma* condensed consolidated financial information in respect of the Issuer presented in the tables below provide certain financial information on an as adjusted basis to give effect to the Transactions, including the issuance of the Notes offered hereby and the application of the proceeds thereof as described in "*Use of Proceeds*". The *pro forma* financial information has been prepared for illustrative purposes only and does not represent what our actual results would have been had the issuance of the Notes and the application of the proceeds thereof occurred on July 1, 2017 or what our actual net financial debt would have been had the issuance of the Notes and the application of the net proceeds thereof occurred on June 30, 2018; nor does it purport to project our net financial debt or net financial expenses at any future date. The *pro forma* financial information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the *pro forma* adjustments nor the resulting *pro forma* financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

The following information should be read in conjunction with the information contained in "*Presentation of Financial and Other Information*", "*Unaudited Pro Forma Financial Information of the Issuer*", "*Capitalization*", "*Use of Proceeds*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Selected Historical Financial Information and Other Data of Guala*" and the consolidated financial statements and the notes thereto for Guala included elsewhere in this Offering Memorandum.

Consolidated Statement of Comprehensive Income Data of Guala

	For the year ended December 31,			For the six months ended June 30,		For the 12 months ended June 30,
	2015[(1)]	2016	2017	2017	2018	2018[(2)]
	(€ in thousands)					
Net revenue	**520,533**	**500,268**	**534,819**	**251,036**	**258,707**	**542,490**
Change in inventories of finished goods and semi-finished products	3,066	1,279	6,850	14,294	11,909	4,465
Other operating income	4,783	3,938	4,326	2,368	1,644	3,602
Work performed by the Group and capitalized	5,936	6,615	4,908	3,125	2,905	4,688
Cost for raw materials	(233,336)	(218,436)	(235,927)	(119,190)	(124,186)	(240,923)
Costs for services—third parties	(90,432)	(86,515)	(93,128)	(47,233)	(50,698)	(96,593)
Cost for services—related parties	(1,548)	(4,663)	(5,132)	(3,199)	(2,920)	(4,853)
Personnel expense	(92,912)	(90,282)	(96,825)	(48,994)	(49,018)	(96,849)
Other operating expense	(11,259)	(9,897)	(10,364)	(5,241)	(5,496)	(10,619)
Amortization, depreciation and impairment losses	(37,547)	(30,865)	(33,213)	(15,712)	(15,981)	(33,482)
Operating profit	**67,284**	**71,443**	**76,315**	**31,253**	**26,867**	**71,929**
Financial income	11,081	8,701	8,341	3,290	5,239	10,290
Financial expense	(55,242)	(50,197)	(49,106)	(23,189)	(25,979)	(51,896)
Profit (loss) before taxation	**23,123**	**29,947**	**35,551**	**11,355**	**6,127**	**30,323**
Income taxes	(22,468)	(19,681)	(20,417)	(8,272)	(7,060)	(19,205)
Profit (loss) for the period	**655**	**10,266**	**15,133**	**3,083**	**(933)**	**11,117**

Note:

(1) 2015 figures were restated since capitalized development expenditure and extraordinary maintenance booked in 2015 as "Other operating income" have been reclassified to the caption "Work performed by the Group and capitalized".

(2) Financial information of Guala for the twelve months ended June 30, 2018 has been calculated by taking the results of operations for the six months ended June 30, 2018 and adding it to the results of operations for the full year ended December 31, 2017, and subtracting the results of operations for the six months ended June 30, 2017.

Consolidated Statement of Cash Flows Data of Guala

	For the year ended December 31,			For the six months ended June 30,		For the 12 months ended June 30,
	2015	2016	2017	2017	2018	2018[(1)]
	(€ in thousands)					
Cash flows generated by operating activities	91,248	71,808	55,258	9,860	7,440	52,838
Cash flows used in investing activities	(22,142)	(32,189)	(38,386)	(16,590)	(14,558)	(36,354)
Cash flows used in financing activities	(39,939)	(46,619)	(28,588)	(18,141)	(11,213)	(21,660)
Net cash flows for the period	**29,167**	**(6,999)**	**(11,716)**	**(24,871)**	**(18,331)**	**(5,176)**

Note:

(1) Financial information of Guala for the twelve months ended June 30, 2018 has been calculated by taking the cash flows for the six months ended June 30, 2018 and adding it to the cash flow for the full year ended December 31, 2017, and subtracting the cash flows for the six months ended June 30, 2017.

Consolidated Statement of Financial Position Data of Guala

	As of December 31,			As of June 30,	
	2015	2016	2017	2017	2018
	(€ in thousands)				
Total current assets	227,777	226,399	244,791	234,031	253,434
Total non-current assets	571,004	662,824	664,231	662,481	659,371
Total assets	**798,780**	**889,223**	**909,022**	**896,512**	**912,805**
Total current liabilities	115,818	116,611	128,994	124,127	137,156
Total non-current liabilities	524,105	611,373	620,167	614,278	623,534
Total liabilities	**639,923**	**727,984**	**749,161**	**738,405**	**760,690**
Total equity	**158,857**	**161,239**	**159,861**	**158,107**	**152,115**
Total liabilities and equity	**798,780**	**889,223**	**909,022**	**896,512**	**912,805**

Non-IFRS Financial Information of Guala

	As of and for the year ended December 31,			As of and for the six months ended June 30,		For the 12 months ended June 30,
	2015	2016	2017	2017	2018	2018
	(€ in thousands)					
Gross operating profit[(1)]	104,830	102,308	109,528	46,965	42,848	105,411
Adjusted EBITDA[(2)]	106,706	103,002	111,281	47,824	46,562	110,019

Notes:

(1) We define gross operating profit as operating profit before depreciation, amortization and impairment losses as shown on our consolidated statement of comprehensive income. In evaluating gross operating profit, you should be aware that, as analytical tools, gross operating profit is subject to certain limitations. See "*Presentation of Financial and Other Information—Other financial measures*". Gross operating profit is not a measurement of performance or liquidity under IFRS and you should not consider gross operating profit as an alternative to (a) operating income or net income (as determined in accordance with IFRS) as a measure of our operating performance, (b) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance or liquidity under IFRS or generally accepted accounting principles. Gross operating profit as presented differs from the definition of "Consolidated EBITDA" to be contained in the Indenture and that is contained in the Revolving Credit Facility Agreement (providing for the Revolving Credit Facility). The following is a reconciliation of operating profit to gross operating profit for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,		For the 12 months ended June 30,
	2015	2016	2017	2017	2018	2018
	(€ in thousands)					
Operating profit	67,284	71,443	76,315	31,253	26,867	71,929
Amortization, depreciation and impairment losses	37,547	30,865	33,213	15,712	15,981	33,482
Gross operating profit	**104,830**	**102,308**	**109,528**	**46,965**	**42,848**	**105,411**

(2) Adjusted EBITDA refers to profit/(loss) before income taxes, net financial expense, amortization, depreciation and impairment losses as further adjusted to remove the effects of certain non-recurring and non-core items described in the table below that we do not consider to be indicative of our ongoing operating performance. Adjusted EBITDA is not a measurement of performance or liquidity under IFRS and you should not consider Adjusted EBITDA as an alternative to (a) operating income or net income (as determined in accordance with IFRS) as a measure of our operating performance, (b) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance or liquidity under IFRS or generally accepted accounting principles. For more information on non-recurring and non-core items, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Principal Factors Affecting Our Results of Operations—Non-recurring and non-core income and expense*". The following table shows the adjustments and estimates we have made to arrive at Adjusted EBITDA:

	For the year ended December 31,			For the six months ended June 30,		For the 12 months ended June 30,
	2015	**2016**	**2017**	**2017**	**2018**	**2018**
	(€ in thousands)					
Profit (loss)	655	10,266	15,133	3,083	(933)	11,117
Income taxes	22,468	19,681	20,417	8,272	7,060	19,205
Net financial expense	44,161	41,496	40,764	19,898	20,740	41,607
Amortization, depreciation and impairment losses	37,547	30,865	33,213	15,712	15,981	33,482
Non-recurring and non-core items						
Tax penalties and related consultancy fees(i)	—	—	610	257	—	353
Release of tax penalties and consultancy fees related to tax issues(ii)	(703)	—	—	—	—	—
Costs related to significant production accidents(iii)	—	—	681	442	—	239
Operating expenses related to discontinued plant(iv)	629	161	129	69	102	162
Merger and acquisition ("M&A") expenses(v)	14	245	305	—	171	476
Restructuring expenses(vi)	1,935	288	28	91	802	739
Due diligence and other exit expense(vii)	—	—	—	—	2,640	2,640
Adjusted EBITDA	**106,706**	**103,002**	**111,281**	**47,824**	**46,562**	**110,019**

(i) Costs related to tax audit at Guala.

(ii) Gain from release of tax penalties and consultancy fees related to tax audit at Guala.

(iii) Costs related to investigation costs, advisory costs and settlement with dependents of employee following production accident.

(iv) Costs related to operating expenses at discontinued plant at Torre d'Isola, Italy.

(v) Costs related to completed and potential acquisitions.

(vi) Costs in 2015 related primarily to rationalization of production structure in Italy and Australia and in the six months ended June 30, 2018 to restructuring of the Guala Closures U.K. Limited.

(vii) Costs related to preparatory work for the Business Combination and Public Listing.

Pro forma Financial and Other Information of the Issuer

The following information sets forth certain financial results and other metrics of the Issuer on a *pro forma* basis for the Transactions, including the issuance of the Notes offered hereby.

	As of and for the 12 months ended June 30,
	2018(1)
	(€ in millions, except ratios)
Pro forma gross operating profit(2)	97.6
Pro forma Adjusted EBITDA(3)	109.9
Pro forma cash and cash equivalents(4)	44.1
Pro forma net senior secured debt(5)	420.4
Pro forma net financial debt(6)	441.7
Pro forma net financial debt (excluding put option)(6)	425.0
Pro forma net interest expense(7)	17.2
Ratio of *pro forma* net senior secured debt to *pro forma* Adjusted EBITDA	3.83x
Ratio of *pro forma* net financial debt (excluding put option) to *pro forma* Adjusted EBITDA	3.87x
Ratio of *pro forma* Adjusted EBITDA to *pro forma* net interest expense(7)	6.37x

Notes:

(1) As described in "*Unaudited Pro Forma Financial Information of the Issuer*", the *pro forma* financial information of the Issuer for the twelve months ended June 30, 2018 has been calculated by taking the unaudited *pro forma* condensed consolidated financial information of the Issuer for the six months ended June 30, 2018 and adding it to the unaudited *pro forma* condensed consolidated financial information of the Issuer for the full year ended December 31, 2017, and subtracting the unaudited *pro forma* condensed consolidated financial information of the Issuer for the six months ended June 30, 2017. The *pro forma* financial information for the twelve months ended June 30, 2018 is not necessarily indicative of the results that may be expected for the year ended December 31, 2018, and should not be used as the basis for or prediction of an annualized calculation.

The unaudited *pro forma* condensed consolidated financial information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. The unaudited *pro forma* condensed consolidated financial information is based upon available information and certain assumptions that we believe to be reasonable and give effect to events that are directly attributable to the transactions described therein and are factually supportable. Neither the assumptions underlying the *pro forma* adjustments nor the resulting *pro forma* financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

See also "*Unaudited Pro Forma Financial Information of the Issuer*".

(2) For a description of how we calculate *Pro forma* gross operating profit of the Issuer, see "*Unaudited Pro Forma Financial Information of the Issuer*". In evaluating *Pro forma* gross operating profit, you should be aware that, as analytical tools, *Pro forma* gross operating profit is subject to certain limitations. See "*Presentation of Financial and Other Information—Other financial measures*". *Pro forma* gross operating profit is not a measurement of performance or liquidity under IFRS and you should not consider *Pro forma* gross operating profit as an alternative to (a) operating income or net income (as determined in accordance with IFRS) as a measure of our operating performance, (b) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance or liquidity under IFRS or generally accepted accounting principles. *Pro forma* gross operating profit as presented differs from the definition of "Consolidated EBITDA" to be contained in the Indenture and that is contained in the Revolving Credit Facility Agreement (providing for the Revolving Credit Facility). The following is a reconciliation of *Pro forma* operating profit/(loss) to *Pro forma* gross operating profit for the twelve months ended June 30, 2018:

	For the 12 months ended June 30, 2018
	(€ in millions)
Pro forma operating profit	63.6
Pro forma amortization, depreciation and impairment losses	34.0
Pro forma gross operating profit	**97.6**

(3) *Pro forma* Adjusted EBITDA refers to *pro forma* profit/(loss) before income taxes, net financial expenses, amortization depreciation and impairment losses as adjusted to remove the effects of certain non-recurring and non-core items described in the table below that we do not consider to be indicative of our ongoing operating performance. *Pro forma* Adjusted EBITDA is not a measurement of performance or liquidity under IFRS and you should not consider *pro forma* Adjusted EBITDA as an alternative to (a) operating income or net income (as determined in accordance with IFRS) as a measure of our operating performance, (b) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance or liquidity under IFRS or generally accepted accounting principles. The following table shows the adjustments and estimates we have made to arrive at *pro forma* Adjusted EBITDA for the twelve months ended June 30, 2018:

	For the 12 months ended June 30, 2018
	(€ in millions, except ratios)
Pro forma profit (loss)	3.8
Pro forma income taxes	20.2
Pro forma financial expense	49.1
Pro forma financial income	(9.6)
Pro forma amortization, depreciation and impairment losses	34.0
Non-recurring and non-core items	
Due diligence and other exit expense[(i)]	6.3
Merger and acquisition ("M&A") expenses[(ii)]	1.2
Restructuring expenses[(iii)]	0.9
Other[(iv)]	0.6
Space4 costs[(v)]	3.3
Pro forma* Adjusted *EBITDA	**109.9**

(i) Costs primarily related to the preparatory work for the proposed sale of the Group, the Business Combination and the Public Listing.

(ii) Costs related to completed and potential acquisition activity.

(iii) Costs mainly related to rationalization and restructuring of Guala Closures U.K. Limited and the discontinued plant of Guala in Italy.

(iv) Costs related to significant production accident and accrual of tax contingent penalties and related consultancy fees.

(v) Costs related to start-up costs and related activities of Space4.

(4) *Pro forma* cash and cash equivalents is cash and cash equivalents of the Issuer as of June 30, 2018 after giving *pro forma* effect to the Transactions. See "*Capitalization*" and "*Unaudited Pro Forma Financial Information of the Issuer*".

(5) *Pro forma* net senior secured debt consists of *Pro forma* senior secured debt net of unamortized debt issuance costs, less *Pro forma* cash and cash equivalents.

(6) *Pro forma* net financial debt consists of *Pro forma* financial liabilities net of unamortized debt issuance costs, less *Pro forma* cash and cash equivalents. Net financial debt includes the put option on the non-controlling interest which relates to recognition of these investors' right to exercise a put option if certain conditions are met but exclude financial liabilities related to the Market Warrants. See note 14 to Guala's consolidated financial statements as of and for the year ended December 31, 2017 and note 13 to Guala's consolidated financial statements as of and for the six months ended June 30, 2018. See "*Risk Factors—Risks related to our indebtedness—As of June 30, 2018, we have recorded a financial liability in the amount of €16.7 million in respect of a put option relating to 30% of the share capital of our Ukrainian subsidiary*".

(7) *Pro forma* net interest expense represents net interest expenses, adjusted to give effect to the Transactions, as if the Transactions had occurred on July 1, 2017 (based on the margin over three-month EURIBOR (with a 0% floor) applied across the period and assuming the Revolving Credit Facility was undrawn throughout the entire period). *Pro forma* net interest expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the Transactions occurred on the date assumed, nor does it purport to project our net interest expense for any future period or our financial condition at any future date.

RISK FACTORS

An investment in the Notes is subject to a number of risks. Prospective investors should consider carefully the risks described below and the other information contained in this Offering Memorandum prior to making any investment decision with respect to the Notes. Each of the risks discussed below could have a material adverse effect on our business, financial condition, results of operations or prospects which, in turn, could have a material adverse effect on the principal amount and interest which investors will receive in respect of the Notes. In addition, each of the risks discussed below could adversely affect the trading or the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment.

Prospective investors should note that the risks described below may not be the only risks we face. We have described only those risks that we currently consider to be material and there may be additional risks and uncertainties not presently known to us, or that we currently consider immaterial, that might also have a material adverse effect on our business, financial condition, results of operations or prospects.

This Offering Memorandum also contains forward looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward looking statements as a result of various factors, including the risks described below and elsewhere in this Offering Memorandum.

Risks related to our business

Our international operations, especially those in emerging markets, are subject to various risks that may adversely affect our business, financial condition and results of operations.

We operate manufacturing facilities and sales offices in 21 countries throughout the world (Argentina, Australia, Brazil, Bulgaria, Chile, China, Colombia, France, India, Italy, Japan, Luxembourg, Mexico, New Zealand, The Netherlands, Poland, South Africa, Spain, Ukraine, the United Kingdom and the United States) and distribute and sell our products in these and other countries. Our international subsidiaries (*i.e.*, those incorporated outside of Italy) generated 85%, 86%, 86% and 86% of our consolidated net revenue in 2015, 2016, 2017 and the first six months of 2018, respectively.

As part of our business strategy, we will continue to seek to expand our sales and market share in various international markets including by acquiring new companies to enable us to expand our product offering. In particular, we may develop and expand our offerings in Asia, Latin America and Africa, where the estimated growth rate of revenues from spirit sales is expected to be approximately 6.9% in 2021, while the overall global growth rate is expected to be approximately 4.6%. Growth is expected to be most concentrated in Asia Pacific Region (+6.7%), in Latin America (+3.2%) and Africa (+8.2%). The economies of some of these countries differ from the economies of Western Europe and in some cases present a greater risk profile. Relevant risks include the level of political instability, government involvement, development, growth rate and control of foreign exchange. Many of the countries where we operate or propose to operate have implemented measures aimed at improving the business environment and providing a stable platform for economic development. However, the political, economic and legal reforms necessary to complete such a transformation may not be implemented fully or may not be successful.

In addition, policies, measures, controls or other actions implemented by the governments of countries which we target for increased sales or in which we establish manufacturing facilities may restrict our business operations or harm our financial results. As a result, our revenue is exposed to risks inherent in the countries where we operate including risks related to differing political, legal, regulatory and economic conditions and regulations. These risks include, but are not limited to:

- political, social and economic instability;
- fluctuations in currency exchange rates and currency devaluations;
- changes in government policies and regulations, including more stringent regulation of the sale of alcoholic beverages, the packaging of alcoholic beverages or packaging in general, or in respect of labor laws;
- tariffs, duties, export controls and other trade barriers;
- varying tax regimes that could harm our results of operations, including withholding and other taxes on remittances and other payments by our subsidiaries;
- longer account receivable payment cycles and difficulty in collecting accounts receivable;

- foreign exchange controls or restrictions on profit repatriation;
- nationalization or expropriation of property without fair compensation;
- recessionary trends, inflation and instability of the financial markets;
- the introduction or application of more stringent restrictions on investments;
- the possibility of natural disaster, war, civil disturbance, acts of terrorism or other social conflicts;
- competition, including unfair competition, in certain markets in which we compete;
- changes in the interest rate environment; and
- fluctuations in local economic growth.

We are exposed to these risks in all of our foreign operations to some degree, and such exposure could be material to our financial condition and results of operations in emerging markets where the political and legal environment is less stable. For example, in China, local authorities held a meeting in November 2017 in which it was decided that certain companies operating facilities in the same area as Beijing Guala Closures Ltd. would be relocated. Our facility in the area was excluded from the obligation to relocate, however there is a risk that we may be exposed to similar situations in China or in other emerging markets in the future. In India, the demonetization in late 2016 of all of all ₹500 and ₹1000 banknotes of the Mahatma Gandhi Series (coupled with the banning of alcohol sales near motorways (see "*—A decrease in the consumption of spirits and/or wine could adversely affect us*" below for further information) had a negative impact on our net revenue generated in India for the first half of 2017.

We cannot therefore assure you that we will not be subject to material adverse developments with respect to our international operations, nor can we assure you that we will be able to develop and implement systems, policies and practices to insure effectively against or manage these risks adequately or that we will be able to ensure compliance with all applicable regulations without incurring additional costs. If we are not able to do so, our business, financial condition and results of operations could be adversely affected.

Our business is subject to fluctuations in the price and availability of raw materials.

Our costs for raw materials were €235.9 million in 2017 and €124.2 million in the first six months of 2018, or 44.1% and 48% as a percentage of net revenue, respectively. Price fluctuations in raw materials therefore have a direct impact on production costs. The principal raw materials we use in manufacturing our products are aluminum and plastic resin, which accounted for €101.0 million (43% of total costs for raw materials) and €73.8 million (31% of total costs for raw materials), respectively, of our raw materials purchases in 2017 and €53.1 million (43% of total costs for raw materials) and €38.6 million (31% of total costs for raw materials), respectively, in the first six months of 2018. Approximately 53% and 54% of our aluminum costs in 2017 and the first six months of 2018, respectively, were related to purchases of aluminum ingots on the London Metal Exchange, both through spot transactions and forward contracts, while the remaining aluminum costs consist primarily of costs incurred in processing and converting ingots into coil and which are typically tied to fixed price contracts and incurred with the aim of making the aluminum ready for our production processes. Volatility in the prices of core aluminum and plastics affects our gross margins and operating results. Additionally, volatility in the price of aluminum may affect demand for our products by discouraging wine producers from switching to screwcaps by making it more expensive as compared to alternative closures such as cork and synthetic cork. Plastic resins are subject to substantial price fluctuations resulting from a variety of factors including changes in the prices of natural gas, crude oil and other petrochemical products from which resins are produced. Instability in the world markets for petroleum and natural gas could materially adversely affect the price and supply of raw materials.

In the event that significant increases in raw materials and gas, oil and petrochemical prices occur in the future, our margins may suffer. Most of our sales are either made to customers on a purchase order basis, providing us with no assurance that we can pass on price increases to these customers, or pursuant to contracts that generally allow only periodic price adjustments, which could delay our ability to pass on price increases to these customers, if at all. In addition, we may not be able to rely on an uninterrupted supply of raw materials from our regular vendors in the countries in which we operate, or from alternative sources in the event of a local or international shortage of the raw materials used by us, or we may encounter a shortage or discontinuation of certain types of materials purchased from one or more of our suppliers.

While at present we do not hedge plastic resin purchases, as derivative instruments are not available in the markets, we have historically hedged aluminum purchases through yearly agreements with key suppliers as well as through forward hedging arrangements. In particular, in 2016, 2017 and the first six months of 2018, we hedged approximately 52%, 53% and 54% of our aluminum purchases, respectively. However, the use of forward contracts to reduce the impact of fluctuating aluminum prices may lead to an adverse effect should the price of aluminum move in the opposite direction to that which the forward contract was intending to hedge.

Additionally, global trade and the introduction of import duties or tariffs may increase the costs incurred by the Group for the supply of our principal raw materials. The United States of America recently introduced tariffs on certain metals, including aluminum. We do not expect these to significantly impact our activities however we could be materially adversely impacted if these tariffs were to significantly increase or if reciprocal tariffs were introduced in other countries in which we operate or obtain supplies from. Similarly, a global trade war could lead to significantly increase the costs of our key materials and/or limit the availability of such materials from some markets. Any of these and/or the foregoing could have a material impact on our business, financial condition and results of operations.

See also "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Principal factors affecting our results of operations—Costs for raw materials*".

Unfavorable fluctuations in foreign currency exchange rates may adversely affect our business, financial condition and results of operations.

We have significant non-euro denominated assets, liabilities, revenue and costs. For the year ended December 31, 2017, we derived 11%, 13%, 7% and 6% of our net revenue from sales in Indian rupees, U.S. dollars, Pounds Sterling and, Australian dollars, respectively. These currencies have experienced considerable volatility against the euro in recent years and the volatility of certain emerging markets currencies has increased in the second half of 2018. To prepare our consolidated financial statements, we must translate our assets, liabilities, revenue and expenses into euro. Consequently, increases and decreases in the value of the euro against these other currencies will affect the amounts attributed to these items in our consolidated financial statements, even if their value has not changed in their original currency. These translations could result in changes to our results of operations from period to period. For example, our reported results of operations were significantly impacted by negative translation effects of the appreciation of the euro in 2017 and the first six months of 2018. By way of example to illustrate and quantify the impact of currency exchange rates on our results of operations that was significant over the periods under review, if we applied the average exchange rate of the currencies relevant to our business for the year ended December 31, 2015 to the years ended December 31, 2016 and 2017, our net revenue would have been €542.2 million (as compared to €500.3 million as reported) and €588.6 million (as compared to €534.8 million as reported) and our Adjusted EBITDA would have been €112.1 million (as compared to €103.0 million as reported) and €122.6 million (as compared to €111.3 million as reported), respectively. The foregoing impact on our results of operations is mainly due to the translation effect of non-euro revenues generated during the periods and the appreciation of the euro, particularly against emerging market currencies such as the Pounds Sterling, the Indian rupee, the Ukrainian hryvnia, the Argentinian peso and the Mexican peso. Given our presence and continuous focus in non-Eurozone markets, this risk is expected to increase over time.

In addition, to the extent we incur expenses that are not denominated in the same currency as related revenue, exchange rate fluctuations could cause our expenses to increase as a percentage of revenue, affecting our profitability. See *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Principal factors affecting our results of operations—Fluctuations in currency exchange rates*". Any of these developments could cause our business, financial condition and results of operations suffer adversely.

A decrease in the consumption of spirits and/or wine could adversely affect us.

We sell most of our products to producers of spirits and wine. In 2017, sales to spirits and wine producers represented 83% of our net revenue. Demand for most of our products is determined largely by the extent to which end-users consume spirits or wine, which in turn is partly affected by consumers' disposable income, evolving customer habits, industry trends and population growth rates, among other things. In addition, luxury closures, which often include a high value-added component in their design and

technology, may be particularly susceptible to consumer perceptions regarding brand value or wider societal trends, particularly in establish markets. To the extent the brands for which we provide closures become less popular or experience a fall in consumption, our sales may likewise suffer.

Changes in levels of taxation and other governmental controls over the production, sale or marketing of spirits and wine, in certain countries in which we operate, such as in India, Russia, Scotland, Australia, South Africa and some South American countries, may lead to a decreased supply of spirits and wine, and an associated decrease in demand for our closures. A decrease in the consumption of alcoholic beverages and a corresponding drop in the sale of spirits and wine could have a negative effect on our business, financial condition and results of operations. For example, in December 2016, the Supreme Court of India imposed a ban over the sale of alcoholic beverages within 500 meters from highways (excluding municipal areas). Certain Indian states (namely Gujarat, Bihar, Kerala, Mizoram and Manipur) then approved laws which provided for a total ban of the production, commercialization, transport, deposit, possess and/or consumption of alcoholic beverages and/or spirits in those territories. In addition, regardless of actual levels of end-use consumption, a perception among producers of spirits and wine that demand may be about to fall could lead to a decision by such producers to reduce their stocks of spirits and wine, which could in turn lead to reduced demand for our closures. Any of these developments could cause our business, financial condition and results of operations to suffer adversely.

We may not be able to protect our intellectual property against competitors or to maintain its value.

Our future success depends to a large extent on the development and maintenance of our intellectual property rights. At the end of 2017, we held over 140 active patents and other IP rights in respect of our products with 26% of our sales in 2017 covered by patents. Nevertheless, third parties may challenge our intellectual property rights, produce counterfeit products that imitate our products, or come to know our trade secrets due to breaches of confidentiality agreements or otherwise. We defend our intellectual property rights whenever necessary before any competent authority and jurisdiction.

For the above-mentioned purposes, we may expend significant resources monitoring, protecting and enforcing those rights and we may not be successful in our efforts to do so. The risk that we may be unable to protect our intellectual property rights is likely to increase as we expand into new geographic areas, particularly emerging markets where IP rights are less robust that more developed markets, and diversify into new product sectors. If we fail to protect or enforce our intellectual property rights, our brands, sales volumes and market share could suffer, which would adversely affect our business, financial condition and results of operations.

Our products are protected by patents and other IP rights for a limited period of time and therefore we periodically lose IP protection when those protections expire. We cannot assure you that upon the expiration of any of our patents or other IP rights, our competitors will not commence manufacturing products using similar technologies to those protected by our current patents or exploiting intellectual property that was previously protected, which could adversely affect our business financial condition and results of operations.

We may fail to realize the anticipated business growth opportunities, revenue benefits, cost synergies, operational efficiencies and other benefits anticipated from, or may incur, unanticipated costs associated with future acquisitions.

We have historically expanded our business through acquisitions, along with organic growth, and we may evaluate other potential opportunities that fit our investment criteria. For example, in 2016, we acquired 70% of CapMetal SAS in France (since renamed Guala Closures France SAS), a company specialized in the production of aluminum screwcaps, and in 2017, we acquired Axiom Propack Pvt Ltd in India, a leading company active in the production of safety closures for spirits, the activities of Limat S.A. de C.V., a company specialized in the manufacturing of wood overcaps for top-range spirit bottles, and the screw cap activities of Industria Corchera S.A. (ICSA) in Chile. We may seek out and consummate further acquisitions in the future, including acquisitions of significant size and/or in new geographies where we believe doing so would further our strategic plans and offer growth potential. Such transactions, however, involve significant risks including the integration of the newly acquired business, the diversion of management's attention from other business concerns and effects on our business relationships with customers and suppliers. We cannot assure you that we will successfully identify suitable acquisition opportunities in the future or complete future acquisitions. In the event we do commence transactions, we cannot assure you that we will be successful at integrating the newly acquired businesses, that they will

perform as anticipated or that we will realize the anticipated synergies, efficiencies and other benefits. These types of challenges and uncertainties could have a material adverse effect on the business, financial condition and results of operations. We may not be able to effectively manage the combined operations and assets or realize any of the anticipated benefits of such acquisitions.

In addition, there may be liabilities associated with the businesses we attempt to acquire, or indeed we may finance acquisitions with debt which could in turn increase our leverage. The obligations and liabilities of an acquired business may not be adequately reflected in the historical financial statements of such business and there is a risk that such historical financial statements may contain errors. We may also become responsible for liabilities that we failed to or were unable to discover in the course of performing due diligence procedures in connection with our historical acquisitions and any future acquisitions.

We have typically required the sellers in past acquisitions to indemnify us against certain undisclosed liabilities. However, we cannot be certain that the indemnification rights that we have obtained, or will obtain in the future, will be enforceable, collectible or sufficient in amount, scope or duration to fully offset the possible liabilities associated with the business or property acquired. Any of these liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

We are subject to continued increases in energy and freight costs.

In addition to our dependence on primary raw materials, due to the energy intensive nature of our industrial processes, we are also dependent on a number of different energy sources, including fuel oil, electricity and natural gas. If some of our energy supply contracts were terminated in a country where we have major operations for any reason, or were not renewed upon expiration, or if market conditions were to substantially change resulting in a significant increase in the price of fuel oil, electricity or natural gas, we may not be able to find alternative, comparable suppliers or suppliers capable of providing fuel oil, electricity or natural gas on terms or in amounts satisfactory to us. As a result of any of these events, our business, financial condition and results of operations may suffer.

We are also dependent on third parties for the transportation of our raw materials, as well as the products we manufacture and sell. In certain jurisdictions, we are exposed to import duties and freight costs. Freight costs are influenced by carrier availability and fluctuating oil prices. Energy and freight costs represented 10% of our overall material costs in 2017. Accordingly, the cyclical nature of such commodity pricing, energy and freight costs presents a potential risk to our margins. Moreover, an increase in the selling prices for the products we produce resulting from an attempt to pass through increased energy or freight costs could have an adverse impact on the volume of units we sell and decrease our revenue.

Consolidation in the spirits industry, the concentration of our customers and concentration of end-point distribution networks could undermine our competitive position.

The spirits market has experienced significant consolidation in the past fifteen years. For example, in early 2018, multinationals Diageo plc and Bacardi Limited purchased Gerber Spirit Company (the producer of Casamigo tequila and mezcal) and Patrón Spirits International AG, respectively. We believe that consolidation among our customers has resulted in increased price pressure from those customers. A further reduction in the number of customers could lead to increased price competition among closures suppliers, which could adversely affect our margins and profitability. In 2017, approximately 36% of our net revenue was generated from sales to our 10 largest customers, two of which contributed approximately 20% of our total net revenue for the six months ended June 30, 2018. We could lose revenue and market share if, following the consolidation of one or more of our customers with another company, a competitor was to become the resulting consolidated company's primary closures supplier. Alternatively, if that new company were able to extract more favorable terms from us, we could lose revenue and market share. Moreover, end-point distributors are also consolidating, such as the merger of U.S. wine distributors Republic National Distributing Company and Breakthru Beverage Group in 2018, and UK grocery store chains Sainsbury's and Asda, which can indirectly exert pricing pressure on spirits and wine producers who may in turn lead our direct customers to seek to price their closures more aggressively.

The majority of our supply contracts have a duration of only one year, and there is no obligation on our customers to purchase specified quantities during that period. There are also some clients to whom we sell customized and exclusive closures; in such cases we have multi-year, renewable contracts as the product is customized to that particular customer. We are reliant on a continuing series of purchase orders for our products. Thus, the loss of any of our major customers could significantly reduce our number of

purchase orders received at short notice and consequently cause our revenue to fall without providing us with sufficient time to adjust our stock levels appropriately by changing the amounts of our purchases from suppliers. Any of these developments could cause our business, financial condition and results of operations to suffer adversely.

We are affected by seasonality in certain of our businesses, notably screwcaps for wine closures.

Some of our product lines are subject to seasonal variations. Sales of spirits tend to increase in the holiday season, and therefore sales of our safety and roll on closures for spirits are generally higher during the second half of each calendar year. Demand for certain beverages, particularly wine and mineral water, and consequently the related caps and closures for such beverages, may be affected by adverse weather conditions, especially during the summer months when prolonged periods of unseasonably cool or wet weather in a particular market may affect sales volumes and, therefore, the results of our operations. In addition, wine growers are subject to the risk of a poor year or vintage which may, because of reduced demand for their products, reduce overall demand for our screwcaps for wine closures, one of our growing product lines. Any of these developments could cause our business, financial condition and results of operations to suffer adversely.

If we fail to introduce new and innovative products, adapt to developments in technology or respond to changes in consumer requirements, our business, financial condition and results of operations may suffer.

We believe that our future success depends in part on our ability to introduce new and innovative products and to continuously update existing products to provide our customers with high quality, aesthetically appealing and technologically sophisticated products. Our success also depends on our ability to react to changing consumer demands, preferences and habits in a timely manner. If we fail to keep pace with product development, anticipate consumer preferences, meet consumer demands or understand consumer habits, our business, financial condition and results of operations could be adversely affected.

In addition, our revenue and market share may suffer if any products or services that we plan to introduce fail to achieve market acceptance or experience technical difficulties. Introducing new products or features requires a high level of financial and managerial commitment to research and development. In the last three years, we made significant investments in product development and intend to continue to do so in the future.

Our businesses are subject to frequent and sometimes significant changes in technology, and, if we fail to anticipate or adequately respond to such changes, or do not have sufficient capital to invest in these developments, our profits may decline. Our future financial performance will depend in part upon our ability to implement and utilize technology successfully to improve our business operations. We cannot predict all the effects of future technological changes. The cost of implementing new technologies could be significant, and our ability to finance these technological developments may be adversely affected by our debt servicing requirements or our inability to obtain the financing we require to develop or acquire competing technologies.

We cannot assure you that the investments we have made in product development and technology will generate expected returns by enabling us to increase or maintain market share. If we fail to maintain our level of investments in research and development, or fail to generate expected returns on those investments, our business, financial condition and results of operations may suffer.

If we are unable to effectively manage our inventory in line with customer and market needs and demands, it could adversely affect our business, financial condition and results of operations.

We are exposed to the risk of not being able to dispose of all of our inventory that is built up. In order to meet our customers' needs, including due to seasonality, we build-up inventory of products and develop new products to meet market changes and demands. Some finished and semi-finished products that we have in stock may become obsolete before being sold or we may realize a slower turnover than expected. Where the quantity of finished and semi-finished products in stock exceeds the demand from our customers, we may need to dispose of unsold or obsolete goods. Inventory not sold is written down in relation to their presumed possible use or future realization, and by including specific provisions in our accounts amending the value of the inventory where necessary. A significant impairment of inventory may result in a charge to our income statement. Although we have measures in place designed to monitor the obsolescence of our products and to minimize latent inventory levels, if we are unable to manage our inventory effectively in line with customer and market demands, it could have a negative impact on our business, financial condition and results of operations.

Loss of, limited use of, or relocation of one or more of our key manufacturing facilities could have an adverse effect on our business, financial condition and results of operations.

While we manufacture most of our products in a large number of diversified facilities, and maintain insurance covering these facilities, a loss of the use of all or a portion of any of, or limited use of, our key manufacturing facilities due to an accident, labor issues, weather conditions, natural disaster, issues with energy supplies, delays in obtaining replacement equipment or otherwise, whether short or long-term, may have a material adverse effect on our business, financial condition and results of operations. Although the Group has appropriate insurance coverage in relation to material damage to property and the interruption of manufacturing resulting from natural or accidental events, amongst others, there is no guarantee that such coverage will be sufficient to compensate for damage and cost incurred by us.

In addition, we occasionally relocate manufacturing production and close down facilities or move parts of those facilities to other sites where it makes operational sense to do so for production efficiency reasons. For example, in 2016, in order to improve production efficiency, we closed the Acacia Ridge plant in Australia and transferred production of crown corks to another plant in the central west region. In the first quarter of 2018, we decided to close the secondary site of our facilities in Scotland (in the Broomhill Industrial Estate, Kirkintilloch) with a progressive transfer of the equipment and machinery to our main site (in the Old Mill Industrial Estate, Kirkintilloch). If we were unable to manage such closures and relocations efficiently or effectively, it could lead to disruption in our production capacities and ability to meet customer needs, thereby causing an adverse effect on our business, financial condition and results of operations. Moreover, consolidation of facilities and production process could heighten the potential impact associated with any loss or restriction on use of our key facilities.

Employee slowdowns, strikes and similar actions could have a material adverse effect on our business, financial condition and results of operations.

A significant number of our employees are subject to collective bargaining agreements or are represented by works councils covering locations in various countries in Europe in which we operate, India, South Africa, Mexico, Brazil and Argentina. The work of our employees, including the transportation and delivery of raw materials to our manufacturing facilities and of our products to our customers by workers that are members of labor unions is critical to our business. In many cases, before we take significant actions with respect to our production facilities, such as workforce reductions or closures, we must reach an agreement with the labor unions and employee works councils at such facilities. The failure to maintain satisfactory relationships with our employees and their representatives, difficulties in maintaining compliance with applicable employment regulations or prolonged labor disputes, slowdowns, strikes or similar actions could have a material adverse effect on our business, financial condition and results of operations.

Increased competition or an industry-wide imbalance between supply and demand could reduce our sales and profitability.

While competition in the safety closures business is limited to a relatively small number of major producers, we believe that the standard and screwcaps for wine closures businesses are more competitive, due to the commoditized nature of the products. Product pricing and innovative technology are therefore key competitive factors. Our main global competitors in the closures market for spirits are Amcor, Alpast, Alcopack, Berry Global Group, Torrent and Global Closures Systems (which was acquired by RPC Group plc in March 2016), with most of our remaining competitors being either local or regional companies supplying primarily only one region of the world.

In addition, our profitability is heavily influenced by the supply of, and demand for, closures. We cannot assure you that the manufacturing capacity for closures in any of our markets will not increase further in the future, nor can we assure you that demand for closures will meet or exceed supply. If manufacturing capacity for closures increases and there is no corresponding increase in demand, or if there is a decrease in demand but manufacturing capacity remains constant, the prices we receive for our products could materially decline, which could have a material adverse effect on our business, financial condition and results of operations.

We may incur substantial costs, be subject to litigation and/or harm our reputation if our products are defective.

Our products may not operate properly or may have defects, particularly when the first products of a new product line or enhanced products within an existing product line are introduced. If our customers or

end-consumers were to bring claims against us alleging defects in the manufacture or design of our closures, we could incur substantial costs in responding to such complaints or become involved in litigation. If any of our products were found to be defective, we could be required to pay substantial damages and incur significant costs associated with product recalls or experience harm to our brand and reputation. In the course of our development of more sophisticated product designs tailored to consumer demands, preferences and habits, we may face material product liability claims or product recalls in the future and may not be able to dispose of any such claims successfully or institute any such product recalls at acceptable costs.

Although we currently hold insurance coverage for these types of liabilities in amounts we believe to be adequate, our coverage may not be adequate to insure against all product liability claims that may arise. As a result of the factors above, product defect claims or product recalls may adversely affect our business, financial condition and results of operations.

We are subject to costs and liabilities related to stringent environmental and health and safety standards and regulations.

We are subject to a broad range of environmental and health and safety standards, laws and regulations in the countries in which we currently operate our manufacturing facilities as well as to various supranational regulations. These laws and regulations impose increasingly stringent environmental protection standards regarding, among other things, the use, storage and handling of hazardous materials, discharge and disposal of factory waste, the remediation of environmental damage or contamination (in particular, sites operated for many years may be more susceptible to potential incidents leading to contamination), and safety standards relating to industrial installations and processes. We are also subject to stringent health and safety standards relating to our employees or other third parties at our manufacturing sites.

The scope of such laws and regulations varies across the different jurisdictions in which we operate. For example, our operations and properties in the United Kingdom, Italy, Spain, Bulgaria and Poland must comply with the legal requirements in each jurisdiction, as well as EU and international legal requirements. For instance, the Health Protection Agency of the Metropolitan City of Milan imposed a fine of €3,000 against us in 2017 following its determination that certain machinery used in our Magenta (MI), Italy plant did not comply with the relevant standards in violation of an Italian law that implemented the EU's so-called "Machinery Directive" into Italian law. Consequently, we carried out measures, with the aid of third party consultants, aimed at ensuring our equipment located at that plant and at other facilities in Italy were compliant with the relevant standards. It is possible however that we may face similar unforeseen regulatory breaches in other EU countries in violation of the Machinery Directive or other directives, regulations or laws and may incur other or more significant penalties for failing to comply with the applicable domestic law implementing the Machinery Directive or such other directives, regulations or laws. Furthermore, such infringements could result in the need to implement potentially costly and unexpected measures to correct any non-compliance. The cost of complying with the laws and regulations across the different jurisdictions in which we operate, or the consequences of a failure to comply with them, could have a material adverse effect on our business, financial condition and results of operations.

Moreover, the regulatory framework in the countries in which we operate often evolve and we may become subject to additional or different regulations and standards. Environmental and health and safety regulations as well as future events, such as changes in laws and technology, the promulgation of new laws or the development or the discovery of new facts or conditions could expose us to the risks of substantial costs and liabilities that could have a material adverse effect on our business, financial condition and results of operations.

Our industry is complex and can involve litigation and disputes that could be damaging to our business, financial condition and results of operations.

In the course of our business activities, we can be exposed to significant litigation and/or regulatory proceedings, including but not limited to breach of contract, contractual disputes, personal injury claims, employee disputes and consumer protection regulation. Significant litigation and/or regulatory proceedings may adversely affect our operating results, business prospects and financial condition or cause us significant reputational harm due to, amongst other things, monetary costs, imposition of fines, penalties or of more stringent regulatory requirements, or reputational damage. For example, on January 30, 2017, following an accident which occurred at our plant in Magenta (MI), an employee died while carrying out maintenance and preparation activities for a decoration line. In connection with this incident, we are subject to proceedings, in an early stage, pursuant to Articles 5, let. a) and 25-septies of

Legislative Decree no. 231 of June 8, 2001 ("**Decree 231**"), which could result in pecuniary fines (for which we accounted for under non-current provisions in our accounts) and certain interdictory sanctions set out under Article 9, Paragraph 2 of Decree 231, such as debarment from exercising activities or suspension or revocation of authorizations, licenses or permits functional to the commission of the infringement. In July 2018, we separately entered into a settlement agreement with and fully compensated the family of the employee (of which over 80% was covered by insurance with the remainder paid with the provision previously made on Guala's 2017 balance sheet). As of the date of this Offering Memorandum, the proceedings pursuant to Decree 231 are however ongoing. See also "*—We may face liabilities and sanctions under Italian law with respect to Decree 231*" below.

Also, should we be unsuccessful in any litigation, proceedings or other disputes, we could be exposed to the risk that the provisions for associated costs and expenses may be insufficient or that, even if we are not impacted monetarily, we could face the imposition of more stringent regulatory requirements or inspections and/or could suffer damage to our image and reputation, which in turn could have a material adverse effect on our business, financial condition and results of operations.

We may incur liability and costs in connection with hazardous substances used in production or present at certain of our facilities.

We use a limited number of hazardous substances in our manufacturing activities. In the event that any of these substances, such as aluminum or solvents, proves to be toxic, we may be liable for increased costs for health related claims or the removal or re-treatment of such substances. Additionally, although we do not currently use asbestos or its derivatives as raw materials in our manufacturing process, there is some risk of asbestos exposure at certain of our facilities located in Italy, which could cause harm to persons, and costs related to asbestos remediation and/or removal. Asbestos containing materials ("**ACMs**") were formerly commonly used as building materials such as insulation or tiling in industrial buildings. The use of ACMs was standard practice throughout the world until the late 1970s when it began to be phased out. Given the varying ages of our Italian production facilities, we have identified ACMs as being present at certain facilities. As a result, we could be subject to personal injury claims relating to damages that certain of our employees may allege to have suffered. Should we face any such claims, we could incur significant costs defending against such claims and could be required to pay potentially significant damage awards. Any of these liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

The international scope of our operations and our corporate and financing structure may expose us to potentially adverse tax consequences.

We are subject to taxation in, and to the tax laws and regulations of, multiple jurisdictions (including Ukrainian, Polish, Brazilian, Argentinean tax laws, among others) as a result of the international scope of our operations and our corporate and financing structure. We are regularly subject to the examination of our corporate income tax arrangements by the Italian tax authorities (particularly with respect to our financing and deductibility of interest) as well as the governing tax authorities in other countries where we operate. We routinely assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for taxes. We are also subject to inter-company pricing laws, including those relating to the flow of funds among our companies pursuant to, for example, purchase agreements, licensing agreements or other arrangements. Adverse developments in these laws or regulations, or any change in position by the relevant authority regarding the application, administration or interpretation of these laws or regulations in any applicable jurisdiction, could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness. In addition, the tax authorities in any applicable jurisdiction may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions, including the tax treatment or characterization of our indebtedness, including the Notes, existing and future intercompany loans and guarantees or the deduction of interest expenses. We could also fail, whether inadvertently or through reasons beyond our control, to comply with tax laws and regulations relating to the tax treatment of various of our financing arrangements, which could result in unfavorable tax treatment for such arrangements. If any applicable tax authorities were to successfully challenge the tax treatment or characterization of any of our intercompany loans or transactions, it could result in the disallowance of deductions, limit our ability to deduct interest expenses, the imposition of withholding taxes, the application of significant penalties and accrued interest on intercompany loans or internal deemed transfers, the application of significant penalties and accrued

interest or other consequences that could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness.

We may incur liabilities that are not covered by insurance.

We maintain insurance for some, but not all, of the potential risks and liabilities associated with our business. As a result of market conditions, premiums and deductibles for insurance policies can increase substantially, and in some instances, certain insurance policies may no longer be available, may be available but not economically viable relative to the liability to be insured against or may be available only for reduced amounts of coverage. While we maintain insurance in amounts we believe to be appropriate against risks commonly insured against in the industry, there can be no guarantee that all such risks are covered by insurance or that we will be able to obtain the levels of cover desired by us on acceptable terms in the future. In addition, even with such insurance in place, the risk remains that we may incur liabilities to customers and other third parties which exceed the limits of the insurance cover or are not covered by it at all. Should such a situation arise, it may have a material adverse impact on our business, financial condition and results of operations.

We may be adversely affected by uncertainty and/or unfavorable economic and/or political conditions.

Our business, financial condition and results of operations were adversely impacted by the effects of the global economic crisis that commenced in 2007-2008 and the Eurozone crisis that affected certain markets subsequently. More recently, there have been challenging years in the world economy, due in part to political turmoil and/or upheaval in a number of regions, the occurrence of terrorist attacks, and more recently, a looming trade war, which has resulted in high currency volatility and tumultuous markets. Financial markets and the supply of credit may continue to be impacted by the sovereign debts of certain countries and slowdowns in growth in certain countries. Additionally, certain countries have implemented austerity programs and other remedial measures, but the actual impact of such programs and measures is difficult to discern and predict.

Demand for closures in the principal end-use markets that we serve is primarily driven by consumer consumption of the products for which we produce closures. General economic conditions affect consumption in our end-use markets, including spirits, wines and other beverages. Downturns or periods of prolonged economic weakness have resulted in the past, and could in the future result, in decreased demand for closures. In particular, our business could be negatively affected by adverse economic conditions that result in difficulties for any of our major customers. While most of the economies that faced actual or potential economic recession in many of our markets have improved since the 2007-2008 crisis and its aftermath, the continuation or worsening of unfavorable or volatile economic conditions could result in, among other things, decreases in market prices for our products, a loss of customers in the spirits and wine industries and increased payment delays and/or bad debts as a result of our customers experiencing financial difficulty.

According to Eurostat, the European Commission statistical agency, the real gross domestic product ("**GDP**") growth rate in the Participating Member States (which are countries that have adopted the euro) has been sluggish in recent periods, growing at a rate of 2.1% in 2015, 1.8% in 2016 and 2.4% in 2017. In addition, there are considerable divergences between GDP growth among the constituents of the Participating Member States. Concerns over inflation, unemployment, the availability and cost of credit, sovereign debt and the instability of the euro have contributed to increased volatility and diminished expectations for the economies of the Participating Member States going forward. A significant portion of our revenue is generated in the Participating Member States as is a significant portion of our production, sourcing and financing activities. The effects on the European and global economy of any exit of one or more constituents of the Participating Member States from the economic and monetary union, the dissolution of the euro and the possible redenomination of financial instruments or other contractual obligations from euro into a different currency, or the perception that any of these events are imminent, are inherently difficult to predict and could give rise to operational disruptions or other risks of contagion to our business, including our financing activities, and have a material adverse effect on our business, financial condition and results of operations. See also "*—Market perceptions concerning the instability of the euro and the potential re-introduction of individual currencies within the eurozone could have adverse consequences for us with respect to our outstanding debt obligations that are euro-denominated*" below.

Additionally, we are exposed to uncertain or unfavorable political conditions in the markets in which we operate, particularly those in Europe and the Americas (as the majority of our revenue is derived from

Europe and the Americas). For example, as our business is headquartered in Italy, we may be particularly affected by political instability in Italy. On March 4, 2018, national political elections were held in Italy, the results of which led to a period of political instability that lasted for almost three months, and which ultimately culminated in the appointment of a coalition government. The period of instability and appointment of the coalition government, in part heightened by certain representatives of the coalition government parties taking critical stances against the *status quo* of the European Union and its economic and monetary union, led to uncertainty in the European markets and particularly Italy. If the period of instability continues or intensifies, or if other such similar periods of instability arise in the future, whether in Italy, elsewhere in Europe or in our significant markets in the Americas, it could have an adverse effect on our business, financial condition and results of operations.

The results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and our business.

We are a global company with worldwide operations, including material business operations in Europe, including the UK and with a production facility in Scotland. In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum ("**Brexit**"). The government of the United Kingdom formally invoked Article 50 of the Treaty on European Union in March 2017 and is negotiating with the EU the terms of withdrawal. The referendum and the ongoing negotiations for withdrawal have created significant uncertainty about the future relationship between the United Kingdom and the European Union, and have given rise to calls for certain regions within the United Kingdom to preserve their place in the European Union by separating from the United Kingdom as well as for the governments of other European Union member states to consider withdrawal.

These developments, or the perception that any of them could occur, have had, and may continue to have, a material adverse effect on European economic conditions and stability as well as also more broadly impacting global economic conditions and the stability of global financial markets. Lack of clarity about future United Kingdom laws and regulations as the United Kingdom determines which European Union laws to replace or replicate in the event of a withdrawal, including financial laws and regulations, tax and free trade agreements, intellectual property rights, supply chain logistics, environmental, health and safety laws and regulations, immigration laws and employment laws, could decrease foreign direct investment in the United Kingdom, increase costs and could depress economic activity. If the United Kingdom and the European Union are unable to negotiate acceptable withdrawal terms or if other European Union member states pursue withdrawal, free movement of goods, services, capital and persons between the United Kingdom and other European Union member states or among the European economic area overall could be severely interrupted, diminished and/or eliminated. The UK is a significant market for spirits and wines produced in the EU and the EU is likewise a significant consumer of spirits produced in the UK. Therefore, Brexit may have a destabilizing effect on the spirits market, which in turn could affect demand for our products. Any of these factors could have a material adverse effect on our business, financial condition and results of operations and affect the trading price of the Notes.

Civil disturbances, political instability and military action in Ukraine and Russia may impact and affect our business, financial condition and results of operations.

We have significant business operations in Ukraine, including an operating subsidiary and a production facility, and also have sales into the Russian market. The recent significant civil disturbances and political instability in Ukraine and the armed conflict in the region of Crimea in the past years, including ongoing military action in some regions in Ukraine, have negatively impacted the Ukrainian and Russian economies, the relations between these two countries and between Russia and other countries where we operate. Escalating geopolitical tensions have had an adverse effect on the Ukrainian and Russian markets, and there have been reports of increased capital outflows from Ukraine and Russia. The ability of Ukrainian and Russian companies and financial institutions to obtain funding from the international capital markets has also been hampered as a result of decreased demand for Ukrainian and Russian credit exposure. The Ukrainian hryvnia was significantly devalued in 2015, and effective as of December 2015. In 2017, the National Bank of Ukraine eased currency control restrictions, but certain administrative restrictions imposed to overcome financial crisis are still effective, such as: the requirement to convert 50% of foreign currency proceeds to local currency and restrictions on the amount of payment of dividends in favor of non-Ukrainian shareholders. Any continuing or escalating military action in eastern Ukraine could have a further material adverse effect on the Ukrainian and Russian economies and consequently affect (i) our ability to obtain local financing; (ii) our ability to collect accounts receivables;

(iii) the ability of our Ukrainian subsidiary to pay dividends; (iv) our ability to use our cash held in Ukraine; (v) the governments' ability to meet their payment obligations on amounts due to us, such as VAT refunds; (vi) the governments' ability to maintain critical transport infrastructure, such as rail networks; and (vii) Ukrainian and Russian taxation rates applicable to us, all or any of which could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, as a result of ongoing events involving Ukraine and Russia, the United States, the European Union and other jurisdictions have imposed sanctions on certain Russian and Ukrainian persons and entities, including certain Russian banks, energy companies and defense companies, and have imposed restrictions on exports of various items to Russia and Ukraine. Additionally, Russia has introduced a ban on the import of certain goods and food supplies from the United States, the EU member states, Canada, Australia and Norway. In addition, any overall decline in the Russian or Ukrainian economy and weakening of the Russian ruble or the Ukrainian hryvnia that ultimately has any impact on the closures industry or our destination markets and the supply of energy and raw materials in the long-term could have a material adverse effect on our business, financial position and results of operations.

Disruptions to the operations of computer or data processing systems may adversely affect our business, financial condition and results of operations.

The operation of our production facilities as well as the sales, marketing and service activities depend on the efficient and uninterrupted operation of complex and sophisticated computer, telecommunication and data processing systems. Computer and data processing systems and related infrastructure (data center, hardware and wide and local area networks) are generally exposed to the risk of disturbances, damage, electricity failures, computer viruses, fire, other disasters, hacker attacks and similar events.

Disruptions to, or interruptions in, operations involving these systems may occur in the future. An interruption in the operations of our computer or data processing systems could adversely affect our ability to efficiently maintain our production processes and to ensure adequate controls. Disruptions to or interruptions in operations could lead to production downtime which, in turn, could result in lost revenue and thus adversely impact our business, financial condition and results of operations.

Market perceptions concerning the instability of the euro and the potential re-introduction of individual currencies within the eurozone could have adverse consequences for us with respect to our outstanding debt obligations that are euro-denominated.

Developments in recent years in the eurozone have exacerbated the effects of the global economic crisis that commenced in 2007-2008. Financial markets and the supply of credit may continue to be negatively impacted by ongoing fears surrounding the sovereign debts or fiscal deficits of several countries in Europe (including Italy), the possibility of further downgrading of, or defaults on, sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the overall stability of the euro and the sustainability of the euro as a single currency given the diverse economic and political circumstances in individual member states. Governments and regulators have implemented austerity programs and other remedial measures to respond to the eurozone debt crisis and stabilize the financial system, but the actual impact of such programs and measures is difficult to predict.

If the eurozone debt crisis was to be repeated, it is possible that one or more countries may default on their debt obligations or cease using the euro and reestablish their own national currency, or that the eurozone may collapse. If such an event were to occur, it is possible that there would be significant, extended and generalized market dislocation, which may negatively affect our business, financial condition and results of operations, especially as a substantial portion of our operations are in Europe. In addition, the departure of one or more countries from the eurozone may lead to the imposition of, among other things, exchange rate control laws. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations and for parties subject to other contractual provisions referencing the euro would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect our trading environment or the value of the Notes and could have adverse consequences for us with respect to our outstanding debt obligations that are euro-denominated and, because we have a substantial amount of debt denominated in euro, our business, financial condition and results of operations may be materially affected.

Furthermore, the Indenture contains covenants restricting our and our subsidiaries' corporate activities. Certain of these covenants impose limitations based on euro amounts (*e.g.*, the amount of

additional indebtedness we or our subsidiaries may incur). As such, if the euro were to significantly decrease in value, the restrictions imposed by those covenants would become tighter, further restricting our ability to finance our operations and conduct our day-to-day business.

Laws and other factors restricting the exchange of currencies or the expatriation of funds limit the ability of our subsidiaries in Argentina and Ukraine to make funds available to us which may have an adverse impact on our ability to manage our cash flows.

We have faced fund repatriation issues in Argentina and Ukraine and may not be able to repatriate the funds held by our Argentinean and Ukrainian subsidiaries, or any additional cash flows generated by our operations in these countries, on a timely basis or at all. In addition to Argentina and Ukraine, we may also be subject to similar restrictions on the exchange of currencies or expatriation of funds in other jurisdictions where we operate. Such restrictions may delay or prevent our ability to manage our cash flows, which could have a material adverse effect on our business, financial condition and results of operations. On 21 June 2018, the Ukrainian Parliament adopted the Law of Ukraine "On Currency and Currency Operations" ("**Currency Law**") designed to ease the existing currency control regulations, including abolishment of the licensing regime, in Ukraine. The Currency Law will come into effect on February 7, 2019 and the National Bank of Ukraine should bring its regulations in line with the Currency Law one month prior to that date. Nevertheless, such restrictions as mandatory currency conversions, the limitation of the amount of dividends payable in favor of non-Ukrainian shareholders and the limitation on making investments abroad may still remain in place. See also: "—*Civil disturbances, political instability and military action in Ukraine and Russia may impact and affect our business, financial condition and results of operations*" above.

We are exposed to the risk of violations of anti-corruption laws, sanctions or other similar regulations applicable in the countries in which we operate or in which we may operate in the future.

Due to the international scope of our operations, we, our partners and competitors must comply with certain anti-corruption laws, sanctions or other similar regulations. For example, the U.S. Foreign Corrupt Practices Act of 1977, the U.K. Bribery Act 2010, European Anti-Bribery Conventions and other similar worldwide anti-corruption laws generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purposes of obtaining or retaining business.

We operate in certain parts of the world that lack a developed legal system or have experienced widespread corruption. Additionally, in certain jurisdictions where we operate, such as Colombia, we also regularly contract with state-owned distilleries which involves compliance with state tender laws and related regulations. Under certain circumstances, strict compliance with anti-corruption laws may conflict with local customs and practices. Our internal policies mandate compliance with these laws, but despite our compliance policies and training efforts, we cannot assure you that prohibited acts under these policies will not be committed by our employees.

Furthermore, due to the global nature of our operations, we may use local agents or subcontractors to understand unfamiliar environments and differences in cultural, legal, financial and accounting complexities and obligations, or to carry out a portion of the activities called for by a particular contract. There is a risk that such agents or subcontractors may be involved in illegitimate activities in local markets that are unknown to us. If we fail to adequately supervise them or maintain an adequate compliance program, we may be liable for their actions.

Violations of such laws can result in civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts, termination of existing contracts, revocations or restrictions of licenses, criminal fines or imprisonment. In addition, such violations could also negatively impact our reputation and consequently, our ability to win future business. On the other hand, any such violation by our competitors, if undetected, could give them an unfair advantage when bidding for contracts. The consequences that we may suffer due to the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Any downgrades of our credit ratings will impact the cost and availability of future borrowings and could adversely affect the trading and trading price of the Notes.

Any downgrades of the credit ratings of the Issuer or the Notes may adversely affect the trading and trading price of the Notes and will impact the cost and availability of future borrowings and, accordingly, our cost of capital, which could have a material adverse effect on our business, financial condition and results of operations.

Loss of our key management and other personnel, or an inability to attract new management and other personnel, could impact our business.

We depend on our senior executive officers and other key personnel to operate our businesses and on our in-house technical experts to develop new products and technologies and to service our customers. The loss of any of these officers or other key personnel could adversely affect our operations and thus materially impact our business, financial condition and results of operations. Competition for qualified employees among companies that rely heavily on engineering and technology is intense, and the loss of qualified employees or an inability to attract, retain and motivate additional highly skilled employees required for the operation and expansion of our business could hinder our ability to conduct research and development activities successfully or develop and support marketable products.

We may face liabilities and sanctions under Italian law with respect to Decree 231.

Conducting our business in an ethically acceptable manner is important to our reputation, status with regulators and our customers, and our business prospects. We face a number of risks related to compliance with applicable law, including with respect to industrial accidents, which may be due to our employee's activities or omissions and which may constitute criminal conduct in certain circumstances. In particular, we are exposed to the risk of sanctions under Decree 231, which provides for the liability of Italian companies as a consequence of certain crimes committed by directors, managers and/or employees in the interest of and to the advantage of such company. Decree 231 also provides that the company is exempted from liability if it can prove that it has adopted and effectively implemented a model of organization, management and control capable of preventing the commission of the covered offenses. The Issuer has adopted an organizational and management model in compliance with the Decree 231, as has GCL Pharma S.r.l., the only other Italian company of the Group as of the date of this Offering Memorandum.

However, adoption of organizational and management models does not in itself exclude the applicability of the sanctions provided for in the Decree 231. In the event of an offense covered by the Decree, the judicial authority is called upon to evaluate the model adopted and its implementation. If the judicial authority considers that the adopted model was not suitable for preventing such offense, if the model had not been effectively implemented or if there had been insufficient supervision of and compliance with the model, the company would still be subject to sanctions, such as pecuniary fines, suspension or revocation of licenses and permits or even disqualification from the public administration registry and prohibition on contracting with Italian public authorities. See also the description of the industrial incident at our Magenta (MI) facility in Italy under "*—Our industry is complex and can involve litigation and disputes that could be damaging to our business, financial condition and results of operations*" above. Any of these liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

We face certain risks associated with being a publicly listed company.

The Issuer is listed on the Star segment of the Italian Stock Exchange (*Mercato Telematico Azionario*). As a public company, the Issuer is subject to various regulatory requirements applicable to publicly listed companies, including the reporting requirements under Italian and European regulation, more stringent corporate governance rules and other applicable securities rules and regulations. Compliance with these rules and regulations makes some corporate activities more difficult, time-consuming or costly and increases demand on our systems and resources. Additionally, regulatory and filings procedures can be burdensome, our activities may come under increased scrutiny from regulators, rating agencies and the media and/or related tasks and may divert management's attention from other important matters and affect our daily operations and business. Furthermore, as a publicly listed company, the interests of our shareholders, including the holders of our Class B shares with triple voting rights that are the largest shareholders of the Issuer, may not be aligned among themselves and they may not be aligned with your interests as a holder of the Notes.

We face certain risks associated with having minority shareholders of certain of our subsidiaries.

Certain of our subsidiaries have minority shareholders who may have different interests, and any disagreements with such minority shareholders may affect the successful implementation of our business plans with respect to those subsidiaries. For example, 30% of the respective share capital in Guala Closures Ukraine LLC, Guala Closures DGS Poland S.A., Guala Closures Bulgaria A.D. and Guala Closures France SAS is held by certain minority shareholders who, directly or indirectly through related

parties, are also managers of those companies. While there are shareholder agreements in place for most of our subsidiaries that have minority shareholders that mitigate against such problems, if significant disagreements were to arise between our Group management and those minority shareholders with respect to the identification and achievement of strategic and operation objectives or otherwise, it could have an adverse impact on the results of operations and financial condition of those companies.

We have granted put options to minority shareholders of certain of our subsidiaries that have minority shareholders. The minority shareholders have the right to exercise those put options in certain circumstances, such as the termination of such shareholders managerial position without just cause, our failure to comply with the relevant shareholders' agreement or articles of association of the relevant subsidiary, certain change of control circumstances or where it is not possible to validly adopt shareholder resolutions of the relevant subsidiary in the event of a shareholders' deadlock. If one or more put options were exercised, we would have to pay an amount of money to the relevant shareholder or shareholders in proportion to the performance of the relevant subsidiary and such payment could have an adverse impact on the results of operations and financial condition of the relevant company.

In addition, the presence of minority shareholders at the levels of certain operating subsidiaries that are cash generative, such as Guala Closures Ukraine LLC and Guala Closures DGS Poland S.A., effectively dilutes the net income available to be upstreamed to Guala Closures International B.V. by way of dividend as such minority shareholders are entitled to their *pro rata* share of such dividends and therefore the amount of cash available to be upstreamed to the Issuer via distribution and/or dividend that can be used to service the Issuer's indebtedness or used to execute the Issuer's strategy is proportionally lower than if such subsidiaries were wholly owned.

See also "*—Risks related to our indebtedness—As of June 30, 2018, we have recorded a financial liability in the amount of €16.7 million in respect of a put option relating to 30% of the share capital of our Ukrainian subsidiary*" below.

Risks related to our presentation of financial information

We have presented in this Offering Memorandum certain financial guidance that has been provided to our public shareholders in accordance with Italian listing rules, which guidance is inherently uncertain and subject to significant business, economic, financial, regulatory and competitive risks and thus our financial results could differ materially from such financial guidance, and in any case should not be relied upon in making your investment decision with respect to the Notes.

This Offering Memorandum includes certain prospective financial guidance that has been prepared by management in order to comply with applicable regulations and market practice in respect of the Public Listing. Such information is included herein solely for completeness of disclosure and is not intended to form the basis of your investment decision with the respect to the Notes. Our financial guidance is based on assumptions relating to future events that are uncertain. These future events may not occur or evolve differently than assumed in the financial guidance as they in turn depend on certain variables that the management may not control or may control only to a limited extent. No assurance can be given that actual results will track those described. For the purpose of preparing our financial guidance, we have assumed, among other things, that we will maintain all key client relationships, maintain our market share, maintain our geographic presence, including in emerging markets, and fully benefit from recent bolt-on acquisitions in India, Mexico and Chile. See also "*Forward-Looking Statements*" and the other risk factors discussed in this "*Risk Factors*" section for more discussions of the factors that could cause our results of operations and financial condition to differ materially from our financial guidance.

The perimeter of preparation of the Group following the Acquisition differs from the perimeter of preparation of the historical financial information of Guala included elsewhere in this Offering Memorandum and therefore may not be comparable.

Prior to the Acquisition, Guala and its subsidiaries were operated as consolidated subsidiaries of GCL the parent company of the group which provided a number of holding and parent company services and carried out a portion of the Group's R&D activities based in Luxembourg. Financial consolidation of the Group's financial statements prior to the Acquisition was performed at the level of GCL with consolidated financial statements prepared under IFRS and in accordance with Luxembourg generally accepted auditing standards. Consequently, the historical consolidated financial statements of Guala included elsewhere herein do not present the full income statement, balance sheet and cash flows of the Group prior to the Acquisition. In particular, the historical consolidated financial statements of GCL included the

costs and income associated with parent company activities corresponding mainly to items booked under the line items "costs for services-third parties" and "personnel expense" and management employed at the GCL level, assets, net revenue and liabilities associated with the Group's R&D activities and certain shareholder debt liabilities on the balance sheet of GCL which are not reflected in Guala's historical financial statements. Prospective investors are cautioned therefore that the historical financial information of Guala as presented herein may not be comparable to the Group's future results of operations.

While we have prepared certain unaudited *pro forma* condensed consolidated financial information to show, on an illustrative basis, among other transactions, the transfer of certain assets and liabilities and the assumption of certain expenses by Guala of certain costs and R&D activities that were previously incurred or held on balance sheet at the GCL level, investors may find it difficult to compare historical results of the Group for longer time periods as the results of operations, including certain operating costs, and Adjusted EBITDA of Guala for 2015 and 2016 presented herein do not correspond to those of the Group as it was then operated. See also "*Unaudited Pro Forma Financial Information of the Issuer*".

Our results of operations could be materially adversely affected by the impairment of assets and goodwill. Additionally, we have recorded goodwill and certain other assets from acquisitions on a provisional value in accordance with IFRS; such assets will be definitively valued within 12 months from the acquisition date and if such valuations are lower than the provisional value booked after acquisition, we may record an impairment charge to our income statement.

An asset impairment charge may result from the occurrence of unexpected adverse events that impact the our estimates of expected cash flows generated from our assets. We may be required to recognize asset or goodwill impairment charges, as a result of impairment indicators which could include a weak economic environment, challenging market conditions, changes to our business strategy and customer relationships. In accordance with IFRS, we do not amortize goodwill but rather test it annually for impairment. Goodwill impairments cannot be reversed. On a provisional basis for the preparation of the illustrative unaudited *pro forma* condensed consolidated statement of financial position as of June 30, 2018 presented elsewhere in this Offering Memorandum, we have made a net adjustment of €449.9 million of goodwill recognized in respect of the Merger. The definitive recognition of goodwill following the Business Combination will be made in accordance with IFRS 3 at the time of the preparation of the unaudited condensed consolidated statement of financial position as of September 30, 2018. Any goodwill recorded as a result of the Business Combination may be subject to impairment in accordance with IFRS. Moreover, as certain assets related to acquisitions in India, Chile and Mexico were provisionally valued in accordance with IFRS, and must be definitively valued within 12 months from the acquisition date, if such definitive valuations are lower than the provisional value booked after the relevant acquisition, we may be required to record an impairment charge to our income statement. Impairment charges, if material, could have an adverse effect on our results of operations and financial condition.

Future changes in International Financial Reporting Standards ("IFRS") could result in unfavorable changes to our reported earnings.

We prepare our consolidated financial statements in accordance with the IFRS as issued by the International Accounting Standards Board and endorsed by the European Union. Changes in these accounting standards and accompanying accounting pronouncements, implementation guidelines, and interpretations could significantly impact our reported results and financial position, and may even retroactively affect previously reported financial statements. New standards and interpretations that may affect our reported results include: IFRS 9 Financial Instruments, which became effective as of January 1, 2018, IFRS 15 Revenue Recognition, which became effective as of January 1, 2018, and IFRS 16 Leases, which will become effective on January 1, 2019. The changes may affect our level of indebtedness and interest expense as reported in our financial statements. For more information, see the notes to Guala's audited financial statements as of and for the years ended December 31, 2015, 2016 and 2017 and "*Presentation of Financial and Other Information—Recent Accounting Pronouncements*". See also "*Description of the Notes—Certain Definitions—IFRS*".

Risks related to our indebtedness

We will depend on payments from other Group companies and in particular its subsidiaries to make payments on the Notes.

The Issuer conducts certain industrial operations of its own in Italy and has the shares it holds in its direct subsidiaries. Repayment of the Issuer's indebtedness, including under the Notes, is however still in

part dependent on the ability of our subsidiaries to make such cash available to the Issuer, by dividend distributions, debt repayment, loans or otherwise. Our subsidiaries may not be able to, or may be restricted by the terms of their existing or future indebtedness, or by law, in their ability to make distributions or advance upstream loans to enable the Issuer to make payments in respect of our indebtedness, including the Notes. Each subsidiary of ours is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries.

While the Indenture governing the Notes will limit, and the Revolving Credit Facility Agreement already limits, the ability of our subsidiaries to incur contractual restrictions on their ability to pay dividends or make other intercompany payments to us, such limitations are subject to certain significant qualifications and exceptions or adverse taxation effects. In the event that we do not receive distributions or other payments from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the Notes. We do not expect to have any other sources of funds that would allow us to make payments to holders of the Notes.

Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to our debt, including the Notes and the Notes Guarantees.

Upon completion of the Transactions, we will have a substantial amount of outstanding indebtedness with significant debt service requirements. As of June 30, 2018, after giving *pro forma* effect to the Refinancing, our total financial liabilities would have been €485.7 million, including the Notes and net of unamortized transaction costs excluding financial liabilities related to the Market Warrants.

Our significant leverage could have important consequences for you as a holder of the Notes, including:

- making it more difficult for us to satisfy our obligations with respect to the Notes, the Notes Guarantees and our other debt and liabilities;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thus reducing the availability of our cash flow to fund internal growth through working capital, capital expenditures, acquisitions and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or economic or industry conditions;
- exposing us to interest rate increases on indebtedness under the Notes, the Revolving Credit Facility and other indebtedness that we may incur;
- placing us at a competitive disadvantage compared to our competitors that have less debt in relation to cash flow;
- limiting our flexibility in planning for or reacting to changes in our business and our industry;
- restricting us from exploiting certain business opportunities; and
- limiting, among other things, our and our subsidiaries' ability to borrow additional funds or raise equity capital in the future, and increasing the costs of such additional financings.

Our ability to service our indebtedness will depend on our future performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors. Many of these factors are beyond our control. If we cannot service our indebtedness and meet our other obligations and commitments, we might be required to refinance our debt or to dispose of assets to obtain funds for such purpose. We may not be able to effect any such refinancings or asset dispositions on a timely basis or on satisfactory terms, if at all, or we may not be permitted by the terms of our debt instruments to do so. Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including under the Notes.

Despite our significant leverage, we and our subsidiaries will still be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future, including secured indebtedness and indebtedness that can be drawn under our Revolving Credit Facility of €80 million. Although the Revolving Credit Facility currently contains, and the Indenture will contain, restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If new debt is added to our and our subsidiaries' existing debt levels, the related risks that we now face would increase. In addition, the

Indenture will not, and our Revolving Credit Facility currently does not, prevent us from incurring obligations that do not constitute indebtedness under those respective agreements.

We may not be able to generate sufficient cash to meet our debt service obligations, which could lead to liquidity constraints.

Our ability to make scheduled interest payments when due on our indebtedness and to meet our other debt service obligations, including under the Notes and the Revolving Credit Facility, or to refinance our debt, depends on our future operating and financial performance, which will be affected by our ability to successfully implement our business strategy as well as general economic, financial, competitive, regulatory and other factors, many of which are beyond our control, as well as those factors discussed in these "*Risk Factors*" and elsewhere in this Offering Memorandum.

If we cannot generate sufficient cash to meet our debt service requirements, we may, among other things, need to refinance all or a portion of our debt, including the Notes and the Revolving Credit Facility, obtain additional financing, delay planned capital expenditures or investments or sell material assets. If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations, including under the Notes and the Revolving Credit Facility. As we intend to use the Revolving Credit Facility for liquidity and working capital purposes, if we are unable to refinance the Revolving Credit Facility in the future or refinance any of our other debt when needed or when it would be most beneficial to do so or if we are unable to procure a replacement liquidity line for working capital and capital expenditure purposes, our ability to implement our business strategy may be impaired and our financial condition may be adversely affected. Additionally, borrowings under other debt agreements or instruments that contain cross default or cross acceleration provisions may become payable on demand, and we may not have sufficient funds to repay all of our debts, including the Notes. See "*Description of Other Indebtedness*".

We are exposed to interest rate risk and shifts in such rates may adversely affect our debt service obligations.

Following the issuance of the Notes, the majority of our indebtedness, including the Notes and any debt borrowed under our Revolving Credit Facility, will bear interest at variable rates, generally linked to the EURIBOR market benchmark. To the extent that the interest rates were to increase significantly on such indebtedness, our interest expense would correspondingly increase, reducing our cash flow. While we may attempt to manage this risk through entering into hedging arrangements, there is no requirement under the Indenture or the Revolving Credit Facility Agreement to procure such hedging and there can be no assurance that any current or future hedging contracts we enter into will adequately protect our operating results from the effects of interest rate fluctuations or will not result in losses or that our risk management practices and procedures will operate successfully.

We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

The Indenture will restrict, among other things, our ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of the Parent Guarantor or its respective restricted subsidiaries;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- engage in sales of assets and subsidiary stock;
- enter into certain transactions with affiliates;
- consolidate or merge with other entities; and
- impair the security interest for the benefit of the holders of the Notes.

All of these limitations will be subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants*". The covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

In addition, we are already subject to similar and other the affirmative and negative covenants contained in the Revolving Credit Facility Agreement. A breach of any of those covenants or other restrictions could result in an "event of default" under the Revolving Credit Facility. Upon the occurrence of any event of default under the Revolving Credit Facility, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors could cancel the availability of the Revolving Credit Facility and elect to declare all amounts outstanding under the Revolving Credit Facility, together with accrued interest, immediately due and payable. In addition, any default under the Revolving Credit Facility could lead to an event of default and acceleration under other debt instruments that contain cross default or cross acceleration provisions, including the Indenture. If our creditors, including the creditors under the Revolving Credit Facility, accelerate the payment of those amounts, we cannot assure you that our assets and the assets of our subsidiaries would be sufficient to repay in full those amounts, to satisfy all other liabilities of our subsidiaries which would be due and payable and to make payments to enable us to repay the Notes, in full or in part. In addition, if we are unable to repay those amounts, our creditors could proceed against any collateral granted to them to secure repayment of those amounts.

As of June 30, 2018, we have recorded a financial liability in the amount of €16.7 million in respect of a put option relating to 30% of the share capital of our Ukrainian subsidiary.

The Group conducts its activity in Ukraine through Guala Closures Ukraine LLC which is a subsidiary of ours of which 30% of its share capital is owned by a minority investor that is also a manager of the company. Pursuant to a joint shareholders' agreement that established Guala Closures Ukraine LLC, Guala Closures International B.V. granted a put option to the manager whose fair market value is determined based on a number of parameters, including the forecasted EBITDA of Guala Closures Ukraine LLC (based on the average of the last two years and current budget), the Net financial position of Guala Closures Ukraine LLC, the risk adjusted discount rate and the expected date of this put option. The manager is entitled to exercise the put in a number of circumstances, including at his retirement, if his position at Guala Closures Ukraine LLC is terminated without cause or a change of control in the Group which involves a local competitor of Guala Closures Ukraine LLC (or a group that operates in Ukraine). As of June 30, 2018, the value of this put option has been recorded on our consolidated balance sheet at €16.7 million. If the put option is exercised, depending on the performance of our Ukrainian subsidiary, we may be required to fund a significant payment in cash to the minority investor in Guala Closures Ukraine LLC. See also the notes to our unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2018 included elsewhere in this Offering Memorandum. See also "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Contractual Obligations*".

Risks related to the Notes and Notes Guarantees generally

The Notes will be structurally subordinated to the liabilities of non-Guarantor subsidiaries.

Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures do Brasil Ltda., Guala Closures International B.V., Guala Closures New Zealand Limited, Guala Closures U.K. Limited and Guala Closures Ibérica S.A.U., respectively, will each guarantee the Notes. For the twelve months ended June 30, 2018, the Issuer and the Guarantors generated 40% of the Group's *pro forma* net revenue and 22% of the Group's *pro forma* Adjusted EBITDA and as of June 30, 2018, represented 77% of the Group's *pro forma* total assets. Unless an entity is a Guarantor, the Issuer's subsidiaries will not have any obligations to pay amounts due under the Notes or to make funds available for that purpose. As of June 30, 2018, the non-Guarantor subsidiaries of the Issuer had approximately €20.5 million in third party financial liabilities outstanding, excluding a liability owed to the Ukrainian non-controlling investors which relates to a recognition of these investors' rights to exercise a put option if certain conditions are met. See "*—Risks related to our indebtedness—As of June 30, 2018, we have recorded a financial liability in the amount of €16.7 million in respect of a put option relating to 30% of the share capital of our Ukrainian subsidiary*" above.

Generally, holders of indebtedness of, and trade creditors of, non-Guarantor subsidiaries, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer or any Guarantor, as a direct or indirect shareholder. As such, the Notes and each Guarantee will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our non-Guarantor subsidiaries.

Accordingly, in the event that any non-Guarantor subsidiary becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

- the creditors of the Issuer (including the holders of the Notes) and the Guarantors will have no right to proceed against the assets of such subsidiary; and
- creditors of such non-Guarantor subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Issuer or any Guarantor, as direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

If any of the subsidiaries of the Issuer that do not guarantee the relevant series of Notes incurs additional indebtedness, the holders of that debt will be entitled to share in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of such non-Guarantor subsidiaries ahead of the holders of the relevant Notes. While the covenant described under "*Description of the Notes—Certain Covenants—Limitation on indebtedness*" contains restrictions on the incurrence of indebtedness at the level of the relevant Issuer's non-Guarantor subsidiaries, such restrictions are subject to a number of exceptions and would not limit the incurrence of obligations that do not qualify as indebtedness under the Indenture. If we incur additional indebtedness or other obligations that are not considered indebtedness under the Indenture, including structurally senior indebtedness, the related risks that we now face, as described above and elsewhere under "*—Risk related to our indebtedness*" above, could intensify.

Creditors under the Revolving Credit Facility, certain hedging obligations and certain additional debt that we incur in the future may be entitled to be repaid with the proceeds of enforcement of the Collateral securing the Notes in priority to the Notes.

Under the terms of the Intercreditor Agreement, the proceeds from any enforcement of the Collateral securing the Notes will be required to be applied in satisfaction of obligations under the Revolving Credit Facility as well as certain additional indebtedness that we may incur in the future under credit facilities and certain hedging agreements, respectively, in priority to the repayment of any outstanding obligations of the Issuer and the Guarantors under the Notes and the Notes Guarantees. As such, in the event of enforcement of the Collateral securing the Notes, you may not be able to recover on the Collateral if the then-outstanding liabilities under such "super priority" indebtedness are greater than the proceeds realized in the event of any enforcement of the Collateral securing the Notes.

Holders of the Notes may not control certain decisions regarding the Collateral.

To the extent permitted under applicable law, and subject to the Agreed Security Principles, the Notes will be secured on a first priority basis by substantially the same assets securing the obligations under the Revolving Credit Facility. In addition, under the terms of the Indenture, we will be permitted to incur significant additional indebtedness and other obligations, including hedging obligations, that may be secured by the same Collateral.

The Intercreditor Agreement provides that the Security Agent shall act as a common security agent and serve as the security trustee for creditors of certain indebtedness incurred by members of the Group which also benefit from a security interest in the Collateral, which secured creditors will, as of the Issue Date, comprise the lenders under the Revolving Credit Facility, the holders of the Notes and certain hedge counterparties. The Intercreditor Agreement will also provide that the Security Agent shall, subject to certain limited exceptions, act to enforce the security interests in the Collateral and take instructions from the relevant secured creditors in respect of the Collateral only at the direction of a creditor "instructing group" as further described below.

In terms of control over enforcement of the Collateral, the Intercreditor Agreement shall, subject to certain exceptions generally described below, require creditor representatives for the creditors comprising an instructing group and which are secured by the relevant Collateral to first consult in good faith with each other and the Security Agent for a period of 10 business days (or such shorter period as may be agreed) (such period, a "**consultation period**") with a view to coordinating the instructions to be given by an instructing group and agreeing an enforcement strategy.

Notwithstanding the foregoing, no consultation period shall be required prior to enforcement of the relevant Collateral if either (i) any of the Collateral becomes enforceable because of an insolvency event in respect of certain members of the Group (including the Issuer and the Guarantors) or (ii) the majority

super senior creditors and/ or the majority senior secured creditors determine in good faith that entering into consultation could reasonably be expected to reduce the amount likely to be realized upon enforcement to a level such that the obligations to the super priority creditors (as specified below) would not be discharged in full, in which case, any instructions will be limited to those necessary to protect or preserve the interests of the secured creditors on behalf of which the relevant instructing group is acting and the security agent shall act in accordance with the instructions first received.

Upon conclusion of a "consultation period", if there are conflicting enforcement instructions given to the Security Agent by the different classes of creditors which are secured by the Collateral and who can constitute an instructing group, and provided that certain "security enforcement principles" to be set out in the Intercreditor Agreement have been complied with, then the "majority senior secured creditors" (generally, those creditors representing the majority of the outstanding participations under the Notes and any outstanding *pari passu* secured indebtedness under credit facilities, notes and interest rate and currency hedging agreements) shall constitute an instructing group and shall, subject to certain exceptions generally described below, have the right to instruct the Security Agent as to the enforcement of the relevant Collateral. If instructions as to enforcement of the relevant Collateral are subsequently provided by the majority senior secured creditors to the security agent and either (i) the lenders under the Revolving Credit Facility and other creditors of "super priority indebtedness" (such creditors, together, the "super priority creditors") have not been repaid in full within six months of the end of the consultation period, (ii) the security agent has not commenced any enforcement (or any transaction in lieu) or other enforcement action within three months of the end of the consultation period or (iii) an insolvency event has occurred, at any time, in respect of certain members of the Group, then, the security agent shall, provided that the "security enforcement principles" to be set out in the Intercreditor Agreement have been complied with, instead follow the instructions that are subsequently given by the "majority super senior creditors" (generally, those creditors representing $66\,^2/_3\%$ of the aggregate participations under the Revolving Credit Facility and other "super priority" indebtedness under credit facilities and interest rate and currency hedging agreements).

The foregoing security enforcement arrangements could be disadvantageous to the holders of the Notes in a number of respects.

For example, disputes may occur between secured creditors in the Collateral, including the holders of the Notes, the super priority creditors, the counterparties to certain secured hedging arrangements that we may enter into and/or the creditors of any additional secured indebtedness that we may incur in future, respectively, as to the appropriate manner of pursuing enforcement remedies and strategies with respect to the Collateral securing such obligations. In any such event, the holders of the Notes will be bound by the decisions of the relevant creditor instructing group (including, creditors which are secured on a junior basis on the Collateral subject to the expiry of the applicable standstill period), which may result in enforcement action being taken respect of the relevant Collateral, whether or not such action is approved by the holders of the Notes and irrespective of whether such enforcement action could result in an adverse outcome for the holders of the Notes.

In addition, super priority creditors, the counterparties to certain secured hedging arrangements and/ or the creditors of any additional secured indebtedness that we may incur in future, respectively, may also have interests that are divergent from the interest of holders of the Notes. For example, such creditors may, in their sole discretion, elect to pursue any remedies available to them in respect of the Collateral, under applicable law or otherwise, at a time when it could otherwise be disadvantageous for the holders of the Notes to do so.

Holders of the Notes should also be cognizant that creditors of other indebtedness incurred by a member of the Group and which are not party to the Intercreditor Agreement (such as unsecured creditors) could also take action against the relevant obligor or obligors of such indebtedness, and, to the extent having the benefit of a security interest(s) granted by a member of the Group, pursue enforcement action in respect of any assets and/or property provided by a member of the Group as collateral for such indebtedness. Such action, if taken, could have an adverse effect on the ability of the holders of the Notes to pursue an effective security enforcement strategy under the Intercreditor Agreement, which could, among other things, compromise the recoveries on their claims that they may be able to realize from taking such action.

The holders of the Notes will also have no independent right to enforce the Collateral securing the Notes. In addition, a holder of the Notes will not be able to independently instruct the Security Agent, force a sale of Collateral or otherwise independently pursue the remedies of a secured creditor in respect

of the Collateral, unless, in each case, they comprise a creditor "instructing group" which is entitled to give such instructions or take such action (as the case may be), which, in turn, will depend on conditions and circumstances described above.

See "*Description of Other Indebtedness—Intercreditor Agreement" and "Description of the Notes—Security—Release of Liens*".

The Notes will not be initially guaranteed by the Guarantors or secured by the Collateral.

The Notes will be senior secured obligations of the Issuer and will be guaranteed, on the earlier of (a) November 30, 2018 and (b) the date on which the Revolving Credit Facility receives the benefit of such guarantees, on a senior secured basis by each of the Guarantors, which will be Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures do Brasil Ltda., Guala Closures Ibérica S.A.U., Guala Closures International B.V., Guala Closures New Zealand Limited and Guala Closures U.K. Limited. The Notes Guarantees will be subject to limitations under applicable laws and may be released under certain circumstances. The Notes and the Notes Guarantees will be secured on a first priority basis (subject to the operation of the Agreed Security Principles, certain perfection requirements and any Permitted Collateral Liens) on the earlier of (a) November 30, 2018 and (b) the date on which the Revolving Credit Facility receives the benefit of such security: (i) over the entire issued share capital of each of Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures International B.V., Guala Closures New Zealand Limited and Guala Closures U.K. Limited; (ii) the issued share capital of Guala Closures DGS Poland S.A. and of Guala Closures Ukraine LLC that is owned by the Group; and (iii) the assignment by way of security (or pledge) over certain receivables by and between the Issuer and any of its Restricted Subsidiaries, and by and between any Restricted Subsidiaries, arising under any intercompany loan in a principal amount of greater than €10.0 million and with a final maturity date in excess of 12 months. There can, however, be no assurance that we will be successful in granting such guarantees or procuring such liens within the time periods specified, the failure of which would result in an "event of default" under the Indenture.

The Note offered hereby will be effectively subordinated to certain creditors who benefit from security over certain assets that will not be pledged as collateral for the Notes.

While the Indenture will provide for a negative pledge, it will allow the Issuer and our restricted subsidiaries, subject to specified limitations, to incur secured indebtedness that will be effectively senior to the Notes to the extent of the value of the assets that secure that indebtedness. In particular, as of June 30, 2018 on a *pro forma* basis for the Transactions, €22.9 million of other secured debt will remain outstanding, primarily related to bilateral export trade and working capital facilities entered into by our subsidiaries around the world, including Latin America as well as certain financial leasing. In the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, administration, reorganization, or other insolvency or bankruptcy proceeding, the proceeds from the sale of assets securing any secured indebtedness will only be available to discharge other indebtedness, including the Notes, once such secured claims have been paid in full. As a result, holders of Notes may receive less, ratably, than holders of our other future indebtedness secured over assets other than the Collateral.

The providers of the security interests securing the Notes will have control over the Collateral.

The Security Documents will allow the relevant provider of the security interest securing the Notes to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the relevant Collateral. So long as no "default" or "event of default" under the Indenture would result therefrom, the relevant security provider, may, among other things, and subject to the terms of the applicable Security Document, without any release or consent by the Security Agent or the Trustee, conduct ordinary course activities with respect to certain of the Collateral such as selling or otherwise disposing of such Collateral.

Any of these activities could reduce the value of the Collateral, which could reduce the amounts payable to you from the proceeds of any sale of the Collateral in the case of an enforcement of the liens on the Collateral.

The Collateral may not be sufficient to satisfy the obligations under the Notes.

The Notes and the Notes Guarantees will be secured by security interests in the Collateral on the relevant Collateral Grant Dates which collateral will also secure the obligations under the Revolving

Credit Facility and certain hedging obligations. The Collateral may also secure additional debt to the extent permitted by the terms of the Indenture, the Revolving Credit Facility and the Intercreditor Agreement either on a *pari passu* or junior basis. Your rights to the Collateral may be diluted by any increase in debt secured by the Collateral or a reduction of the Collateral securing the Notes.

The Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the Notes as well as the ability of the Security Agent to realize or foreclose on such Collateral.

The value of the Collateral and the amount to be received upon an enforcement of such Collateral will depend upon many factors, including, among others, the ability to sell the Collateral in an orderly sale, economic conditions where operations are located and the availability of buyers. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. All or a portion of the Collateral may be illiquid and may have no readily ascertainable market value. Similarly, we cannot assure you that there will be a market for the sale of the Collateral, or, if such a market exists, that there will not be a substantial delay in its liquidation. In addition, the share pledges of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding. The Collateral is located in more than one country, and the multi-jurisdictional nature of any foreclosure on the Collateral may limit the realizable value of the Collateral. For example, the bankruptcy, insolvency, administrative and other laws of the various jurisdictions may be materially different from, or conflict with, each other, including in the areas of rights of creditors, priority of government and other creditors, ability to obtain post-petition interest and duration of the proceedings.

It may be difficult to realize the value of the Collateral securing the Notes.

The Collateral will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and accepted by other creditors that have the benefit of priority security interests in the Collateral from time to time, whether on or after the date the Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the Notes, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or re-characterization under the laws of certain jurisdictions.

The security interests of the Security Agent may be subject to practical problems generally associated with the realization of security interests in Collateral. The Security Agent may also need to obtain the consent of a third party to enforce a security interest in certain jurisdictions. We cannot assure you that the Security Agent will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets, including interaction with other shareholders of the relevant companies. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may decline significantly.

There are circumstances other than repayment or discharge of the Notes under which the Collateral will be released automatically without your consent or the consent of the Trustee.

Under various circumstances, the Collateral will be released automatically, including without limitation:

- as described under "*Description of the Notes—Amendments and Waivers*";
- in connection with any sale or other disposition of property or assets constituting Collateral, if the sale or other disposition does not violate the "*Limitation on Sales of Assets and Subsidiary Stock*" covenant or other applicable provisions under the Indenture;
- upon payment in full of principal, interest and all other obligations of the Notes or defeasance or discharge of the Notes, as provided under "*Description of the Notes—Defeasance" and "Description of the Notes—Satisfaction and Discharge*";
- in connection with a Permitted Reorganization (as defined under "*Description of the Notes*"); and
- in accordance with the Intercreditor Agreement.

See "*Description of the Notes—Security—Release of Liens*". Unless consented to by the holders of the Notes (and subject to certain exceptions), the Intercreditor Agreement provides that the Security Agent

shall not, in an enforcement scenario, exercise its rights to release the security interests in the Collateral unless, among other things, the relevant sale or disposal is made:

- for consideration of which all or substantially all of which is in the form of cash; and
- pursuant to a public or private auction or other competitive sales process in which more than one bidder participates or is invited to participate or a process supervised by a court of law that makes determination as to value, or if a fairness opinion has been obtained from an internationally recognized investment bank or international accounting firm or other independent reputable third party professional firm that is regularly engaged in providing valuations of businesses or assets similar or comparable to those secured under the Collateral to be enforced, in each case, selected by the Security Agent.

The Intercreditor Agreement also provides that the Collateral may be released and retaken in connection with the refinancing of certain indebtedness, including the Notes. In certain jurisdictions such as Italy and Poland, such a release and retaking of collateral may give rise to the start of a new hardening period in respect of the Collateral. Under certain circumstances, other creditors, insolvency administrators or representatives or courts could challenge the validity and enforceability of the grant of the Collateral. Any such challenge, if successful, could potentially limit your recovery in respect of the Collateral and thus reduce your recovery under the Notes.

See "*Description of Other Indebtedness—Intercreditor Agreement*".

Your rights in the Collateral securing the Notes may be adversely affected by the failure to perfect security interests in the Collateral.

Under applicable law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor of the security. The liens in the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we or the Security Agent fails or are unable to take the actions we are required to take to perfect any of these liens. Such failure may result in the invalidity of the relevant security interest in the Collateral securing the Notes or adversely affect the priority of such security interest in favor of the Notes against third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral.

There are circumstances other than repayment or discharge of the Notes under which the Notes Guarantees will be released automatically, without your consent or any action on the part of the Trustee.

Under various circumstances, the Notes Guarantee will terminate and release automatically, including:

- in connection with any disposition of a Guarantor or any of its subsidiaries permitted by the Indenture, other than to the Issuer or any of its subsidiaries, the release of the assets of such Guarantor or subsidiary and pursuant to which any applicable Notes Guarantee is released, the release of the assets of such Guarantor or subsidiary; as may be permitted by the covenant described under "*Description of the Notes—Certain covenants—Limitation on Sale of Assets and Subsidiary Stock*";
- upon the designation in accordance with the Indenture of such Guarantor as an Unrestricted Subsidiary;
- upon payment in full of principal, interest and all other obligations in respect of the Notes or defeasance or discharge of the Notes, as provided in "*Description of the Notes—Defeasance*" and "*Description of the Notes—Satisfaction and Discharge*";
- with respect to a Guarantor that is not a Significant Subsidiary, so long as no Event of Default has occurred and is continuing, to the extent that such Guarantor (i) is unconditionally released and discharged from its liability with respect to the Revolving Credit Facility and (ii) does not guarantee any other Credit Facility or Public Debt (as defined under "*Description of the Notes*");
- in accordance with an enforcement action pursuant to the Intercreditor Agreement or any additional intercreditor agreement;
- as may be permitted by the provisions described under "*Description of the Notes—Amendments and Waivers*";

- upon the release of the guarantee of the other indebtedness that triggered the grant of the relevant Notes Guarantee in accordance with the covenant described below under "*Description of the Notes—Certain Covenants—Additional Guarantees*"; or
- as a result of a transaction permitted by the covenant described under "*Description of the Notes—Merger and Consolidation—The Guarantors*".

Enforcement of the Notes, the Notes Guarantees and the Collateral securing the Notes across multiple jurisdictions may be difficult and involve long recovery times.

The Issuer is organized under the laws of Italy, the Guarantors are incorporated or organized (as applicable) under the laws of Australia, Brazil, New Zealand, the Netherlands, Scotland and Spain and the Collateral additionally consists of shares or units incorporated or organized under the laws of Poland and Ukraine. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in any of these jurisdictions and in the jurisdiction of incorporation or organization of a future Guarantor. Your rights under the Notes, the Notes Guarantees and the Collateral and will thus be subject to the laws of a number of jurisdictions, and it may be difficult to effectively enforce such rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multijurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights.

The bankruptcy, insolvency, administration and other laws of the Issuer's jurisdiction of organization and the jurisdiction of organization or incorporation of each of the Guarantors may be materially different from, or conflict with, each other and with the laws of the United States, including in the areas of creditors' rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect your ability to enforce the Collateral securing the Notes and to realize any recovery under the Notes and the Notes Guarantees. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*".

Moreover, in certain jurisdictions, it is unclear whether all security interests in the Collateral securing the Notes give the Security Agent a right to prevent other creditors from foreclosing on and realizing the Collateral or whether certain security interests only give the Security Agent and the holders of the Notes priority (according to their rank) in the distribution of any proceeds of such realization. Accordingly, the Security Agent and the holders of the Notes may not be able to avoid foreclosure by other creditors (including unsecured creditors) on such Collateral.

Furthermore, the Collateral consists of pledges over shares and other capital stock of the Guarantors (other than Guala Closures Ibérica S.A.U. and Guala Closures do Brasil Ltda.) and the shares and other capital stock owned by the Group in Guala Closures DGS Poland S.A. and Guala Closures Ukraine LLC. In connection with the enforcement of share pledges over shares of entities with outstanding debt obligations, any sale of such entities is likely to involve a release of some or all of the debt of such entity, which could result in a taxable capital gain to such entities. The Indenture does not prohibit the Guarantors from incurring additional debt claims in the future. Consequently, the enforcement of the share pledges over the shares of the applicable Guarantors may result in the release of the debt obligations of the relevant Guarantor. Such release is permitted by the Intercreditor Agreement and could result in a taxable capital gain. This taxable capital gain is likely to reduce the proceeds of any recovery from the enforcement of such share pledge.

It is possible that some of the Collateral securing the Notes may not be enforceable.

In certain jurisdictions, the creation of security interests to secure the obligations of a third party may be limited under applicable law. As a result, enforcement of the Collateral securing the Notes in certain jurisdictions may be subject to certain statutory limitations or defenses or to limitations contained in the terms of the Security Documents designed to ensure compliance with applicable statutory requirements. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*" for a more detailed description of the various limitations on the security in each relevant jurisdiction.

In addition, under Italian law the beneficiary of a security interest must be clearly identified and indicated in the relevant security document. Due to the difficulty of clearly identifying and keeping track of

the names of the individual holder of the Notes over time, there might be the risk that beneficial owners of the Notes who are not identified as beneficial owners in the Italian collateral may not be able to validly enforce the security. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*".

The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all noteholders with the vote of either 75% or 50% of the outstanding Notes.

The Indenture contains provisions for calling meetings of the holders of the Notes to consider matters affecting their interests generally. As set forth in "*Description of the Notes—Meeting of Holders of Notes*," the majority required to pass an extraordinary resolution at any meeting of noteholders will be one or more persons holding or representing at least 75% of the aggregate principal amount of the outstanding Notes. These provisions permit defined majorities (50% or 75%) to bind all holders of the Notes, including noteholders who did not attend and vote at the relevant meeting, and noteholders who voted in a manner contrary to the relevant majority. In particular, under the Indenture, an extraordinary resolution may include, among other things, proposals to reduce the rate or change the time for payment of principal or interest in respect of the Notes, to change the date on which any Note may be subject to redemption or reduce the redemption price, to change the currency of payments under the Notes and/or to change the quorum requirements relating to meetings and/or the majority required to pass a resolution, and change the amendment provisions. These and other changes may adversely impact noteholders' rights and may have a material adverse effect on the market value of the Notes. Under Italian law, the approval of an extraordinary resolution amending the economic terms and conditions of the Notes typically requires the consent of not less than one half of the aggregate principal amount of the outstanding Notes. Our decision to increase the majority requirement is untested under Italian law, may be challenged by holders of the Notes, the Issuer and/or others, and if challenged, may not be upheld by an Italian court, with the consequence that the majority voting threshold is be reduced from 75% to 50%.

Italian tax legislation may restrict the deductibility of all or a portion of the interest expense on the Issuer's indebtedness, including interest expense in respect of the Notes and the Revolving Credit Facility.

Current tax legislation in Italy (Article 96 of Presidential Decree No. 917 of December 22, 1986, as amended and restated) allows for the full tax deductibility of interest expense incurred by the Issuer in each fiscal year up to the amount of the interest income of the same fiscal year, as evidenced by the relevant annual financial statements. A further deduction of interest expense in excess of this amount is allowed up to a threshold of 30% of the EBITDA of an Italian tax resident Issuer (*i.e.*, *risultato operativo lordo della gestione caratteristica*) ("**ROL**") as recorded in such Issuer's profit and loss account. The amount of ROL not used for the deduction of the amount of interest expense that exceeds interest income can be carried forward, increasing the amount of ROL for the following fiscal years. Interest expense not deducted in a relevant fiscal year can be carried forward to the following fiscal years and deducted, provided that and to the extent that, in such fiscal years, the amount of interest expense that exceeds interest income is lower than 30% of ROL. In the case of a tax group, interest expense not deducted by an entity within the tax group due to lack of ROL can be deducted at the tax unity level, within the limit of the excess of ROL of the other companies within the tax group. This 30% threshold applies to the Italian subsidiaries of the Issuer only. Article 96 does not apply to certain entities active in the insurance and financial sector.

In addition, the Italian tax authorities have in certain instances challenged merger leverage buyout transactions with respect to the deductibility of interest expenses arising in connection with acquisition financing. On March 30, 2016, the Italian Revenue Agency issued Circular Letter n. 6/E clarifying, as a common principle, that interest on the acquisition bank loan in LBO transactions are generally deductible for IRES purposes, subject only to ordinary limitations stated in art. 96 Presidential Decree no.917 of December 22, 1986. The Circular Letter also indicates that shareholder loans may be re-characterized as capital contributions. Such re-characterization has to be evaluated on a case-by-case basis, based on the economic circumstances of the borrowing Issuer and under the substance-over-form approach as provided by OECD Transfer Pricing Guidelines. The re-characterization provides that the: (i) interest incurred on any former or future shareholder loans are not deductible and (ii) interest payments made in respect of said shareholder loans may be subject to withholding tax on dividends.

In addition, there can be no assurance that in the case of a tax audit, the relevant tax authorities would not try to challenge the deductibility of interest expenses arising in connection with the component of any financing used, in whole or in part, to refinance an outstanding loan or debt, when the terms and

conditions of the refinancing transaction appear less favorable than the ones of the previous financing transaction. In particular, in such circumstances, the relevant tax authorities could argue that the interest expenses arising from such financing does not relate to the business of the borrowing entity (as the relevant transaction is deemed as "anti-economic" and as such not compliant with the "inherence" principle set out under Italian tax law). Italian tax laws and pronouncements of the tax authorities are subject to change and positions that the Group takes for tax purposes may be challenged. In the past the Group has faced tax audits and investigations in respect of its financing which had resulted in the payment of fines by the Issuer.

Moreover, (i) any future changes in Italian tax laws or in their interpretation or application (including any future limitation on the use of the ROL of the Issuer and its subsidiaries), or (ii) the tax treatment of interest expense arising from any indebtedness, including the Notes, the failure to satisfy the applicable legal requirements relating to the deductibility of interest expense or (iii) a change in the interpretation and application by Italian tax authorities of Italian tax law may result in our inability to fully deduct our interest expense, which may have an adverse impact on our financial condition.

Furthermore, if the Italian tax authorities were to successfully challenge the use of proceeds from the Offering to make a refinancing under the "inherence" principle, we may be unable to fully deduct our interest expenses or be subject to significant penalties or other consequences that could have a material adverse effect on our financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness.

On August 9, 2018, the Italian Government (*Consiglio dei Ministri*) has approved a legislative decree scheme aiming at implementing the EU Directive 2016/1164 of July 12, 2016, as amended by EU Directive 2017/952 of May 29, 2017 (*i.e.*, the ATAD Directive, which sets specific rules to curb tax avoidance practices that directly affect the functioning of the European internal market). Such a legislative decree scheme—which is still not in force—contains several changes that could modify, among other things, Article 96 of Presidential Decree No. 917 of December 22, 1986 and, hence, may trigger a different and less favorable regime applicable to the deductibility of the interest expenses of the Issuer. The actual impact of such a decree on the Issuer is to be verified.

Holders of the Notes generally will not be entitled to a gross-up for any Italian withholding taxes, unless the Italian withholding tax is caused by a failure of the Issuer to comply with certain procedures.

The Issuer is organized under the laws of Italy and is Italian resident for tax purposes and therefore payments of principal and interest on the Notes and, in certain circumstances, any gain on the Notes, will be subject to Italian tax laws and regulations. All payments in respect of the Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, subject to a number of exceptions, the Issuer will pay such additional amounts as will result in the holders of the Notes receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer is not liable to pay any additional amounts to holders of the Notes under certain circumstances, including if any withholding or deduction is required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 ("**Decree 239**") or pursuant to Legislative Decree No. 461 of November 21, 1997 ("**Decree 461**"), except where the procedures required under Decree 239 in order to benefit from an exemption have not been complied with due to the actions or omissions of the Issuer or its agents. In such circumstances, investors subject to Italian withholding tax will only receive the net proceeds of their investment in the Notes. See "*Description of the Notes—Withholding Taxes*". and "*Certain Tax Considerations—Certain Italian tax considerations*".

Although we believe that, under current law, Italian withholding tax will not be imposed under Decree 239 or Decree 461 where a holder of Notes is resident for tax purposes in a country or territory which allows for a satisfactory exchange of information with the Italian tax authorities as contained (I) as at the date of this Offering Memorandum in the Ministerial Decree of the Minister of Economy and Finance of September 4, 1996, as amended or supplemented from time to time and replaced, (the "**White List**"), or (II) once effective, in any other decree or regulation that will be issued in the future under Article 11(4)(c) of Decree 239 to provide the list of such countries and territories (the "**New White List**"), including any country or territory that will be deemed listed therein for the purpose of any interim rule and such holder complies with certain certification requirements, there is no assurance that this will be the case. Moreover, holders of Notes will bear the risk of any change in Decree 239 or Decree 461 after the date hereof, including any change in the White List (or the New White List once effective). Holders of the Notes resident in such countries or territories but that do not satisfy the conditions set forth by Decree 239 (as amended or supplemented) or Decree 461 (as amended or supplemented), as well as certain categories of

holders of the Notes who are resident in Italy, will only receive the net proceeds of their investment in the Notes. The regime provided by Decree 239 and Decree 461 and in particular the exemption from *imposta sostitutiva*, which is in principle granted to holders of the Notes resident in countries that allow for satisfactory exchange of information with Italy, is also subject to certain procedural requirements being met. Should the procedural requirements not be met, Italian *imposta sostitutiva* may apply on the payments of any interest under the Notes to foreign investors resident in countries that allow for satisfactory exchange of information with Italy. See "*Certain Tax Considerations—Certain Italian tax considerations*".

No assurance can be given that the procedural requirements to apply the Italian tax regime provided by Italian Legislative Decree No. 239 of April 1, 1996 in respect of the Notes will be met by the relevant foreign intermediaries.

The regime provided by Decree 239 and in particular the exemption from withholding tax in principle granted to holders of the Notes resident in countries included in the White List (or in the New White List once it is effective) applies if certain procedural requirements are met. It is not possible to assure that all non-Italian resident investors can claim the application of the withholding tax exemption where the relevant foreign intermediary fails to provide sufficient information to the relevant Italian tax authorities under the procedures set for applying the exemption regime. See "*Certain Tax Considerations—Certain Italian tax considerations*".

The ability of our Group's operating subsidiaries to upstream dividends for debt service is reduced by the presence of minority shareholders or will result in leakage.

The Issuer is dependent upon distributions from operating subsidiaries in the form of intragroup loan payments of interest and principle, service arrangements and dividend distributions in order to service its debt, including the Notes. However, due to the presence of minority shareholders at various operating companies and sub-holding subsidiaries, including Guala Closures Ukraine LLC and Guala Closures DGS Poland S.A., dividends upstreamed from such entities will result in dividend leakage as the minority shareholders of the various subsidiaries will receive their pro rata share of dividends, reducing the amounts received by Guala Closures International B.V., our main international holding Issuer, and therefore available for debt service at the level of the Issuer and/or to fund continuing operations.

The Notes Guarantees of the Guarantors may be limited by applicable laws or subject to certain limitations or defenses that may adversely affect their validity and enforceability.

The obligations of the Guarantors and the enforcement of each of their Notes Guarantees will be limited to the maximum amount that can be guaranteed by such Guarantor under the applicable laws of each jurisdiction, to the extent that the granting of such Guarantee is not in the relevant Guarantor's corporate interests, the burden of such Notes Guarantee exceeds the benefit to the relevant Guarantor, such guarantee would be in breach of capital maintenance or thin capitalization rules or any other general statutory laws and/or would cause the directors of such Guarantor to contravene their fiduciary duties and/or incur civil or criminal liability.

Accordingly, enforcement of any such Notes Guarantee against the relevant Guarantor would be subject to certain defenses available to guarantors generally or, in some cases, to limitations contained in the terms of the Notes Guarantees designed to ensure compliance with statutory requirements applicable to the relevant Guarantors. These laws and defenses include those that relate to fraudulent conveyance or transfer, insolvency, voidable preference, financial assistance, corporate purpose or benefit, preservation of share capital, thin capitalization and defenses affecting the rights of creditors generally. As a result, a Guarantor's liability under its guarantee could be materially reduced or eliminated, depending on the law applicable to it.

It is possible that a Guarantor, or a creditor of a Guarantor, or the bankruptcy trustee in the case of a bankruptcy of a Guarantor, may contest the validity and enforceability of the Guarantor's guarantee on any of the above grounds and that the applicable court may determine that the guarantee should be limited or voided. To the extent that agreed limitations on the guarantee obligation apply, the Notes would be to that extent effectively subordinated to all liabilities of the applicable Guarantor, including trade payables of such Guarantor. Future guarantees may be subject to similar limitations. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*".

For an overview of certain insolvency laws and enforceability issues as they relate to the Notes Guarantees, see "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*" for additional important information.

The grant of collateral to secure the Notes might be challenged or voidable in an insolvency proceeding.

The grant of collateral to secure the Notes may be voidable by the grantor or by an insolvency trustee, liquidator, receiver or administrator or by other creditors, or may be otherwise set aside by a court, or be unenforceable if certain events or circumstances exist or occur, including, among others, if the grantor is deemed to be insolvent at the time of the grant, or if the grant permits the secured parties to receive a greater recovery than if the grant had not been given and an insolvency proceeding in respect of the grantor is commenced within a legally specified "clawback" period following the grant. To the extent that the grant of any security interest is voided, holders of the relevant series of Notes would lose the benefit of the relevant security interest. See "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*".

Further, under Italian law, in the event that the Issuer enters into insolvency proceedings, the security interests created under the security documents entered into to secure the Issuer's obligations under the Notes could be subject to potential challenges by an insolvency administrator or by other creditors of the Issuer under the rules of avoidance or claw back of Italian insolvency laws and the relevant law on the non-insolvency avoidance or claw back of transactions by the debtor made during a certain legally specified period (the "suspect period"). In this regard, a longer period might apply to any collateral governed by Italian law which be granted after the Offering.

The security interests in the Collateral will not be granted directly to the holders of the Notes.

In certain jurisdictions, the security interests in the Collateral that will secure our obligations under the Notes and the obligations of the Guarantors under the Notes Guarantees will not be granted directly to the holders of the Notes but will be granted only in favor of the Security Agent or, in Italy, in favor of the Security Agent acting also in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code. The Indenture will provide, along with the Intercreditor Agreement, that only the Security Agent has the right to enforce the Security Documents on behalf of the Trustee and the holders of the Notes. As a consequence, holders of the Notes may not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee, which will (subject to the applicable provisions of the Indenture) provide instructions to the Security Agent in respect of the Collateral and in accordance with the Intercreditor Agreement.

The Collateral governed by Italian law will not be granted directly to the holders of the Notes but will be created and perfected in favor of the Security Agent acting also in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code. Under such provision (introduced by Law No. 164 of November 11, 2014), the security interests and guarantees assisting bond issuances can be validly created in favor of the holders of the notes or in favor of a representative (*rappresentante*) of the holders of the Notes who will then be entitled to exercise in the name and on behalf of the holders all their rights (including any rights before any court and judicial proceedings) relating to the security interests and guarantees. However, there is no guidance or available case law on the exercise of the rights and enforcement of such security interest and guarantees by a *rappresentante* pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code also in the name and on behalf of the holders of the Notes which are neither directly parties to the Collateral nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries.

Furthermore, under Italian law, in the event that the Issuer enters into insolvency proceedings, the security interests created under the Security Documents entered into to secure the Issuer's obligations under the Notes could be subject to potential challenges by an insolvency administrator or by other creditors of the Issuer under the rules of avoidance or claw back of Italian insolvency laws and the relevant law on the non-insolvency avoidance or claw back of transactions by the debtor made during a certain legally specified period (the "suspect period"). In this regard, a longer period might apply to any Collateral governed by Italian law which may be granted after the Offering. Moreover, under Italian law, claims of certain categories of creditors (*creditori privilegiati*) are given statutory priority in relation to the proceeds of a debtor's property in respect of the claims of other creditors.

The granting of the security interests in the Collateral may create hardening periods for such security interests in accordance with the law applicable in certain jurisdictions.

The granting of new security interests in connection with the issuance of the Notes offered hereby may create hardening periods for such security interests in certain jurisdictions. The applicable hardening period for these new security interests will run as from the moment each new security interest has been granted, perfected or recreated. At each time, if the security interest granted, perfected or recreated were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void and/or it may not be possible to enforce it.

In addition, the granting of a shared security interest to secure future indebtedness or the assignment of the security interest may restart or reopen hardening periods in certain jurisdictions. The applicable hardening period may run from the moment such new security is amended, granted or perfected. If the security interest granted were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective and/or it may not be possible to enforce it. See also "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*".

The Intercreditor Agreement and the Indenture will provide that the collateral securing the Notes may be released and retaken in connection with the refinancing of certain indebtedness, including the Notes. In Italy and certain other jurisdictions such as Poland, such a release and retaking of collateral may give rise to the start of a new hardening period in respect of the applicable collateral.

The insolvency and administrative laws of Italy and other applicable jurisdictions may not be as favorable to you as the insolvency laws of the United States or those of another jurisdiction with which you are familiar; other limitations on the Notes Guarantees, including fraudulent conveyance statutes, may adversely affect their validity and enforceability.

The Issuer's obligations under the relevant Notes will initially be guaranteed by the relevant Guarantors. The Issuer is organized under the laws of Italy and the relevant Guarantors are incorporated or organized (as applicable) under the laws of Australia, Brazil, New Zealand, The Netherlands, Scotland and Spain. In the event of insolvency or a similar event, proceedings could be initiated in any of these jurisdictions. Your rights under the Notes, the Notes Guarantees and the collateral securing the Notes will thus be subject to the laws of a number of jurisdictions, and it may be difficult to effectively enforce such rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights.

The insolvency, administration and other similar laws of foreign jurisdictions, including Italy, may not be as favorable to you as the laws of the United States or other jurisdictions with which you are familiar, including in the areas of creditors' rights, priority of creditors, the ability to obtain post-petition interest and the duration of insolvency proceedings. In the event that any one or more of the Issuer, the Guarantors or any other of the Issuer's subsidiaries experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

Although laws differ among the jurisdictions, in general, applicable fraudulent transfer and conveyance and equitable principles, insolvency laws and limitations on the enforceability of judgments obtained in courts in such jurisdictions could limit the enforceability of the Notes against the Issuer and the enforceability of a Notes Guarantee against a Guarantor. A court may also, in certain circumstances, avoid the guarantee where the Issuer is close to or near insolvency. The following discussion of fraudulent transfer, conveyance and insolvency law is only a brief overview and describes certain generally applicable terms and principles which are defined under and subject to the relevant jurisdiction's fraudulent transfer and insolvency statutes. Prospective investors in the Notes should consult their own legal advisors with respect to such limitations and considerations.

In an insolvency proceeding, it is possible that creditors of the Guarantors or the appointed insolvency administrator may challenge the Notes Guarantees and intercompany obligations generally, as fraudulent transfers or conveyances or on other grounds. If so, such laws may permit a court, if it makes certain findings, to:

- avoid or invalidate all or a portion of a Guarantor's obligations under its Notes Guarantee;

- direct that holders of the Notes return any amounts paid under a guarantee or any security to the relevant Guarantor or to a fund for the benefit of the Guarantor's creditors; and
- take other action that is detrimental to you.

If the Issuer cannot satisfy its obligations under the Notes and any Notes Guarantee is found to be a fraudulent transfer or conveyance or is otherwise set aside, we cannot assure you that we can ever repay in full any amounts outstanding under the Notes. In addition, the liability of each Guarantor under its Notes Guarantee will be limited to the amount that will result in such Notes Guarantee not constituting a fraudulent conveyance or improper corporate distribution or otherwise being set aside. However, there can be no assurance as to what standard a court would apply in making a determination of the maximum liability of each. There is also the possibility that the entire guarantee may be set aside, in which case the entire liability may be extinguished.

In order to initiate any of these actions under fraudulent transfer or other applicable principles, courts would, for example, need to find that, at the time the Notes Guarantees were issued:

- the Guarantor knew or should have known that the transaction was to the detriment of the creditors;
- the Guarantor issued such guarantee with the intent of hindering, delaying or defrauding current or future creditors or with a desire to prefer some creditors over others;
- the Guarantor issued such guarantee in a situation where a prudent businessman, as a shareholder of such Guarantor, would have contributed equity to such Guarantor or where the relevant beneficiary of the Notes Guarantee or knew or should have known that the Guarantor was insolvent or a filing for insolvency had been made;
- the Guarantor received less than reasonably equivalent value for incurring the debt represented by the guarantee, on the basis that the guarantee was incurred for our benefit, and only indirectly the Guarantor's benefit, or some other basis and (i) was insolvent or rendered insolvent by reason of the issuance of the guarantee, or subsequently became insolvent for other reasons, (ii) was engaged, or was about to engage, in a business transaction for which the Guarantor's assets were unreasonably small or (iii) intended to incur, or believed it would incur, debts beyond its ability to make required payments as and when they would become due;
- the Notes Guarantee was held to exceed the corporate objects of the Guarantor or not to be in the best interests or for the corporate benefit of the Guarantor; or
- the amount paid or payable under the relevant Notes Guarantee was in excess of the maximum amount permitted under applicable law.

The criteria on which insolvency is evaluated differs between jurisdictions, but a Guarantor generally may, in different jurisdictions, be considered insolvent at the time it issued a guarantee if:

- its liabilities exceed the fair market value of its assets;
- it cannot pay its debts as and when they become due; or
- the present saleable value of its assets is less than the amount required to pay its total existing debts and liabilities, including contingent and prospective liabilities, as they mature or become absolute.

Accordingly, there can be no assurance as to which standard a court would apply in determining whether a Guarantor was "insolvent" as of the date the Notes Guarantees were issued or that, regardless of the method of valuation, a court would not determine that a Guarantor was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date its Notes Guarantee was issued, that payments to holders of the Notes constituted fraudulent transfers on other grounds.

The interests of our shareholders may conflict with the interests of the holders of the Notes.

We are a publicly traded company listed on the Star segment of the Italian Stock Exchange (*Mercato Telematico Azionario*). The interests of our shareholders may conflict with the interests of your interests as holders of the Notes. Our shareholders may have an interest in pursuing divestitures or other transactions that in their judgment could enhance their investment, though such transactions may not enhance the value of the Notes or your position as a creditor.

In addition, GCL Holdings S.C.A., a vehicle beneficially owned by our Chief Executive Officer and certain other managers and senior officers of the Group, holds 24.28% of voting rights and 14.24% of economic rights in the Issuer, and is our single largest shareholder. The interest of GCL Holdings S.C.A. may conflict with the interests of our other shareholders or your interests as holders of the Notes. GCL Holdings S.C.A. may have its own interest in paying dividends or pursuing other transactions related to its equity stake in the Issuer that, in its judgement could enhance its investment, though such transactions may not enhance the value of the Notes or your position as a creditor. In connection with the Management Share Capital Increase, an affiliate of Credit Suisse Securities (Europe) Limited provided a margin loan to GCL Holdings S.C.A. which is secured by a pledge of management's equity stake in the Issuer, and if GCL Holdings S.C.A. were unable to repay or refinance such indebtedness, and the related pledge was enforced, the management's equity stake in the Issuer would be negatively affected. See "*Principal Shareholders*".

Investors may face foreign exchange risks by investing in the Notes.

The Notes will be denominated and payable in euro. If investors measure their investment returns by reference to a currency other than euro, an investment in the Notes will entail foreign exchange related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which such investors measure the return on their investments. These changes may be due to economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which such investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which such investors measure the return on their investments. Investments in the Notes denominated in a currency other than U.S. dollars by U.S. investors may also have important tax consequences as a result of foreign exchange gains or losses, if any. See "*Certain Tax Considerations—Certain U.S. Federal Income Tax Considerations*".

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

We may not be able to obtain enough funds necessary to finance an offer to repurchase your Notes upon the occurrence of certain events constituting a "change of control" (as defined in the Indenture) as required by the Indenture.

The Indenture will contain provisions relating to certain events constituting a "change of control" of the relevant Issuer. Upon the occurrence of certain events constituting a change of control, the Issuer is required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. If a change of control were to occur, we cannot assure you that the Issuer would have sufficient funds available at such time to pay the purchase price of the outstanding Notes or that the restrictions in the Revolving Credit Facility and the Intercreditor Agreement or other then-existing contractual obligations of the Issuer would allow the Issuer to make such required repurchases. A change of control may result in an obligation to mandatorily prepay and cancel all or part of the Revolving Credit Facility, an event of default under, or acceleration of, the Revolving Credit Facility, and other indebtedness or trigger a similar obligation to offer to repurchase loans or notes thereunder. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not.

The Issuer's ability to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by our then-existing financial resources. If an event constituting a "change of

control" (as defined in the Indenture) occurs at a time when the Issuer is prohibited, under certain financing arrangements or otherwise, from repurchasing the Notes, we may seek the consent of the creditors under such indebtedness to the purchase of Notes or may attempt to refinancing the borrowings that contain such prohibition. If we do not obtain such consent or repay such borrowings, the Issuer will remain prohibited from repurchasing any tendered Notes. In addition, we expect that we would require third party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that we would be able to obtain such financing.

Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture, which would, in turn, constitute a default under the Revolving Credit Facility and certain other indebtedness. See "*Description of the Notes—Repurchase at the Option of Holders—Change of Control*".

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership. Except as described under "*Description of the Notes—Repurchase at the Option of Holders—Change of Control*", the Indenture will not contain a provision that requires us to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of "change of control" contained in the Indenture includes (with certain exceptions) a disposition of all or substantially all of the assets of the Issuer and its restricted subsidiaries taken as whole to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

Transfers of the Notes are restricted, which may adversely affect the value of the Notes.

The Notes are being offered and sold pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws of the United States. The Notes have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws. Therefore, you may not transfer or sell the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws, or pursuant to an effective registration statement, and you may be required to bear the risk of your investment in the Notes for an indefinite period of time. The Notes and the Indenture governing the Notes contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S under the U.S. Securities Act, or other exemptions under the U.S. Securities Act. In addition, by acceptance of delivery of any Notes, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the Notes that it shall not transfer the Notes in an aggregate principal amount of less than €100,000. Furthermore, we have not registered the Notes under any other country's securities laws. It is your obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "*Transfer Restrictions*".

You may be unable to recover in civil proceedings for U.S. securities law violations.

The Issuer and each of the Guarantors and their respective subsidiaries are organized outside the United States, and our business is conducted entirely outside the United States. Almost all of the directors and executive officers of the Issuer and each of the Guarantors are non-residents of the United States. Although the Issuer and the Guarantors will submit to the jurisdiction of certain courts in New York in connection with any action under U.S. securities laws or under the Indenture, you may be unable to effect service of process within the United States on the directors and executive officers of the Issuer and the Guarantors. In addition, as substantially all of the assets of the Issuer and the Guarantors and their respective subsidiaries and those of their directors and executive officers are located outside of the United States, you may be unable to enforce judgments obtained in the U.S. courts against them. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer and the Guarantors may not be subject to the civil liability provisions of the federal securities laws of the United States. See "*Enforcement of Civil Liabilities*".

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream. Interests in the global notes will trade in book-entry form only, and Notes in definitive registered form, or definitive registered notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners of the Notes. The nominee of the common depositary for Euroclear and Clearstream will be the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to Deutsche Bank AG, London Branch, as Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest in the Notes, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear or Clearstream, Luxembourg, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream, as applicable, or, if applicable, from a participant. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any matters or on a timely basis.

Similarly, upon the occurrence of an "event of default" under the Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. We cannot assure you that the procedures to be implemented through Euroclear and Clearstream will be adequate to ensure the timely exercise of rights under the Notes. See "*Book-Entry, Delivery and Form*".

There may not be an active trading market for the Notes in which case your ability to sell the Notes will be limited.

We cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The trading market for the Notes may attract different investors and this may affect the extent to which the Notes may trade. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of Notes, regardless of our prospects and financial performance. As a result, there may not be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your Notes at a fair value, if at all.

In addition, the Indenture will allow us to issue additional notes in the future which could adversely impact the liquidity of the Notes.

The Notes may not become, or remain, listed on the Luxembourg Stock Exchange.

Although an application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange within a reasonable period after the Issue Date, the Issuer cannot assure you that the Notes will remain listed. If the Issuer can no longer maintain such listing or if it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Official List of the

Luxembourg Stock Exchange, provided, however, that it will use its commercially reasonable efforts to maintain the listing of the Notes on another recognized stock exchange, although there can be no assurance that the Issuer will be able to do so.

In addition, although no assurance is made as to the liquidity of the Notes as a result of listing the Notes on the Official List of the Luxembourg Stock Exchange or another recognized stock exchange in accordance with the Indenture, failure to obtain approval for the listing or the delisting of the Notes from the Official List of the Luxembourg Stock Exchange or another recognized stock exchange, as applicable, may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

Certain covenants may be suspended upon the occurrence of a change in our ratings.

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive a rating of "BBB—or better from S&P and "Baa3" or better from Moody's and no default or event of default has occurred and is continuing, then beginning that day and continuing until such time that the Notes receive a rating of below "BBB—from S&P and below "Baa3" from Moody's, certain covenants will cease to be applicable to the relevant Notes. See "*Description of the Notes—Certain Covenants Suspension of Covenants on Achievement of Investment Grade Status*". If these covenants were to cease to be applicable, we would be able to incur additional indebtedness or make payments, including dividends or investments, which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

OECD Common Reporting Standard.

The EU Savings Directive adopted on June 3, 2003, by the EU Council of Economic and Finance Ministers (as subsequently amended) on taxation of savings income in the form of interest payments has been repealed from January 1, 2016 to prevent overlap between the EU Savings Directive and the new automatic exchange of information regime implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). Drawing extensively on the intergovernmental approach to implementing the United States Foreign Account Tax Compliance Act, the OECD developed the Common Reporting Standard ("**CRS**") to address the issue of offshore tax evasion on a global basis. Aimed at maximizing efficiency and reducing cost for financial institutions, the CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures.

Italy has enacted Italian Law No. 95 of June 18, 2015 ("**Law 95/2015**"), implementing the CRS (and the amended EU Directive on Administrative Cooperation) Italian Ministerial Decree dated December 28, 2015, which has entered into force on January 1, 2016, implemented Law 95/2015 and provides for the exchange of information in relation to the calendar year 2016 and subsequent years. In the event that holders of the Notes hold the Notes through an Italian financial institution (as meant in the Italian Ministerial Decree of December 28, 2015 implementing Law 95/2015), they may be required to provide additional information to such financial institution to enable it to satisfy its obligations under the Italian implementation of the CRS.

The proposed financial transactions tax (FTT) may apply and impact dealings in the Notes.

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**"). In December 2015, Estonia withdrew from the group of states willing to introduce the FTT.

The Commission's Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

In December 2015, a joint statement was issued by the Participating Member States (excluding Estonia), initially indicating an intention to make decisions on the remaining open issues by the end of June 2016. However, failing an agreement on such issues, the Participating Member States (excluding Estonia) indicated following the last ECOFIN meeting of 17 June 2016 that work and discussions would continue during the second half of 2016.

On October 11, 2016, the European Commissioner for Taxation, announced that the Participating Member States (excluding Estonia) had agreed on the "four important measures that will form the core engines of such a tax" and invited the European Commission to work alongside the technical group to prepare a draft legislation.

As reported in the ECOFIN Report to the European Council on tax issues dated June 27, 2018, at the High Level Working Party EcoFin (HLWP) meeting of April 18, 2018, participating Member States indicated that they are evaluating the impact of the latest international developments and possible options, in particular as far as FTT revenue expectations are concerned.

The FTT proposal remains subject to negotiation between the Participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

THE TRANSACTIONS

The Business Combination and Public Listing

Space4 was an Italian SPAC, incorporated as a *società per azioni* under the laws of the Republic of Italy on September 19, 2017 for the purpose of identifying and completing the acquisition of a company, business or assets in any form, including a business combination or merger, whether or not in conjunction with the purchase or subscription of an equity ownership interest (minority or majority equity ownership interests as well as participating financing instruments). Its stated purpose was to focus on completing such a transaction in Italy with a privately held target company that has a strong international dimension. On December 21, 2017, Space4 completed an initial public offering of shares and warrants on the investment vehicles market (MIV), professional segment, a regulated market organized and managed by Borsa Italiana S.p.A., which raised €500 million of gross proceeds.

On April 16, 2018, the boards of directors of Guala, GCL (Guala's direct parent and 100% shareholder at the time) and Space4 approved (i) the acquisition by Space4, with co-investment by Peninsula, of the majority stake in Guala and the business unit of GCL that would be transferred (together with certain other transactions, the "**Group Reorganization**") to a new indirect subsidiary of Guala in connection with the acquisition (the "**Acquisition**"), (ii) the subsequent merger by incorporation of Guala into Space4 (the "**Merger**" and together with the Acquisition and other transactions related to the Merger and the Acquisition, including the Management Share Capital Increase (as defined below), the "**Business Combination**") and (iii) the admission to listing of the ordinary shares of the resulting entity (the Issuer) on the Star segment of the Italian Stock Exchange (*Mercato Telematico Azionario*), a regulated market organized and managed by Borsa Italiana S.p.A. (the "**Public Listing**"). As required under Italian law, the Merger was then approved by the shareholders' meetings of Guala and Space4 on April 27, 2018 and May 28, 2018, respectively.

Space4, Peninsula and Quaestio, which was nominated as an additional buyer by Space4 in accordance with the sale and purchase agreement, completed the Acquisition on July 31, 2018. Concurrently, Guala completed, along with certain other transactions, a €25,000,000 share capital increase pursuant to which GCL, which was re-organized into becoming the investment vehicle of certain senior managers of Guala and their related parties (herein referred to as GCL Holdings S.C.A.), subscribed for additional shares issued by Guala (the "**Management Share Capital Increase**"). Space4 made an intercompany loan of €580,000,000 to Guala, using the cash remaining in Space4 after payment of its share of the Acquisition purchase price and drawings of €450,000,000 under the Bridge Facility made available to Space4 pursuant to the Bridge Facility Agreement. On August 2, 2018, Guala redeemed in full its existing €510,000,000 Floating Rate Senior Secured Notes due 2021 (the "**2021 Notes**") by using the funds lent to it by Space4. Guala also used some of such funds to repay the amounts outstanding under its €65,000,000 multicurrency revolving credit facility, made available pursuant to a senior facilities agreement dated October 10, 2008, as amended and restated from time to time, between, *inter alios*, Guala as borrower and UniCredit Bank AG, Milan Branch as the agent, which was replaced on August 2, 2018 with the Revolving Credit Facility, made available to Space4 pursuant to the Revolving Credit Facility Agreement.

The Merger was completed on August 6, 2018. On the same date, Space4 adopted Guala's corporate name, "Guala Closures S.p.A.", and transferred its registered office to Guala's registered office, Via Rana 12, 15122, Alessandria, Spinetta Marengo, Italy, and its ordinary shares and market warrants were admitted to and started trading on the Star segment of the Italian Stock Exchange (*Mercato Telematico Azionario*). As of August 6, 2018, Guala therefore ceased to exist in its previous form and Space4 (now called Guala Closures S.p.A.) is the new parent company of the Group, the borrower under the Bridge Facility Agreement and the Revolving Credit Facility, and is the Issuer of the Notes offered pursuant to this Offering Memorandum.

As part of the Business Combination, the shares in Guala were exchanged, in accordance with a deed of merger, for shares in the Issuer. As of August 6, 2018, GCL Holdings S.C.A. (as the investment vehicle of certain senior managers of the Group and their related parties) held 24.28% of the voting rights exercisable in the general meetings of the shareholders of the Issuer.

Following the Transactions, as of June 30, 2018, the Issuer's *pro forma* net leverage ratio was 3.87x, compared to Guala's net leverage ratio of 5.14x, as of June 30, 2018, prior to the Business Combination.

See also "*Certain Definitions*", "*Management*", "*Principal Shareholders*" and "*Description of Other Indebtedness*".

The Refinancing

As described above, in connection with the Business Combination, the Issuer is the borrower under the Bridge Facility Agreement that provides for the €450.0 million Bridge Facility, which was drawn in full and used, along with other funds, to redeem the 2021 Notes and pay related fees and expenses.

The proceeds from the Offering will be used to refinance the Bridge Facility and to pay the costs, fees and expenses incurred in connection with such refinancing, including the Offering, and for general corporate purposes.

See also "*Use of Proceeds*", "*Capitalization*" and "*Unaudited Pro Forma Financial Information of the Issuer*".

USE OF PROCEEDS

The gross proceeds from the sale of the Notes are estimated to be €455.0 million.

The net proceeds from the issuance of the Notes will be applied on the Issue Date to repay the Bridge Facility pursuant to the Refinancing, and fees and expenses associated with the Refinancing, and for general corporate purposes.

The following table illustrates the estimated sources and uses. Actual amounts will vary from estimated amounts depending on several factors, including differences from our estimates of fees and expenses in connection with the Refinancing.

Sources of Funds	(in € millions)	Uses of Funds	(in € millions)
Notes offered hereby[1]	455.0	Refinance Bridge Facility[2]	450.0
		Estimated transaction fees and expenses[3]	1.6
		General corporate purposes[2]	3.4
Total Sources	**455.0**	**Total Uses**	**455.0**

(1) Represents the estimated gross proceeds from the Notes offered hereby. The proceeds from the issuance of the Notes will be applied on the Issue Date in connection with the Refinancing.

(2) The Bridge Facility will be repaid in full using the net proceeds of the Offering, less €3.4 million of net proceeds that will be applied to general corporate purposes.

(3) Represents estimated fees and expenses associated with the Refinancing, including net underwriting and professional fees and transaction costs.

CAPITALIZATION

The following table sets forth, as of June 30, 2018, the cash and cash equivalents and capitalization of (i) Guala on an actual basis, (ii) the Issuer on an adjusted basis giving effect to (1) the Business Combination and the Financing, and (2) on a further adjusted basis reflecting the Refinancing.

The "Guala Actual" column below has been derived from the unaudited interim condensed consolidated statements of financial position of Guala as of June 30, 2018, prepared in accordance with IAS 34, as endorsed by the European Union included elsewhere in this Offering Memorandum.

You should read this table in conjunction with "*The Transactions*", "*Use of Proceeds*", "*Selected Historical Financial Information and Other Data of Guala*", "*Unaudited Pro Forma Financial Information of the Issuer*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Description of Other Indebtedness*", "*Description of the Notes*" and the Guala and Space4 consolidated financial statements included elsewhere in this Offering Memorandum.

	Guala Actual as of June 30, 2018	As adjusted	As further adjusted	Issuer as adjusted as of June 30, 2018
	(€ in millions)			
Cash and cash equivalents[1]	**22.1**	**18.6**	**3.4**	**44.1**
Prior Revolving Credit Facility	55.0	(55.0)	—	—
Revolving Credit Facility[2]	—	—	—	—
2021 Notes	510.0	(510.0)	—	—
Bridge Facility	—	450.0	(450.0)	—
Notes offered hereby[3]	—	—	455.0	455.0
Other secured debt[4]	26.0	(3.1)	—	22.9
Unamortized secured debt issuance costs	(8.2)	(3.7)	(1.6)	(13.5)
Total senior secured debt	**582.8**	**(121.8)**	**3.4**	**464.4**
Unsecured debt	4.6	—	—	4.6
Intrercompany loan from GCL	23.4	(23.4)	—	—
Put option on the Ukrainian non controlling interests[5]	16.7	—	—	16.7
Unamortized unsecured debt issuance costs	—	—	—	—
Total financial liabilities[6]	**627.5**	**(145.2)**	**3.4**	**485.7**
Equity	152.1	495.1	—	647.2
Total capitalization[7]	**779.6**	**350.0**	**3.4**	**1,133.0**

Notes:

(1) The "Guala Actual as of June 30, 2018" column represents Guala's cash and cash equivalents as of June 30, 2018. The "As adjusted" column represents an adjustment in connection with the Business Combination and Financing. The "As further adjusted" column represents an adjustment related to the cash from the Offering as applied for general corporate purposes *minus* certain net fees and expenses as further discussed under "*Use of Proceeds*". The "Issuer as adjusted as of June 30, 2018" column represents our as adjusted cash and cash equivalents as of June 30, 2018 after giving effect to the Transactions. The actual amount of cash and cash equivalents as of the Issue Date may vary from this amount due to a number of factors.

(2) An €80.0 million Revolving Credit Facility is currently available under the Revolving Credit Facility Agreement. The Revolving Credit Facility is undrawn and is expected to remain undrawn as of the Issue Date. See "*Description of Other Indebtedness—Revolving Credit Facility*".

(3) The Notes offered hereby have been reflected in the table at their aggregate principal amount.

(4) Other secured debt includes capital leases and other debt secured by liens.

(5) The put option on the non-controlling interest in Guala Closures Ukraine LLC which relates to recognition of these investors' right to exercise a put option if certain conditions are met. See Note 13 to Guala's condensed consolidated interim financial statements as of and for the six months ended June 30, 2018 included elsewhere in this Offering Memorandum.

(6) Excludes €19.4 million of financial liabilities deemed to arise under common equity warrants issued in connection with the Transactions. See "*Principal Shareholders—Warrants*".

(7) Represents the sum of total financial liabilities and equity.

SELECTED HISTORICAL FINANCIAL INFORMATION AND OTHER DATA OF GUALA

The selected consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows data for Guala set forth below as of and for the years ended December 31, 2015, 2016 and 2017 were derived from the audited consolidated financial statements and the notes thereto of Guala, prepared in accordance with IFRS, as adopted by the EU, and included elsewhere in this Offering Memorandum. The consolidated financial statements including the notes thereto of Guala have been audited by the Independent Auditors for the years ended December 31, 2015, 2016 and 2017 as set forth in their auditors' opinions included elsewhere in this Offering Memorandum. The selected consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows data for Guala set forth below as of and for the six months ended June 30, 2017 and 2018 were derived from the unaudited condensed consolidated interim financial statements and the notes thereto of Guala, prepared in accordance with IAS 34.

The historical consolidated financial statements of Guala presented in this Offering Memorandum do not correspond to the entire perimeter of the Group as it was then operated during the periods prior to the Acquisition. In particular, the historical consolidated financial statements of GCL included the costs associated with parent company activities corresponding mainly to items booked under the line items "cost of services-third parties" and "personnel expense" and management employed at the GCL level, net revenue, assets and liabilities associated with the Group's research and development activities and certain shareholder debt liabilities on the balance sheet of GCL which are not reflected in Guala's historical financial statements. Prospective investors are cautioned therefore that the historical financial information of Guala as presented herein may not be comparable to the Group's future results of operations. See "*Risk Factors—Risks related to our presentation of financial information*" and "*Unaudited Pro Forma Financial Information of the Issuer*".

The following information should be read in conjunction with the information contained in "*Capitalization*," "*Use of Proceeds*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the consolidated financial statements and the notes thereto for Guala included elsewhere in this Offering Memorandum.

Consolidated Statement of Comprehensive Income Data of Guala

	For the year ended December 31,			For the six months ended June 30,	
	2015[(1)]	2016	2017	2017	2018
	(€ in thousands)				
Net revenue	**520,533**	**500,268**	**534,819**	**251,036**	**258,707**
Change in inventories of finished goods and semi-finished products	3,066	1,279	6,850	14,294	11,909
Other operating income	4,783	3,938	4,326	2,368	1,644
Work performed by the Group and capitalized	5,936	6,615	4,908	3,125	2,905
Cost for raw materials	(233,336)	(218,436)	(235,927)	(119,190)	(124,186)
Costs for services—third parties	(90,432)	(86,515)	(93,128)	(47,233)	(50,698)
Cost for services—related parties	(1,548)	(4,663)	(5,132)	(3,199)	(2,920)
Personnel expense	(92,912)	(90,282)	(96,825)	(48,994)	(49,018)
Other operating expense	(11,259)	(9,897)	(10,364)	(5,241)	(5,496)
Amortization, depreciation and impairment losses	(37,547)	(30,865)	(33,213)	(15,712)	(15,981)
Operating profit	**67,284**	**71,443**	**76,315**	**31,253**	**26,867**
Financial income	11,081	8,701	8,341	3,290	5,239
Financial expense	(55,242)	(50,197)	(49,106)	(23,189)	(25,979)
Profit (loss) before taxation	**23,123**	**29,947**	**35,551**	**11,355**	**6,127**
Income taxes	(22,468)	(19,681)	(20,417)	(8,272)	(7,060)
Profit (loss) for the period	**655**	**10,266**	**15,133**	**3,083**	**(933)**
Attributable to:					
Owners of Guala	(11,522)	(2,842)	1,684	(2,907)	(6,891)
Owners of Participating Financing Instruments of Guala	4,781	4,794	4,781	2,371	2,371
Non-controlling interests	7,397	8,314	8,668	3,619	3,588

(1) 2015 figures were restated since capitalized development expenditure and extraordinary maintenance booked in 2015 as "Other operating income" have been reclassified to the caption "Work performed by the Group and capitalized".

Consolidated Statement of Cash Flows Data of Guala

	For the year ended December 31,			For the six months ended June 30,	
	2015	2016	2017	2017	2018
	(€ in thousands)				
Cash flows generated by operating activities	91,248	71,808	55,258	9,860	7,440
Cash flows used in investing activities	(22,142)	(32,189)	(38,386)	(16,590)	(14,558)
Cash flows generated by/(used in) financing activities	(39,939)	(46,619)	(28,588)	(18,141)	(11,213)
Net cash flows for the period	**29,167**	**(6,999)**	**(11,716)**	**(24,871)**	**(18,331)**

Consolidated Statement of Financial Position Data of Guala

	As of December 31,			As of June 30,	
	2015	2016	2017	2017	2018
	(€ in thousands)				
Total current assets	227,777	226,399	244,791	234,031	253,434
Total non-current assets	571,004	662,824	664,231	662,481	659,371
Total assets	**798,780**	**889,223**	**909,022**	**896,512**	**912,805**
Total current liabilities	115,818	116,611	128,994	124,127	137,156
Total non-current liabilities	524,105	611,373	620,167	614,278	623,534
Total liabilities	**639,923**	**727,984**	**749,161**	**738,405**	**760,690**
Total equity	**158,857**	**161,239**	**159,861**	**158,107**	**152,115**
Total liabilities and equity	**798,780**	**889,223**	**909,022**	**896,512**	**912,805**

UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF THE ISSUER

The unaudited *pro forma* condensed consolidated financial information has been prepared for illustrative purposes only to give effect to the following transactions:

- the Business Combination and the Financing; and
- the Refinancing;

as if these transactions (the "**Transactions**") had occurred on:

- January 1, 2017 for purposes of the income statement for the six months period ended June 30, 2017 and for the year ended December 31, 2017;
- July 1, 2017 for purposes of the income statement for the twelve months ended June 30, 2018;
- January 1, 2018 for purposes of the income statement for the six months period ended June 30, 2018; and
- on June 30, 2018 for purposes of the statement of financial position.

See "*Certain Definitions*" and "*The Transactions*" for further information on the Business Combination, the Financing, and the Refinancing.

The unaudited *pro forma* condensed consolidated financial information of the Issuer as of and for the year ended December 31, 2017 and as of and for the six months ended June 30, 2017 and 2018 is presented below is for illustrative purposes only and should not be considered indicative of the actual results that would have been achieved had the Transactions been completed on the dates assumed and does not purport to illustrate our future consolidated results of operations or financial position. The actual results may differ significantly from those reflected in the unaudited *pro forma* condensed consolidated financial information for a number of reasons, including, but not limited to, differences in assumptions used to prepare the unaudited *pro forma* condensed consolidated financial information.

The unaudited *pro forma* condensed consolidated financial information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. The unaudited *pro forma* condensed consolidated financial information is based upon available information and certain assumptions that we believe to be reasonable and give effect to events that are directly attributable to the transactions described therein and are factually supportable. Neither the assumptions underlying the *pro forma* adjustments, nor the resulting *pro forma* financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

The unaudited *pro forma* condensed consolidated financial information should be read in conjunction with the information included elsewhere in this Offering Memorandum under the captions "*Presentation of Financial and Other Information*", "*Use of Proceeds*", "*Capitalization*", "*Selected Historical Financial and Other Data of Guala*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*The Transactions*" and the audited and unaudited financial statements of Guala and of Space4, which are included elsewhere in this Offering Memorandum.

Basis of preparation

The unaudited *pro forma* condensed consolidated statement of financial position of the Issuer as of June 30, 2018 is based on and derived from: (i) the unaudited condensed interim statement of financial position of Space4 as of June 30, 2018, prepared in accordance with IAS 34, as endorsed by the European Union (the "**Space4 June 2018 Balance Sheet"**); and, (ii) the unaudited condensed interim consolidated statement of financial position of Guala as of June 30, 2018, prepared in accordance with IAS 34, as endorsed by the European Union (the "**Guala June 2018 Balance Sheet"**).

The unaudited *pro forma* condensed consolidated income statement of the Issuer for the six months period ended June 30, 2018 is based on and derived from: (i) the unaudited interim condensed income statement of Space4 for the six months period ended June 30, 2018, prepared in accordance with IFRS, as endorsed by the European Union (the "**Space4 1H2018 IS**"); and, (ii) the unaudited interim condensed consolidated income statement of Guala for the six months period ended June 30, 2018, prepared in accordance with IAS 34, as endorsed by the European Union (the "**Guala 1H2018 IS**").

The unaudited *pro forma* condensed consolidated income statement of the Issuer for the year ended December 31, 2017 is based on and derived from: (i) the audited income statement of Space4 for the year

ended December 31, 2017, prepared in accordance with IAS 34, as endorsed by the European Union (the "**Space4 2017 IS**"); and, (ii) the audited consolidated income statement of Guala for the period from September 30, 2017 to December 31, 2017, prepared in accordance with IAS 34, as endorsed by the European Union (the "**Guala 2017 IS**").

The unaudited *pro forma* condensed consolidated income statement of the Issuer for the six months period ended June 30, 2017 is based on and derived from the unaudited interim condensed consolidated income statement of Guala for the six months period ended June 30, 2017, prepared in accordance with IAS 34, as endorsed by the European Union (the "**Guala 1H2017 Income Statement**").

The unaudited *pro forma* condensed consolidated income statement of the Issuer for twelve months ended June 30, 2018 has been prepared by taking the *pro forma* condensed consolidated income statement of the Issuer for the six months ended June 30, 2018 and adding it to the *pro forma* condensed consolidated income statement for the year ended December 31, 2017 and then subtracting the *pro forma* condensed consolidated income statement for the six months ended June 30, 2017.

For purposes of preparing the unaudited *pro forma* condensed consolidated financial information, certain adjustments have been performed on the basis described herein (the "**unaudited *pro forma* adjustments**"). The unaudited *pro forma* adjustments are based on currently available financial information and certain assumptions that we believe are reasonable.

The unaudited *pro forma* condensed consolidated financial information does not reflect any changes in the business of Guala or Space4 since June 30, 2018.

Rounding adjustments have been made in calculating certain of the *pro forma* condensed consolidated financial information included herein. Figures shown as totals in some tables and elsewhere may not be exact arithmetic aggregations of the figures that precede them.

Presentation

Prior to the Acquisition, the Group was managed by GCL as the parent company which provided holding company and other management services to the Group, and conducted certain research and development activities for and on behalf of the Group and with third party customers. Financial consolidation of the Group's financial statements prior to the Acquisition was performed at the level of GCL with consolidated financial statements prepared under IFRS and in accordance with Luxembourg generally accepted auditing standards. Consequently, the historical consolidated financial statements of Guala included elsewhere herein do not present the full income statement, balance sheet and cash flows of the GCL Group prior to the Acquisition. In particular, the historical consolidated financial statements of GCL included the costs associated with parent company expenses and income, management employed at the GCL level, net revenue, assets and liabilities associated with the Group's research and development activities and certain shareholder debt liabilities on the balance sheet of GCL, which are not reflected in Guala's historical financial statements due to the different perimeter.

We present below in each of the unaudited *pro forma* condensed consolidated statement of financial position and the unaudited *pro forma* condensed consolidated income statements, a column describing *pro forma* adjustments to Guala's statement of financial position and income statements for the Group Reorganization and a resultant sub-total column called "Group after the Group Reorganization", which sub-total column describes the financial information that would be contained in the GCL consolidated financial statements for the same periods before the Business Combination.

Accounting for the Group Reorganization

The Group Reorganization is characterized as an under common control transaction that transfers a business unit of GCL (primarily its R&D activities) to a newly established indirect subsidiary of Guala, GCL International S.à r.l. ("**GCL International**"), which is directly owned by Guala Closures International B.V., a direct subsidiary of Guala. The assets and liabilities transfered are accounted for at their book value in GCL at the timing of the Group Reorganization and therefore IFRS 3—Business combinations is not applicable. Management therefore needs to use judgement to develop an accounting policy that provides relevant and reliable information in accordance with IAS 8 and thus management has concluded that the most suitable accounting policies that should be applied in the preparation of this unaudited *pro forma* financial information in respect of the Group Reorganization is the predecessor value method.

Accounting for the Business Combination

The Business Combination is characterized as a business combination in accordance with IFRS 3—Business combinations. Space4 was the acquirer and Guala was the acquired company. Pursuant to the Acquisition, GCL, the parent of Guala, transferred control of Guala.

Pending completion of the allocation procedure of the purchase price of Guala's assets acquired, liabilities assumed and contingent liabilities, the difference between the consideration paid for Guala's shares by Space4, the fair value of the new Space4 shares to be issued as consideration for the merger, considered to be the transaction price, and Guala's net equity have been provisionally allocated to goodwill, net of its own goodwill. The difference has not yet been allocated to the Group's assets acquired, liabilities assumed and contingent liabilities, up to the extent that it can be allocated. This purchase price allocation (PPA) procedure will be performed in accordance with IFRS 3—Business combinations in the first set of financial statements prepared by the Group after the Business Combination.

The valuation studies necessary to finalize the fair value of the assets acquired and liabilities assumed and the related allocation of the consideration transferred has recently commenced (as the date of the Acquisition was July 31, 2018). Therefore, the difference between (a) the total expected consideration transferred and (b) the net carrying amounts of the identifiable assets acquired and the liabilities assumed by Space4 on the completion date of the Acquisition of Guala have been fully allocated to goodwill in the unaudited *pro forma* condensed consolidated statement of financial position. A final determination of fair value on the date of the acquisition of the assets acquired and the liabilities assumed may differ significantly from the amounts reflected in the Issuer's unaudited *pro forma* condensed consolidated statement of financial position included herein and, among other things, could result in a material change in our amortization and depreciation expense relating to identifiable assets acquired.

The main account balances that will be impacted on a preliminary basis by the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed will be Intangible assets, Property, plant and equipment and Inventory. Management believes that significant changes in the amount of goodwill recognized in relation to the Acquisition may arise due to the final determination of the PPA.

Accounting for the Financing

In accordance with IFRS 9, a financial liability should be removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. The accounting treatment of a debt restructuring depends on whether the modified terms (or new debt instrument) are "substantially different" to the previous terms (or debt instrument). IFRS 9 determines whether the new or modified debt is substantially different based primarily on a "10% test". This test requires a calculation of whether the present value of the revised cash flows plus any costs/fees paid (less any fees received) differs by 10% or more from the present value of the remaining cash flows of the existing debt. A modification to the terms of a financial liability should be accounted for as follows:

- A substantial modification should be accounted for as an extinguishment of the existing liability and the recognition of a new liability ("**extinguishment accounting**");
- Terms are considered to have been substantially modified when the net present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate—*i.e.* of the original debt instrument—differs by at least 10 percent from the present value of the remaining cash flows under the original terms (the so-called "10 percent test" or "quantitative assessment").

Due to the different financial structure of the Bridge Facility compared to the 2021 Notes and the Prior Revolving Credit Facility, management applied extinguishment accounting with the de-recognition of the existing liabilities related to the 2021 Notes and the Prior Revolving Credit Facility and related unamortized transaction cost accounted to the profit and loss and the recognition of the Bridge Facility at its amortized cost.

Accounting for the Offering

The Refinancing with the Offering of the Notes will repay and replace the Bridge Facility, a financial liability currently incurred by the Issuer, with a new permanent capital structure, the Notes. In accordance with IFRS 9, for the purposes of this unaudited *pro forma* condensed consolidated financial information,

management has accounted for the Notes offered pursuant to the Offering and the resultant Refinancing by applying “modification accounting”. Following this approach, if there is a change in the timing or amount of estimated cash flows, then the gross carrying amount of the amortized cost of the financial liability is adjusted in the period of change to reflect the revised actual and estimated cash flows, with a corresponding income or expense being recognized in profit or loss. The revised gross carrying amount of the amortized cost of the financial liability is recalculated by discounting the revised estimated future cash flows at the instrument’s original effective interest rate or, when applicable, the revised effective interest rate.

Unaudited *Pro Forma* Condensed Consolidated Statement of Financial Position as of June 30, 2018

		Pro forma adjustment			*Pro forma* adjustments			
	Guala June 2018 Balance Sheet	Group Reorganization	Group after the Group Reorganization	Space4 June 2018 Balance Sheet	Business Combination	Bridge Financing	Notes	*Pro forma*
		Note 1			Note 2	Note 3	Note 4	
(in millions of Euros)	i.	ii.	iii.=i.+ii.	iv.	v.	vi.	vii.	iii.+iv.+v. +vi.+vii.
Cash and cash equivalents	22.1	0.4	22.5	507.4	(359.1)	(130.1)	3.4	44.1
Current financial assets—third parties	0.1	0.1	0.2	—	—	—	—	0.2
Current financial assets—related parties	1.8	(1.8)	—	—	—	—	—	—
Trade receivables—third parties	112.1	—	112.1	—	—	—	—	112.1
Trade receivables—related parties	2.0	(2.0)	—	—	—	—	—	—
Contract assets	—	—	—	—	—	—	—	—
Inventories	97.6	—	97.6	—	—	—	—	97.6
Current direct tax assets	4.6	0.1	4.7	—	—	—	—	4.7
Current indirect tax assets	8.2	0.3	8.5	—	—	—	—	8.5
Financial derivative assets	0.1	—	0.1	—	—	—	—	0.1
Other current assets	4.9	0.2	5.1	0.8	—	—	—	5.9
Assets classified as held for sale	—	—	—	—	—	—	—	—
Total current assets	**253.4**	**(2.6)**	**250.8**	**508.2**	**(359.1)**	**(130.1)**	**3.4**	**273.2**
Non-current financial assets—third parties	0.2	0.8	1.0	—	—	—	—	1.0
Non-current financial assets—related parties	91.2	(91.2)	—	—	—	—	—	—
Equity investments	—	—	—	—	—	—	—	—
Property, plant and equipment	186.4	1.5	187.9	—	—	—	—	187.9
Intangible assets	375.1	0.1	375.2	—	449.4	—	—	824.6
Deferred tax assets	6.1	—	6.1	—	2.1	2.0	—	10.2
Other non-current assets	0.3	0.1	0.4	—	—	—	—	0.4
Total non-current assets	**659.4**	**(88.7)**	**570.7**	**—**	**451.4**	**2.0**	**—**	**1,024.1**
Total assets	***912.8***	***(91.3)***	***821.5***	***508.2***	***92.3***	***(128.1)***	***3.4***	***1,297.2***
Equity attributable to the owners of the parent	129.7	(69.4)	60.3	496.7	74.0	(6.2)	—	624.8
Non-controlling interests	22.4	—	22.4	—	—	—	—	22.4
Total equity	**152.1**	**(69.4)**	**82.7**	**496.7**	**74.0**	**(6.2)**	**—**	**647.2**
Current financial liabilities—third parties	22.3	—	22.3	8.5	10.9	—	—	41.6
Current financial liabilities—related parties	0.5	(0.5)	—	—	—	—	—	—
Trade payables—third parties	75.2	0.4	75.6	2.9	7.4	—	—	85.9
Trade payables—related parties	—	—	—	—	—	—	—	—
Current direct tax liabilities	3.2	—	3.2	—	—	—	—	3.2
Current indirect tax liabilities	4.5	0.3	4.9	—	—	—	—	4.9
Current provisions	2.4	—	2.4	—	—	—	—	2.4
Financial derivative liabilities	0.1	—	0.1	—	—	—	—	0.1
Other current liabilities	29.0	0.7	29.7	0.1	—	—	—	29.8
Total current liabilities	**137.2**	**0.9**	**138.1**	**11.5**	**18.3**	**—**	**—**	**167.8**

(in millions of Euros)	Guala June 2018 Balance Sheet	Pro forma adjustment: Group Reorganization	Group after the Group Reorganization	Space4 June 2018 Balance Sheet	Pro forma adjustments: Business Combination	Pro forma adjustments: Bridge Financing	Pro forma adjustments: Notes	Pro forma
		Note 1			Note 2	Note 3	Note 4	
	i.	ii.	iii.=i.+ii.	iv.	v.	vi.	vii.	iii.+iv.+v.+vi.+vii.
Non-current financial liabilities—third parties	581.8	—	581.8	—	—	(121.9)	3.4	463.4
Non-current financial liabilities—related parties	22.9	(22.9)	—	—	—	—	—	—
Employee benefits	6.5	—	6.5	—	—	—	—	6.5
Deferred tax liabilities	11.3	—	11.3	—	—	—	—	11.3
Non-current provisions	0.5	—	0.5	—	—	—	—	0.5
Other non-current liabilities	0.6	—	0.6	—	—	—	—	0.6
Total non-current liabilities	**623.5**	**(22.9)**	**600.6**	**—**	**—**	**(121.9)**	**3.4**	**482.2**
Total equity and liabilities	***912.8***	***(91.3)***	***821.5***	***508.2***	***92.3***	***(128.1)***	***3.4***	***1,297.2***

Note 1

This column describes the Group Reorganization that refers to the transfer of GCL's business unit (primarily R&D activities) from GCL, the parent prior to the Business Combination, to GCL International, the newly established indirect subsidiary of Guala.

This table below reflects the *pro forma* adjustments related to the Group Reorganization that can be divided into four different steps:

i. the "Transfer of GCL business unit" arising from the demerger of the operating activities (excluding the financial assets) of GCL to GCL International;

ii. the "Elimination of intragroup balances" arising from the consolidation adjustments arising from the elimination of intragroup trade balances between the Group and GCL International;

iii. the "Reimbursement of PFI" arising from the reimbursement of Guala's participating financial instruments; and

iv. the "Netting of GCL financial items" arising from the netting of assets and liabilities between the Group and GCL that were demerged to GCL International in accordance with the terms of the second amendment to the acquisition agreement in respect of Guala.

The last column represents the sum of the above mentioned transactions.

(in millions of Euros)	Transfer of GCL business unit	Elimination of intragroup balances	Reimbursement of PFI	Netting of GCL financial items	Group Reorganization
	Group Reorganization				
	***Pro forma* adjustments**				
	i.	**ii.**	**iii.**	**iv.**	**Note 1**
Cash and cash equivalents	0.4	—	—	—	0.4
Current financial assets—third parties	0.1	—	—	—	0.1
Current financial assets—related parties	—	—	—	(1.8)	(1.8)
Trade receivables—third parties	—	—	—	—	—
Trade receivables—related parties	—	(2.0)	—	—	(2.0)
Contract assets	—	—	—	—	—
Inventories	—	—	—	—	—
Current direct tax assets	0.1	—	—	—	0.1
Current indirect tax assets	0.3	—	—	—	0.3
Financial derivative assets	—	—	—	—	—
Other current assets	0.4	(0.3)	—	—	0.2
Assets classified as held for sale	—	—	—	—	—
Total current assets	**1.4**	**(2.2)**	**—**	**(1.8)**	**(2.6)**
Non-current financial assets—third parties	0.8	—	—	—	0.8
Non-current financial assets—related parties	—	—	(67.5)	(23.7)	(91.2)
Equity investments	—	—	—	—	—
Property, plant and equipment	1.5	—	—	—	1.5
Intangible assets	0.1	—	—	—	0.1
Deferred tax assets	—	—	—	—	—
Other non-current assets	0.1	—	—	—	0.1
Total non-current assets	**2.5**	**—**	**(67.5)**	**(23.7)**	**(88.7)**
Total assets	***3.9***	***(2.2)***	***(67.5)***	***(25.4)***	***(91.3)***
Equity attributable to the owners of the parent	—	—	(67.5)	(1.8)	(69.4)
Non-controlling interests	—	—	—	—	—
Total equity	—	—	**(67.5)**	**(1.8)**	**(69.4)**
Current financial liabilities—third parties	—	—	—	—	—
Current financial liabilities—related parties	—	—	—	(0.5)	(0.5)
Trade payables—third parties	0.4	—	—	—	0.4
Trade payables—related parties	2.2	(2.0)	—	(0.2)	—
Current direct tax liabilities	—	—	—	—	—
Current indirect tax liabilities	0.3	—	—	—	0.3
Current provisions	—	—	—	—	—
Financial derivative liabilities	—	—	—	—	—
Other current liabilities	1.0	(0.3)	—	—	0.7
Total current liabilities	**3.9**	**(2.2)**	**—**	**(0.7)**	**0.9**
Non-current financial liabilities—third parties	—	—	—	—	—
Non-current financial liabilities—related parties	—	—	—	(22.9)	(22.9)
Employee benefits	—	—	—	—	—
Deferred tax liabilities	—	—	—	—	—
Non-current provisions	—	—	—	—	—
Other non-current liabilities	—	—	—	—	—
Total non-current liabilities	**—**	**—**	**—**	**(22.9)**	**(22.9)**
Total equity and liabilities	***3.9***	***(2.2)***	***(67.5)***	***(25.4)***	***(91.3)***

i. GCL transferred its business unit to GCL International in accordance with an acquisition agreement, less its investment in Guala and the financial items between the Group and GCL (except for transfer of the net difference between the financial items netted as described under

"*—Netting of GCL financial items*"). The GCL business unit included goods, assets, liabilities and legal relationships of GCL related to its research and development activities, as well as other trade receivables and payables and GCL's remaining employees. The GCL business unit did not include existing intragroup loans. The balances of the GCL business unit assets and liabilities were included in the *pro forma* consolidated statement of financial position resulting in a zero effect on the Group's equity;

ii. Inclusion of the GCL business unit in the Group entails the elimination of intragroup balances, *i.e.*, the trade receivables and payables, income and expense and cash flows between the business unit transferred to GCL International and the Group;

iii. The following *pro forma* adjustments were made to reflect reimbursement of Guala's participating financial instruments (described in the audited and unaudited financial statements of Guala, which are included elsewhere in this Offering Memorandum) with a decrease of €67.5 million in non-current financial assets—related parties, equal to the principal and related return on the instruments accrued to June 30, 2018 and Equity was decreased by the same amount €67.5 million due to derecognition of the instruments and related accumulated return; and

iv. Following the signature of the second amendment to the acquisition agreement on July 20, 2018 that established the netting of the financial items existing between GCL and the post-Merger Group as of July 31, 2018.

Note 2

This column represents the Business Combination, which involved the Acquisition, the Merger and certain other transactions in connection therewith, including the Management Share Capital Increase and the Public Listing.

This table below reflect the *pro forma* adjustments related to several steps:

i. The Management Share Capital Increase approved by Guala on April 27, 2018 and executed on July 30, 2018;

ii. The "Withdrawal" communicated by Space4 shareholders net of repurchases of shares offered under option to them and the back-stop agreements with Peninsula (funded by PII G S.à r.l. ("**PII**") in accordance with the Peninsula Back-stop Designation)) and Quaestio;

iii. The "Acquisition" arising from the effects of Space4's purchase of 52,316,125 ordinary Guala shares;

iv. The "Merger" arising from the Merger of Guala into Space4;

v. The "Market Warrants" set out the *pro forma* adjustments related to the recognition of the new Space4 Market Warrants that were issued on the merger date following the adjustments made related to the withdrawal of certain shareholders, which is presented net of the back-stop of Peninsula (funded by PII in accordance with the Peninsula Back-stop Designation) and Quaestio which extinguished certain of the remaining 10,000,000 Market Warrants that were issued following the completion of the Business Combination; and

vi. The "Listing cost and closing items" arising from the costs of the listing incurred by Space4 and Guala in relation to the Business Combination and certain other minor closing items.

The last column represents the sum of the above-mentioned transactions.

	Business Combination						
	Pro forma adjustments						
	Management Share Capital increase	**Withdrawal**	**Acquisition**	**Merger**	**Warrants**	**Listing costs and closing items**	**Business Combination**
(in millions of Euros)	**i.**	**ii.**	**iii.**	**iv.**	**v.**	**vi.**	**Note 2**
Cash and cash equivalents	25.0	(31.3)	(353.3)	—	—	0.5	(359.1)
Current financial assets—third parties	—	—	—	—	—	—	—
Current financial assets—related parties	—	—	—	—	—	—	—
Trade receivables—third parties	—	—	—	—	—	—	—
Trade receivables—related parties	—	—	—	—	—	—	—
Contract assets	—	—	—	—	—	—	—
Inventories	—	—	—	—	—	—	—
Current direct tax assets	—	—	—	—	—	—	—
Current indirect tax assets	—	—	—	—	—	—	—
Financial derivative assets	—	—	—	—	—	—	—
Other current assets	—	—	—	—	—	—	—
Assets classified as held for sale	—	—	—	—	—	—	—
Total current assets	**25.0**	**(31.3)**	**(353.3)**	**—**	**—**	**0.5**	**(359.1)**
Non-current financial assets—third parties	—	—	—	—	—	—	—
Non-current financial assets—related parties	—	—	—	—	—	—	—
Equity investments	—	—	353.3	(353.3)	—	—	—
Property, plant and equipment	—	—	—	—	—	—	—
Intangible assets	—	—	—	449.4	—	—	449.4
Deferred tax assets	—	—	—	—	—	2.1	2.1
Other non-current assets	—	—	—	—	—	—	—
Total non-current assets	**—**	**—**	**353.3**	**96.0**	**—**	**2.1**	**451.4**
Total assets	***25.0***	***(31.3)***	**—**	***96.0***	**—**	***2.6***	***92.3***
Equity attributable to the owners of the parent	25.0	(31.3)	—	96.0	(10.9)	(4.8)	74.0
Non-controlling interests	—	—	—	—	—	—	—
Total equity	**25.0**	**(31.3)**	**—**	**96.0**	**(10.9)**	**(4.8)**	**74.0**
Current financial liabilities—third parties	—	—	—	—	10.9	—	10.9
Current financial liabilities—related parties	—	—	—	—	—	—	—
Trade payables—third parties	—	—	—	—	—	7.4	7.4
Trade payables—related parties	—	—	—	—	—	—	—
Current direct tax liabilities	—	—	—	—	—	—	—
Current indirect tax liabilities	—	—	—	—	—	—	—
Current provisions	—	—	—	—	—	—	—
Financial derivative liabilities	—	—	—	—	—	—	—
Other current liabilities	—	—	—	—	—	—	—
Total current liabilities	—	—	—	—	**10.9**	**7.4**	**18.3**
Non-current financial liabilities—third parties	—	—	—	—	—	—	—
Non-current financial liabilities—related parties	—	—	—	—	—	—	—
Employee benefits	—	—	—	—	—	—	—
Deferred tax liabilities	—	—	—	—	—	—	—
Non-current provisions	—	—	—	—	—	—	—
Other non-current liabilities	—	—	—	—	—	—	—
Total non-current liabilities	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total equity and liabilities	***25.0***	***(31.3)***	**—**	***96.0***	**—**	***2.6***	***92.3***

i. *Pro forma* adjustment related to the issue of 3,701,614 ordinary shares of Guala for €25 million that impacted the caption "Cash and cash equivalent" and "Equity attributable to the owners of the parent".

ii. *Pro forma* adjustment relates to the cash outflow of €31.3 million decreasing cash and cash equivalents and, accordingly, equity by the same amount, following the withdrawal right exercised for 3,162,992 ordinary shares, equal to 6.33% of Space4's ordinary share capital for €31.3 million.

iii. *Pro forma* adjustments relate to the Acquisition that show a decrease of €353.3 million in cash and cash equivalents, equal to the outlay for Space4's acquisition of the Guala shares and an increase of €353.3 million in equity investments, equal to the acquisition cost of 66.79% of Guala by Space4.

iv. *Pro forma* adjustments relates to the Merger of Guala into Space4 with the cancellation of the equity investment of €353.3 million, recognized after Space4's acquisition of the investment in Guala and the recognition of goodwill on the cancellation and exchange of €449.9 million as an increase in goodwill, equal to the difference between the equity value of the Group for the purposes of the Merger and the net liabilities of the Group as of June 30, 2018, net of the above *pro forma* adjustments. The following table shows how the goodwill on the cancellation and exchange and the post-merger *pro forma* goodwill of Space4 were calculated:

(in millions of Euros)		**June 30, 2018**
(a)	Consideration paid by Space4 for Guala shares	353.3
(b)	Consideration paid by PII and Quaestio for the Guala shares	60.0
(c)	Fair value of new Space4 shares issued to service the Merger	115.7
(d)	**Total—Equity value of Group (a+b+c)**	**529.0**
(e)	Equity of Group	129.7
(f)	*Pro forma* adjustments to Guala's equity for the purposes of the Acquisition	(50.6)
(e)	**Goodwill on cancellation and exchange (d-e-f)**	**449.9**
(g)	Goodwill recognised in the consolidated financial statements of the Group	361.6
(h)	Equity of the Group net of remaining goodwill (e+f-g)	(282.5)
(i)	**Post-merger *pro forma* goodwill of Space4 (d-h)**	**811.5**

The total amount of Goodwill recognized in the Unaudited *Pro Forma* Condensed Consolidated Statement of Financial position as of June 30, 2018, included in the caption Intangible assets, is equal to €811.5 million.

v. *Pro forma* adjustments relate to the 19,367,402 Market Warrants recognized at their fair value as of August 6, 2018 in the *pro forma* consolidated statement of financial position after the admission to listing of the ordinary shares of Guala. Equity was decreased and current financial liabilities—third parties increased by €10.9 million, which is the decrease in equity due to the negative market warrant reserve when the additional 9,367,402 Market Warrants were issued and the effect of the increase in the financial liability as of August 6, 2018.

vi. The costs incurred by Space4 and Guala for the Business Combination and not already recognized in the historical data.

Note 3

The following was recognized in the *pro forma* statement of financial position:

i. a decrease in cash and cash equivalents of €147.7 million to service repayment of Guala's 2021 Notes and Prior Revolving Credit Facility and €12.0 million to cover the new transaction costs related to the Bridge Facility partially offset by the additional net cash resulting from the drawing of €450 million of the Bridge Facility of approximately €29.6 million for the payment of the transaction cost, listing cost and other expenses related to the Business Combination. The cumulative effect of the reduction in cash and cash equivalents is €130.1 million;

ii. derecognition of the residual part of the old transaction costs after settlement of Guala's 2021 Notes and Prior Revolving Credit Facility of €8.2 million and the related positive theoretical tax effect of €2.0 million increasing deferred tax assets and decreasing equity;

iii. a reduction in non-current financial liabilities—third parties due to repayment of Guala's 2021 Notes and Prior Revolving Credit Facility using the cash contributed by Space4 and not used to acquire Guala, recognition of the new Bridge Facility at amortized cost and the related derecognition of the transaction costs related to Guala's 2021 Notes and Prior Revolving Credit Facility. The cumulative effect of the reduction in non-current financial liabilities—third parties is €121.9 million.

Note 4

The cash and cash equivalents following the Transactions is equal to €44.1 million, net of an increase of €3.4 million following cash kept on balance sheet for general corporate purposes.

Unaudited Pro Forma Condensed Consolidated Income Statement for the six months period ended June 30, 2018

		Pro forma adjustment			*Pro forma* adjustment			
	Guala 1H 2018	Group Reorganization	Group after the Group Reorganization	Space4 1H 2018	Business combination	Bridge Financing	Notes	*Pro forma*
		Note 5			Note 6	Note 7	Note 8	
(in millions of euros)	i.	ii.	iii.=i.+ii.	iv.	v.	vi.	vii.	iii.+iv.+v. +vi.+vii.
Net revenue	258.7	—	258.7	—	—	—	—	258.7
Change in inventories of finished goods and semi-finished products	11.9	—	11.9	—	—	—	—	11.9
Other operating income	1.6	0.1	1.8	—	—	—	—	1.8
Work performed by the Group and capitalized	2.9	—	2.9	—	—	—	—	2.9
Costs for raw materials	(124.2)	—	(124.2)	—	—	—	—	(124.2)
Costs for services—third parties	(50.7)	1.0	(49.7)	—	—	—	—	(49.7)
Costs for services—related parties	(2.9)	2.9	—	—	—	—	—	—
Personnel expense	(49.0)	(1.8)	(50.8)	—	—	—	—	(50.9)
Other operating expense	(5.5)	(0.4)	(5.9)	(3.2)	—	—	—	(9.1)
Depreciation/amortization and impairment losses	(16.0)	(0.3)	(16.2)	—	—	—	—	(16.2)
Operating profit (loss)	**26.9**	**1.5**	**28.3**	**(3.2)**	**—**	**—**	**—**	**25.1**
Financial income—third parties	2.9	—	2.9	4.6	—	(0.6)	—	6.9
Financial income—related parties	2.4	(2.4)	—	—	—	—	—	—
Financial expense—third parties	(25.3)	—	(25.3)	—	0.8	5.7	(1.5)	(20.3)
Financial expense—related parties	(0.6)	0.6	—	—	—	—	—	—
Net financial expense	**(20.7)**	**(1.7)**	**(22.4)**	**4.6**	**0.8**	**5.0**	**(1.5)**	**(13.4)**
Pre-tax profit (loss)	**6.1**	**(0.2)**	**5.9**	**1.4**	**0.8**	**5.0**	**(1.5)**	**11.7**
Income taxes	(7.1)	0.4	(6.6)	—	—	(1.2)	0.4	(7.5)
Profit (loss) for the year	**(0.9)**	**0.2**	**(0.8)**	**1.4**	**0.8**	**3.8**	**(1.1)**	**4.2**
Profit (loss) for the year attributable to the owners of the shares of the company	(6.9)	2.5	(4.4)	1.4	0.8	3.8	(1.1)	0.6
Profit (loss) for the year attributable to the owners of the participating financial instruments of the company	2.4	(2.4)	—	—	—	—	—	—
Profit (loss) for the year attributable to non-controlling interests	3.6	—	3.6	—	—	—	—	3.6

Note 5

Income statements of the GCL business unit transferred net of the financial items, the underlying loans and borrowings and loan assets which remained with GCL, were included in the Unaudited *Pro Forma* Condensed Consolidated Income Statements for the six months period ended June 30, 2018.

Financial income and expense—related parties recognized for the six months ended June 30, 2018 by the Group in relation to the loan assets and loans and borrowings with GCL existing as of June 30, 2018 were eliminated in the *pro forma* consolidated statement of profit or loss and other comprehensive income as they are no longer significant after completion of the transaction with a net negative adjustment of €1.7 million including a positive theoretical tax effect of €0.4 million and a net negative effect on the Group's profit for the year of €1.3 million.

Reclassification of the profit for the year attributable to the holders of the participating financial instruments of €2.4 million to profit for the year attributable to the owners of the parent in the *pro forma* consolidated statement of profit or loss and other comprehensive income. Profit (loss) for the year attributable to the owners of the parent is then a profit of €2.5 million.

Note 6

The only *pro forma* effect of the Business Combination is the increase in value of the additional 9,367,402 Market Warrants between their placement date (€0.6) and the date of the Merger, August 6, 2018 (€1.0), used for the Unaudited Pro Forma Condensed Consolidated Income Statement for the six months period ended June 30, 2018 is recognized in the *pro forma* consolidated statement of profit or loss and other comprehensive income with the related decrease in financial expense—third parties of €0.8 million.

Note 7

Lower interest expense was recognized in the *pro forma* statement of profit or loss and other comprehensive income due to the reduction in total debt net of amortization of the transaction costs related to the new Bridge Facility of €5.7 million and the related negative theoretical tax effect of €1.2 million. Conversely, derecognition of the transaction costs related to Guala's 2021 Notes and Prior Revolving Credit Facility was not considered as this was considered to be a non-recurring effect.

Note 8

Higher interest expense was recognized in the *pro forma* statement of profit or loss and other comprehensive income due to the increase of interest rate in respect of the refinancing of the Bridge Facility net of amortization of the transaction costs related to the Notes of €20.3 million.

Unaudited Pro Forma Condensed Consolidated Income Statement for the year ended December 31, 2017

		Pro forma adjustment			*Pro forma* adjustment			*Pro forma* adjustment
	Guala 2017 IS	Group Reorganization	Group after the Group Reorganization	Space4 2017 IS	Business Combination	Bridge Financing	Notes	*Pro forma*
		Note 9			Note 10	Note 11	Note 12	
(in millions of Euros)	i.	ii.	iii.=i.+ii.	iv.	v.	vi.	vii.	iii.+iv.+v.+vi.+vii.
Net revenue	534.8	—	534.8	—	—	—	—	534.8
Change in inventories of finished goods and semi-finished products	6.9	—	6.9	—	—	—	—	6.9
Other operating income	4.3	—	4.3	—	—	—	—	4.3
Work performed by the Group and capitalized	4.9	—	4.9	—	—	—	—	4.9
Costs for raw materials	(235.9)	—	(236.0)	—	—	—	—	(236.0)
Costs for services—third parties	(93.1)	(7.1)	(100.2)	—	—	—	—	(100.2)
Costs for services—related parties	(5.1)	5.1	—	—	—	—	—	—
Personnel expense	(96.8)	(3.8)	(100.6)	—	—	—	—	(100.6)
Other operating expense	(10.4)	(1.0)	(11.4)	(0.1)	—	—	—	(11.5)
Depreciation/amortization and impairment losses	(33.2)	(0.3)	(33.5)	—	—	—	—	(33.5)
Operating profit (loss)	**76.3**	**(7.1)**	**69.3**	**(0.1)**	—	—	—	**69.1**
Financial income—third parties	3.6	—	3.6	—	—	—	—	3.6
Financial income—related parties	4.8	(4.8)	—	—	—	—	—	—
Financial expense—third parties	(47.5)	(0.1)	(47.6)	(6.5)	(1.2)	9.9	(1.8)	**(47.3)**
Financial expense—related parties	(1.6)	1.6	—	—	—	—	—	—
Net financial expense	**(40.8)**	**(3.3)**	**(44.0)**	**(6.5)**	**(1.2)**	**9.8**	**(1.8)**	**(43.7)**
Pre-tax profit (loss)	**35.5**	**(10.3)**	**25.2**	**(6.6)**	**(1.2)**	**9.8**	**(1.8)**	**25.4**
Income taxes	(20.4)	0.8	(19.7)	—	—	(2.4)	0.4	(21.6)
Profit (loss) for the year	**15.1**	**(9.5)**	**5.6**	**(6.6)**	**(1.2)**	**7.5**	**(1.4)**	**3.9**
Profit (loss) for the year attributable to the owners of the shares of the company	1.7	(4.8)	(3.1)	(6.6)	(1.2)	7.5	(1.4)	(4.8)
Profit (loss) for the year attributable to the owners of the participating financial instruments of the company	4.8	(4.8)	—	—	—	—	—	—
Profit (loss) for the year attributable to non-controlling interests	8.7	—	8.7	—	—	—	—	8.7

Note 9

Financial income and expense–related parties recognized for 2017 by the Group in relation to the loan assets and loans and borrowings with GCL existing at January 1, 2017 were eliminated in the pro forma consolidated statement of profit or loss and other comprehensive income as they are no longer significant after completion of the transaction with a net negative adjustment of €3.3 million including a positive theoretical tax effect of €0.8 million and a net negative effect on the Group's profit for the year of €2.5 million.

Reclassification of the profit for the year attributable to the holders of the participating financial instruments of €4.8 million to profit for the year attributable to the owners of the parent in the pro forma consolidated statement of profit or loss and other comprehensive income. Profit (loss) for the year attributable to the owners of the parent is therefore equivalent to a loss of €4.8 million.

Note 10

The increase in value of the additional 9,367,402 Market Warrants between the placement date of December 21, 2016 and August 6, 2018 is recognized in the *pro forma* consolidated statement of profit or loss and other comprehensive income with the related increase in financial expense–third parties of €1.3 million.

Note 11

Lower interest expense was recognized in the *pro forma* statement of profit or loss and other comprehensive income due to the reduction in total debt net of amortization of the transaction costs related to the new Bridge Facility of €9.9 million and the related negative theoretical tax effect of €2.4 million. Conversely, derecognition of the transaction costs related to Guala's Financial Debt was not considered as this was considered to be a non-recurring effect.

Note 12

Higher interest expense was recognized in the *pro forma* statement of profit or loss and other comprehensive income due to the increase of interest rate in respect of the refinancing of the Bridge Facility net of amortization of the transaction costs related to the Notes of €47.3 million.

Unaudited Pro Forma Condensed Consolidated Income Statements for the six months period ended June 30, 2017

	Guala 1H2017 IS	*Pro forma* adjustment Group Reorganization	Group after the Group Reorganization	Space4 1H2017 IS	*Pro forma* adjustment Business Combination	Bridge Financing	Notes	*Pro forma* adjustment *Pro forma*
		Note 13			Note 14	Note 15	Note 16	
(in millions of Euros)	i.	ii.	iii.=i.+ii.	iv.	v.	vi.	vii.	iii.+iv.+v.+vi.+vii.
Net revenue	251.0	—	251.0	—	—	—	—	251.0
Change in inventories of finished goods and semi-finished products	14.3	—	14.3	—	—	—	—	14.3
Other operating income	2.4	(0.3)	2.0	—	—	—	—	2.0
Work performed by the Group and capitalized	3.1	—	3.1	—	—	—	—	3.1
Costs for raw materials	(119.2)	—	(119.2)	—	—	—	—	(119.2)
Costs for services—third parties	(47.2)	(0.9)	(48.2)	—	—	—	—	(48.2)
Costs for services—related parties	(3.2)	3.2	—	—	—	—	—	—
Personnel expense	(49.0)	(2.1)	(51.1)	—	—	—	—	(51.1)
Other operating expense	(5.2)	(0.3)	(5.5)	—	—	—	—	(5.5)
Depreciation/amortization and impairment losses	(15.7)	(0.1)	(15.8)	—	—	—	—	(15.8)
Operating profit (loss)	**31.3**	**(0.6)**	**30.6**	—	**—**	**—**	**—**	**30.6**
Financial income—third parties	0.9	—	0.9	—	—	—	—	0.9
Financial income—related parties	2.4	(2.4)	—	—	—	—	—	—
Financial expense—third parties	(22.4)	—	(22.4)	—	—	5.4	(1.5)	(18.5)
Financial expense—related parties	(0.8)	0.8	—	—	—	—	—	—
Net financial expense	**(19.9)**	**(1.6)**	**(21.5)**	—	—	**5.4**	**(1.5)**	**(17.6)**
Pre-tax profit (loss)	**11.4**	**(2.2)**	**9.2**	—	—	**5.4**	**(1.5)**	**13.1**
Income taxes	(8.3)	0.4	(7.9)	—	—	(1.3)	0.4	(8.8)
Profit (loss) for the year	**3.1**	**(1.8)**	**1.3**	—	—	**4.1**	**(1.1)**	**4.2**
Profit (loss) for the year attributable to the owners of the shares of the company	(2.9)	0.5	(2.4)	—	—	4.1	(1.1)	0.6
Profit (loss) for the year attributable to the owners of the participating financial instruments of the company	2.4	(2.4)	—	—	—	—	—	—
Profit (loss) for the year attributable to non-controlling interests	3.6	—	3.6	—	—	—	—	3.6

Note 13

Income statements of the GCL business unit transferred net of financial items; the underlying loans and borrowings and loan assets which remained with GCL were included in the *pro forma* statement of profit or loss and other comprehensive income.

Financial income and expense—related parties recognized for the six months ended June 30, 2017 by the Group in relation to the loan assets and loans and borrowings with GCL existing at January 1, 2017 were eliminated in the *pro forma* consolidated statement of profit or loss and other comprehensive income as they are no longer significant after completion of the transaction with a net negative adjustment of €1.6 million including a positive theoretical tax effect of €0.4 million and a net negative effect on the Group's profit for the year of €1.2 million.

Reclassification of the profit for the year attributable to the holders of the participating financial instruments of €2.4 million to profit for the year attributable to the owners of the parent in the *pro forma* consolidated statement of profit or loss and other comprehensive income. Profit (loss) for the year attributable to the owners of the parent therefore is equivalent to a profit of €0.6 million.

Note 14

No *pro forma* effect of the business combination is recorded in the first six months period ended 30 June 2017.

Note 15

Lower interest expense was recognized in the *pro forma* statement of profit or loss and other comprehensive income due to the reduction in total debt net of amortization of the transaction costs

related to the new Bridge Facility of €5.4 million and the related negative theoretical tax effect of €1.3 million. Conversely, derecognition of the transaction costs related to Gualas' 2021 Notes and Prior Revolving Credit Facility was not considered as this was considered to be a non-recurring effect.

Note 16

Higher interest expense was recognized in the *pro forma* statement of profit or loss and other comprehensive income due to the increase of interest rate in respect of the bridge refinanciang net of amortization of the transaction costs related to the Notes of €18.5 million.

Unaudited Pro Forma Condensed Consolidated Income Statement for the twelve months ended June 30, 2018

(in millions of Euros)	*Pro forma* 30.06.2018 i.	*Pro forma* 31.12.2017 ii.	*Pro forma* 30.06.2017 iii.	LTM *Pro forma* 30.06.2018[(1)] i. +ii.–iii.
Net revenue	258.7	534.8	251.0	542.5
Change in inventories of finished goods and semi-finished products	11.9	6.9	14.3	4.5
Other operating income	1.8	4.3	2.0	4.1
Work performed by the Group and capitalized	2.9	4.9	3.1	4.7
Costs for raw materials	(124.2)	(236.0)	(119.2)	(241.0)
Costs for services—third parties	(49.7)	(100.2)	(48.2)	(101.8)
Costs for services—related parties	—	—	—	—
Personnel expense	(50.9)	(100.6)	(51.1)	(100.3)
Other operating expense	(9.1)	(11.5)	(5.5)	(15.1)
Depreciation/amortization and impairment losses	(16.2)	(33.5)	(15.8)	(34.0)
Operating profit (loss)	**25.1**	**69.1**	**30.6**	**63.6**
Financial income—third parties	6.9	3.6	0.9	9.6
Financial income—related parties	—	—	—	—
Financial expense—third parties	(20.3)	(47.3)	(18.5)	(49.1)
Financial expense—related parties	—	—	—	—
Net financial expense	**(13.4)**	**(43.7)**	**(17.6)**	**(39.5)**
Pre-tax profit (loss)	**11.7**	**25.4**	**13.1**	**24.1**
Income taxes	(7.5)	(21.6)	(8.8)	(20.2)
Profit (loss) for the year	**4.2**	**3.9**	**4.2**	**3.8**
Profit (loss) for the year attributable to the owners of the shares of the company	0.6	(4.8)	0.6	(4.8)
Profit (loss) for the year attributable to the owners of the participating financial instruments of the company	—	—	—	—
Profit (loss) for the year attributable to non-controlling interests	3.6	8.7	3.6	8.6

(1) Unaudited *Pro Forma* Condensed Consolidated Income Statement for the twelve months ended June 30, 2018 for the twelve months ended June 30, 2018 has been prepared by taking the *Pro Forma* Consolidated Income Statements for the six months period ended June 30, 2018 and adding it to the *Pro forma* Condensed Consolidated Income Statement for the year ended December 31, 2017, and subtracting the *Pro Forma* Condensed Consolidated Income Statement for the six months period ended June 30, 2017.

Non-IFRS Pro forma Financial Information of Guala

(in millions of Euros)	*Pro forma* 30.06.2018	*Pro forma* 31.12.2017	*Pro forma* 30.06.2017	LTM *Pro forma* 30.06.2018
Gross Operating profit[(i)]	**41.4**	**102.7**	**46.5**	**97.6**
Adjusted gross operating profit (Adjusted EBITDA)[(ii)]	**46.7**	**110.6**	**47.5**	**109.9**

(i) We define Gross operating profit as operating profit, before amortization, depreciation and impairment losses as shown on our consolidated statement of comprehensive income. In evaluating Gross operating profit, you should be aware that, as analytical tools, Gross operating profit is subject to certain limitations. See "*Presentation of Financial and Other Information—Other financial measures*". Gross operating profit is not a measurement of performance or liquidity under IFRS and you should not consider Gross operating profit as an alternative to (a) operating income or net income (as determined in accordance with IFRS) as a measure of our operating performance, (b) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance or liquidity under IFRS or generally accepted accounting principles. Gross operating profit as presented differs from the definition of "Consolidated EBITDA" to be contained in the Indenture and that

is contained in the Revolving Credit Facility Agreement (providing for the Revolving Credit Facility). The following is a reconciliation of profit/loss to Gross operating profit for the periods indicated:

(in millions of Euros)	*Pro forma* 30.06.2018	*Pro forma* 31.12.2017	*Pro forma* 30.06.2017	LTM *Pro forma* 30.06.2018
Operating profit (loss)	**25.1**	**69.1**	**30.6**	**63.6**
Depreciation/amortization and impairment losses	16.2	33.5	15.8	34.0
Gross Operating profit	**41.4**	**102.7**	**46.5**	**97.6**

(ii) Adjusted gross operating profit (Adjusted EBITDA) refers to earnings before interest, tax, depreciation, amortization and impairment losses as adjusted to remove the effects of certain exceptional items described in the table below that we do not consider to be indicative of our ongoing operating performance. Adjusted gross operating profit (Adjusted EBITDA) is not a measurement of performance or liquidity under IFRS and you should not consider Adjusted gross operating profit (Adjusted EBITDA) as an alternative to (a) operating income or net income (as determined in accordance with IFRS) as a measure of our operating performance, (b) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance or liquidity under IFRS or generally accepted accounting principles. The following table shows the adjustments and estimates we have made to arrive at Adjusted gross operating profit (Adjusted EBITDA):

	Pro forma 30.06.2018	*Pro forma* 31.12.2017	*Pro forma* 30.06.2017	LTM *Pro forma* 30.06.2018
(in millions of Euros)	i.	ii.	iii.	i. +ii.–iii.
Profit (loss) for the year	**4.2**	**3.9**	**4.2**	**3.8**
Income taxes	7.5	21.6	8.8	20.2
Net financial expense	13.4	43.7	17.6	39.5
Depreciation/amortization and impairment losses	16.2	33.5	15.8	34.0
Due diligence and other exit expense[(a)]	1.1	5.2	—	6.3
Merger and acquisition (“M&A”) expenses[(b)]	0.2	1.2	0.2	1.2
Restructuring expenses[(c)]	0.9	0.2	0.2	0.9
Others[(d)]	—	1.3	0.7	0.6
Space 4[(e)]	3.2	0.1	—	3.3
Adjusted gross operating profit (Adjusted EBITDA)	**46.7**	**110.6**	**47.5**	**109.9**

(a) Costs primarily related to the preparatory work for the proposed sale of the Group and the Business Combination, including the Public Listing.

(b) Cost related to completed and potential acquisition activities.

(c) Cost mainly related to rationalization and restructuring of Guala Closures U.K. Limited and the discontinued plant of Guala in Italy.

(d) Costs related to significant production accident and accrual of tax contingent penalties and related consultancy fees.

(e) Costs related to start-up costs and related activities of Space4.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the Group's results of operations and financial condition based on Guala's audited consolidated financial statements as of and for the years ended December 31, 2015, 2016, and 2017, and the unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2017 and 2018, in each case prepared in accordance with IFRS. This section discusses the historical financial statements of Guala, the predecessor of the Issuer prior to the Merger.

You should read this section together with the Issuer's audited consolidated financial statements as of and for the years ended December 31, 2015, 2016 and 2017 and the unaudited condensed consolidated interim financial statements as of and for the six months ended June 30, 2017 and 2018, including the notes thereto, as well as the other financial information contained elsewhere in this Offering Memorandum. See "Presentation of Financial and Other Information" for an explanation of the financial information included in this "Management's Discussion and Analysis of Financial Condition and Results of Operations". A summary of the critical accounting policies that have been applied to these financial statements is set out below under the caption "—Critical accounting policies". See also "Risk Factors—Risks related to our presentation of financial information".

The following discussion contains forward looking statements based on assumptions about our future performance. Those statements are subject to risks, uncertainties and other factors that could cause our future results of operations or cash flows to differ materially from those expressed or implied in such forward looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this Offering Memorandum, particularly under "Risk Factors" and "Forward-Looking Statements".

Overview

We believe that we are the world's leading producer of high value added closures for the spirits and wine industry. Through ongoing development and technological innovation, we believe that we are the top producer of non-refillable safety closures for the spirits industry with at least a 60% market share by volume of units sold worldwide, the leading global producer of aluminum screwcaps for wine closures with at least a 30% market share by volume of units sold and Europe's largest producer of roll on (standard) aluminum closures for wine, spirits and olive oil, in each case, in 2017. In aggregate, we operate from 27 plants, three sales offices and five research centers across 21 countries in five continents, and we sold over 14 billion closures in 100 countries in 2017.

Alternative Performance Indicators

Some of the measures used in this *"Management's Discussion and Analysis of Financial Condition and* Results of Operations" (*i.e.*, Adjusted operating profit, Gross operating profit, Adjusted gross operating profit (Adjusted EBITDA), Net revenue and Adjusted gross operating profit (Adjusted EBITDA) on a "constant currency" basis, Net working capital, Net financial debt and Net leverage ratio and *Pro forma c*ontractual obligations) are not measurements of financial performance under IFRS, but have been prepared on the basis of IFRS amounts, and should not be considered as an alternative to cash flow from operating activities as a measure of liquidity or as an alternative to recurring profit from operations, income from operations or net income as indicators of our operating performance or any other measures of performance derived in accordance with IFRS.

Adjusted operating profit, Gross operating profit, Adjusted gross operating profit (Adjusted EBITDA) and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing Gross operating profit and Adjusted gross operating profit (Adjusted EBITDA) as reported by us to Gross operating profit and Adjusted EBITDA of other companies.

We believe that Gross operating profit is a useful indicator of our ability to incur and service our indebtedness and can assist certain investors, security analysts and other interested parties in evaluating us. We believe that Adjusted operating profit and Adjusted gross operating profit (Adjusted EBITDA) is a relevant measure for assessing our performance because it is adjusted for certain items which, we believe, are not indicative of our underlying operating performance and thus aid in an understanding of profit and operating profit.

We define Gross operating profit as Operating profit before depreciation, amortization and impairment losses as shown on our consolidated statement of comprehensive income. The most directly reconcilable line item is the Operating profit. In evaluating Gross operating profit, you should be aware that, as analytical tools, Gross operating profit is subject to certain limitations. See "*Presentation of Financial and Other Information—Other financial measures*". The following is a reconciliation of Operating profit to Gross operating profit for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,		For the 12 months ended June 30,
	2015	**2016**	**2017**	**2017**	**2018**	**2018**
			(€ in thousands)			
Operating profit	67,284	71,443	76,315	31,253	26,867	71,929
Amortization	7,455	3,964	3,693	1,889	1,921	3,725
Depreciation	28,431	26,387	27,152	13,475	13,755	27,432
Impairment losses	1,661	514	2,368	348	306	2,326
Gross operating profit	**104,830**	**102,308**	**109,528**	**46,965**	**42,848**	**105,411**

Adjusted gross operating profit (Adjusted EBITDA) refers to earnings before net financial expense, tax, depreciation, amortization and impairment losses as shown on our consolidated statement of comprehensive income as adjusted to remove the effects of certain exceptional items identified in the table below that we do not consider to be indicative of our ongoing operating performance. See "*—Principal Factors Affecting our Results of Operations—Non-recurring and non-core income and expense*" for a description of these exceptional items.

Such non-recurring and non-core items (which are not defined by IFRS) that are usually included in line items such as Costs for service, Personnel expenses and Other operating expenses. The following is a reconciliation of profit/loss to Adjusted gross operating profit (Adjusted EBITDA) for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,		For the 12 months ended June 30,
	2015	**2016**	**2017**	**2017**	**2018**	**2018**
			(€ in thousands)			
Profit (loss)	655	10,266	15,133	3,083	(933)	11,117
Income taxes	22,468	19,681	20,417	8,272	7,060	19,205
Net financial expense	44,161	41,496	40,764	19,898	20,740	41,607
Amortization	7,455	3,964	3,693	1,889	1,921	3,725
Depreciation	28,431	26,387	27,152	13,475	13,755	27,432
Impairment losses	1,661	514	2,368	348	306	2,326
Non-recurring and non-core items:						
Tax penalties and related consultancy fees	—	—	610	257	—	353
Release of tax penalties and consultancy fees related to tax issues	(703)	—	—	—	—	—
Costs related to significant production accidents	—	—	681	442	—	239
Operating expenses related to discontinued plant	629	161	129	69	102	162
Merger and acquisition ("M&A") expenses	14	245	305	—	171	476
Restructuring expenses	1,935	288	28	91	802	739
Due diligence and other exit expense	—	—	—	—	2,640	2,640
Adjusted gross operating profit (Adjusted EBITDA)	**106,706**	**103,002**	**111,281**	**47,824**	**46,562**	**110,019**

Adjusted operating profit refers to operating profit as adjusted to remove the effects of certain non-recurring and non-core items identified in the table below that we do not consider to be indicative of our ongoing operating performance. See "*—Principal Factors Affecting our Results of Operations—Non-recurring and non-core income and expense*" for a description of these exceptional items. The most directly reconcilable line item is the Operating profit and such non-recurring and non-core items (which are not defined by IFRS) that are usually included in line items such as Costs for service, Personnel expenses and Other operating expenses. The following is a reconciliation of profit/loss to Adjusted operating profit for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,		For the 12 months ended June 30,
	2015	**2016**	**2017**	**2017**	**2018**	**2018**
			(€ in thousands)			
Operating profit	**67,284**	**71,443**	**76,315**	**31,253**	**26,867**	**71,929**
Non-recurring and non-core items:						
Tax penalties and related consultancy fees	—	—	610	257	—	353
Release of tax penalties and consultancy fees related to tax issues	(703)	—	—	—	—	—
Costs related to significant production accidents	—	—	681	442	—	239
Operating expenses related to discontinued plant	629	161	129	69	102	162
Merger and acquisition ("M&A") expenses	14	245	305	—	171	476
Restructuring expenses	1,935	288	28	91	802	739
Due diligence and other exit expense	—	—	—	—	2,640	2,640
Adjusted operating profit	**69,159**	**72,137**	**78,067**	**32,112**	**30,582**	**76,537**

Pro Forma Contractual Obligations summarizes the material contractual obligations and commitments as of December 31, 2017, after giving *pro forma* effect to the Transactions, including the issuance of the Notes in the Offering. Such obligations and commitments are presented as expected cash payments due by year on a nominal basis. The *Pro forma* Contractual Obligations information has been prepared for illustrative purposes only and does not represent what our actual financial debt and other contractual obligations would have been had the issuance of the Notes and the application of the net proceeds thereof occurred on June 30, 2018; nor does it purport to project our financial debt and other contractual obligations at any future date. The *Pro forma* Contractual Obligations information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the *pro forma* adjustments nor the resulting *Pro forma* Contractual Obligations information have been audited or reviewed in accordance with any generally accepted auditing standards.

Factors affecting the comparability of operations

Change in reporting entity and historical reporting prior to the Acquisition and transfer of certain assets and liabilities of GCL to Guala

The historical consolidated financial statements of Guala presented for the periods under review herein do not correspond to the entire perimeter of the Group as it was then operated during the periods prior to the Closing Date. Prior to the Acquisition, the Group was managed by GCL as the parent company which provided holding company and other management services to the Group as well as conducted certain research and development activities for and on behalf of the Group. Financial consolidation of the Group's financial statements prior to the Acquisition was performed at the level of GCL with consolidated financial statements prepared under IFRS and in accordance with Luxembourg generally accepted auditing standards. Consequently, the historical consolidated financial statements of Guala included elsewhere herein do not present the full income statement, balance sheet and cash flows of the Group prior to the Acquisition as Guala was not operated as a stand-alone entity prior to the Acquisition. In particular, the historical consolidated financial statements of GCL includes the costs and income associated with parent company activities corresponding mainly to items booked in the line items "cost of services-third parties" and "personnel expense" and management employed at the GCL level, assets, net revenue and liabilities associated with the Group's research and development activities and certain shareholder debt liabilities on the balance sheet of GCL which are not reflected in Guala's

historical financial statements. Prospective investors are cautioned therefore that the historical financial information of Guala as presented herein may not be comparable to the Group's future results of operations. See "*Risk Factors—Risks related to our presentation of financial information*" and "*Unaudited Pro Forma Financial Information of the Issuer*".

Financial reporting following the Transactions

In connection with the preparation of the audited consolidated financial statements as of and for the year ending December 31, 2018, the Issuer will apply purchase accounting adjustments in connection with the Transactions to make standard purchase price allocation and goodwill accounting required under IFRS 3—Business Combinations. The application of purchase accounting could result in different carrying values for existing assets and liabilities, which may include intangible assets, such as goodwill and different amortization and depreciation expenses. Due to these and other potential adjustments, certain values recorded in the subsequent financial statements of the Issuer could be materially different once the adjustments are made. See "*Risk Factors—Risks related to our Presentation of financial information*".

Acquisitions affecting our scope of consolidation and comparability of our results of operations.

During the period under review, we completed several acquisitions of assets and companies through which we increased the size of our operations and which enabled us to expand into new geographical markets and into new product markets. In general, acquisitions impact the comparability of our results of operations from period to period. Following an acquisition, we may be required to, or may elect to, make significant investments in the acquired assets or companies.

The following is a description of the key acquisitions completed during the period under review.

- *Axiom*. On July 5, 2017, Guala Closures India Pvt Ltd signed an agreement to acquire 100% of Axiom Propack Pvt Ltd ("**Axiom**"), an Indian company that manufactures safety closures for alcoholic beverages, in Mumbai. The transaction closed on October 13, 2017. Axiom's production site is located in Karnataka State and Axiom supplies the IMFL (Indian Made Foreign Liquors) market. Axiom commenced operations in 2016 and generated net revenue of approximately €6 million in that year. The transaction price was €5.4 million (the Euro equivalent of Indian rupees paid) and the Group also acquired financial debt of €5 million. The acquisition premium to book value led us to record goodwill on balance sheet of €4.2 million. During the period from the acquisition date to December 31, 2017, Axiom generated net revenue of €1.5 million and a Gross operating profit of €0.4 million. Given the complexity of calculating the fair value of the assets acquired and liabilities assumed, the Group opted to determine fair value on a provisional basis at December 31, 2017 and to finalize its calculations within 12 months of the acquisition date (October 13, 2018).
- *Limat*. On July 13, 2017, the Mexican group company Guala Closures Mexico S.A. de C.V. signed an agreement to acquire the assets of LIMAT S.A. de C.V. ("**Limat**"), a Mexican company based in Mexico City specialized in the production of wooden overcaps for high-end spirits bottles. Limat is based in Mexico City and the assets that were acquired generated net revenue of approximately €1 million in 2016. The transaction price was €1.2 million (the Euro equivalent of the Mexican pesos paid) and no goodwill was recorded by the acquisition. The transaction allowed the Group to continue to develop products for high-end spirits, especially tequila. Given the complexity of calculating the fair value of the assets acquired and liabilities assumed, the Group opted to determine fair value on a provisional basis at December 31, 2017 and to finalize its calculations within 12 months of the acquisition date.
- *ICSA*. On October 17, 2017, the Chilean group company Guala Closures Chile S.p.A. completed its acquisition of the screw caps business of Industria Corchera S.A. ("**ICSA**"), a Chilean company specialized in the marketing and sale of packaging products for the wine industry in South America. This business, based in Santiago de Chile, has improved the Group's local production capacity allowing it to meet the rising demand from South American wine producers. ICSA generated net revenue of €0.3 million in the period from the acquisition date to December 31, 2017 and did not contribute significantly to the Group's gross operating profit. The transaction price was €4.5 million (the Euro equivalent to the Chilean pesos paid) and the acquisition premium to book value led us to record goodwill on balance sheet of €1.3 million. Given the complexity of calculating the fair value of the assets acquired and liabilities assumed, the Group opted to determine fair value on a provisional basis at December 31, 2017 and to finalize its calculations within 12 months of the acquisition date.

- *Capmetal*. On December 15, 2016, the Dutch group subholding company Guala Closures International B.V. acquired a 70% ownership interest in the French company, CapMetal SAS (subsequently renamed as Guala Closures France SAS) which was established in 1986 and is based in Tours. The French company recorded net revenue of approximately €13 million for 2016 and is specialized in the manufacturing and distribution of aluminium screw caps, mainly for the French wine market. It has a production facility in the Eure-et-Loire region and a direct sales network that covers the whole of France. In addition, prior to the acquisition, the company marketed the Group's products for over ten years under a non-exclusive agency agreement. The previous owners, which include the ICAS Group and MVL, retained the remaining 30% ownership interest. The transaction price was €1.1 million and the acquisition premium to book value led us to record goodwill on balance sheet of €1.5 million.

Principal factors affecting our results of operations

Fluctuations in currency exchange rates

Our group operations are worldwide and we have significant non-euro denominated assets, liabilities, revenue and costs. For the year ended December 31, 2017, we derived 11.0%, 13.3%, 7.1% and 6.3% of our net revenue from sales in Indian rupees, U.S. dollars, Pounds Sterling and Australian dollars, respectively. We also have exposure to other currencies such as the Ukrainian hryvnia, Polish złoty, Brazilian real, Mexican peso, Colombian peso, Argentine peso, South African rand and New Zealand dollar. Certain of these currencies have experienced considerable volatility against the euro in recent years which has affected our results of operations.

For example, our reported results of operations were significantly impacted by negative translation effects of the appreciation of the euro in 2017 and the six months ended June 30, 2018. By way of example to illustrate and quantify the impact of currency exchange rates on our results of operations that was significant over the periods under review, if we applied the average exchange rate of the currencies relevant to our business for the year ended December 31, 2015 to the years ended December 31, 2016 and 2017, the net revenue would have been €542.2 million (as compared to €500.3 million as reported) and €588.6 million (as compared to €534.8 million as reported) and our Adjusted EBITDA would have been €112.1 million (as compared to €103.0 million as reported) and €122.6 million (as compared to €111.3 million as reported), respectively. The foregoing impact on our results of operations is mainly due to the translation effect of non-euro revenues generated during the periods and the appreciation of the euro, particularly against the UK pound sterling, the Indian rupee, the Ukrainian hryvnia, the Argentinian peso and the Mexican peso. See "*Presentation of Financial and Other Information—Other financial measures*".

Transaction risk. Our exchange rate transaction risks principally relate to purchases of raw materials such as plastic resin and aluminium which have underlying global commodity price indexes denominated in U.S. dollars and are used to varying degrees in the production of all of our products. Our other fixed costs, such as energy, personnel and services related to production are typically denominated in the currency of the relevant production site (*e.g.*, euro for Italy, złoty for Poland, Brazilian real for Brazil, etc.). Additionally, our customer contracts are typically payable in the currency of the country where the contract is signed, even if the customer may sell spirits or wine for a worldwide consumer base. By locating production in many countries where our customers are based, we seek to match our operating costs with operating revenue in each of the major currencies in which we operate. To the extent that we have incurred expenses that are not denominated in the same currency as related revenue, exchange rate fluctuations have in some cases caused our expenses to increase or decrease as a percentage of total revenue. We also utilize of derivatives to manage movement in aluminium commodity prices. See "*—Costs for raw materials*".

Translation risk. Our currency translation risk is primarily related to the recognition of revenue generated by subsidiaries during our period-end consolidation and reporting. To prepare the consolidated financial statements of the Group, we translate assets, liabilities, total revenue and expenses into euro at applicable exchange rates. To determine the applicable exchange rate, we use the average annual exchange rate for statement of comprehensive income items for the year in which we are reporting and the spot year-end exchange rate for balance sheet items. See note 2(d) to the Group's consolidated financial statements as of and for the year ended December 31, 2017, as well as the other financial information contained elsewhere in this Offering Memorandum and "*—Critical accounting policies*" below. Both revenue and expenses that are denominated in foreign currency are converted into euro at the spot rates of

the days on which they are recorded. In order to assist management to identify trends and compare performance across regions and business units, we report net revenue and Adjusted EBITDA on a "constant currency" basis which is prepared translating the results of a given year in a particular local currency applying the average exchange rate of the local currency in the previous year.

Costs for raw materials

€233.3 million of our costs in 2015, €218.4 million of our costs in 2016, €235.9 million of our costs in 2017, €119.2 million of our costs in the six months ended June 30, 2017 and €124.2 million of our costs in the six months ended June 30, 2018 were related to raw materials. Raw material costs accounted for 44.8% of our net revenue in 2015, 43.7% of our net revenue in 2016, 44.1% of our net revenue in 2017, 47.5% of our net revenue in the six months ended June 30, 2017 and 48.0% of our net revenue in the six months ended June 30, 2018.

The principal raw materials used in our manufacturing processes are plastic resins and aluminium, which accounted for €38.6 million and €53.1 million, or approximately 31% and 43%, respectively, of the cost of all raw materials purchased in the six months ended June 30, 2018; €73.9 million and €101.0 million, or approximately 31% and 43%, respectively, of the cost of all raw materials purchased in 2017; €70.7 million and €90.2 million, or approximately 32% and 41% of the cost of all raw materials purchased in 2016; and approximately €76.1 million and €100.8 million, or approximately 33% and 43%, respectively, of the cost of all raw materials purchased in 2015.

Raw materials prices can fluctuate substantially over relatively short periods of time. Plastic resins are subject to substantial price fluctuations resulting from shortages in supply and changes in the prices of natural gas, crude oil and other petrochemical products from which resins are produced as well as other factors. Aluminium prices generally exhibit less fluctuation than plastic resins. The price of aluminium has trended upward in recent years. Aluminium prices on the demand-side are driven by end users from the construction, transportation (mainly automotive) and consumer (largely packaging) industries.

As we do not typically enter into long-term committed contracts with customers, our contractual arrangements with customers do not contain pass-through mechanisms that would allow or require us to make periodic adjustments in prices to account for commodity price fluctuations. As a result of the foregoing dynamics, generally, any increase in the prices of our raw materials has a direct impact on our production costs and operating margins unless we are able to raise prices. We believe that the relevant raw material prices to illustrate price trends are the LME/ton price for aluminium and for plastic resins, the high density polyethylene (HDPE) price and polypropylene and homopolymer price in Europe and the HDPE price and polystyrene price in India. See "*Industry Overview*".

By way of illustration, in 2017, the average prices of plastic resins (HDPE Europe) increased by 5.9% and aluminium prices increased by 20.3%. In 2016, the average prices of plastic resins increased (HDPE Europe) by 0.2% and the price of aluminium decreased by 4.0%. In the six months ended June 30, 2018, the average prices of plastic resins (HDPE Europe) and aluminium increased by 10.2% and 4.8%, respectively, compared to the same period in the previous year. These increases and decreases contributed to corresponding changes in our total costs. We manage this exposure vis-à-vis customers through proactive renegotiation of prices with customers when raw material prices put pressure on our margins and rely on our long track record of delivering innovative new products and extracting efficiencies through reduction of raw material use to maintain, and even modestly raise, prices during low-commodity periods. Sales of closures are based on contracts and/or purchase orders that mean that at least part of any increase in the prices of raw materials can be transferred to our customers, when the contracts provide for periodic price adjustments. If this is not possible, we are able to manufacture similar closures due to our technological expertise using different materials mix that ensures, nonetheless, product quality. Given our wide product range, we can offer customers various solutions (using different materials) and to direct their choices to the higher value added luxury lines, thus better absorbing any raw material price increases without significantly affecting margins.

We also employ commodity derivatives for aluminium to hedge a certain portion of purchases. Approximately 53% and 54% of our total aluminium costs in 2017 and in the six months ended June 30, 2018, respectively, were related to purchases of aluminium ingots on the London Metal Exchange, through forward contracts and spot transactions, while the remaining aluminium costs consist primarily of costs incurred in conversion and processing which are typically contractually fixed for a short period of time. As we typically purchase aluminium based on contracts that set prices by reference to the aluminium quotations on the London Metal Exchange in U.S. dollars, which are converted into euro at the average

exchange rate at the month of purchase, we seek to reduce our exposure to the risks associated with aluminium price fluctuations by entering into forward contracts with brokers operating on the London Metal Exchange, whereby we purchase aluminium at a fixed price to protect our operating margins from price volatility. Our forward hedging transactions covered approximately 53% of our aluminium supplies at December 31, 2017. See "*Risk Factors—Risks related to our Business—Our business is subject to fluctuations in the price and availability of raw materials*" and "*Business—Raw materials and suppliers*".

Other methods of commodity risk mitigation include the careful selection of our suppliers, in particular for plastics, where we seek out suppliers that match our pricing, quality and reliability of supply criteria. We have not experienced any significant difficulties over the past few years in obtaining sufficient quantities of the raw materials required for our production. We also continually seek to implement innovative product and process solutions aimed at reducing consumption of raw materials.

The overall level of, and the interest rates payable on, our indebtedness

Prior to the Acquisition and Public Listing, Guala was a privately held company with significant debt service obligations. As of June 30, 2018, Guala and its consolidated subsidiaries had a consolidated Net financial debt of €588.7 million outstanding net of unamortized transaction costs but net of cash and cash equivalents and excluding the liability owed to Ukrainian non-controlling investors which relates to a recognition of these investors' right to exercise a put option if certain conditions are met as further described under "*—Contractual Obligations—Ukrainian put option*". Following the Acquisition and the subsequent capitalization of Guala by the equity contributed by Space4, on a *pro forma* basis for the Transactions as of June 30, 2018, our consolidated Net financial debt would have been €425.0 million (net of unamortized transaction costs and cash and cash equivalents and excluding the liability owed to Ukrainian non-controlling investors and financial liabilities related to the Market Warrants).

During the periods under review, Guala had significant debt service obligations related to the 2021 Notes. For information relating to the interest rates payable on the Group's financial indebtedness, see note 14 "Current and non-current financial liabilities-third parties" to Guala's consolidated financial statements as of and for the year ended December 31, 2017. For more information regarding our debt service obligations for the twelve months ended June 30, 2018 on an illustrative basis for the Transactions, see "*Unaudited Pro Forma Financial Information of the Issuer*".

General macroeconomic conditions

The global economy has continued to show steady signs of recovery from the global financial crisis that commenced in 2007-2008 and the ensuing economic slowdown experienced by many countries, which included a general contraction in consumer spending resulting from, among other factors, reduced consumer confidence, falling gross domestic product, rising unemployment rates and uncertainty in the macroeconomic environment. Despite this overall steady recovery, in certain countries such as Brazil, Argentina and Ukraine, economic volatility has increased in recent years due to, among other factors, depressed oil and other commodity prices that had previously underpinned economic expansion and, in the case of Ukraine, political strife and other disturbances related to internal and external conflict.

Tax impact related to uncertainty about Brexit

On March 29, 2017, the UK government invoked Article 50 of the Treaty of Lisbon, notifying the European Council of its intention to withdraw from the EU. There is an initial two-year timeframe for the UK and EU to reach an agreement on the withdrawal and the future UK and EU relationship, although this timeframe can be extended. The Group operates a plant in Scotland where it serves both UK-based and European customers.

There is presently significant uncertainty about the UK's exit from the EU, the timing and outcome of the negotiations for future agreements between the two parties. Therefore, it is not certain how long the current EU laws will be applicable to the UK and which of these laws will still apply after its exit. Upon conclusion of the negotiations between the UK and the EU, the UK's tax system could change and this could affect the Group, including its supply chain and our Scottish subsidiary's ability to continue to export products from Scotland to EU-based customers. Moreover, the current uncertainty makes it impossible to know if, how and when the tax system will change as, the UK government has not yet disclosed information about the new tax regime that will be applicable after its exit.

Seasonal factors

Our results of operations are affected by seasonal factors for certain product categories (specifically, wine closures and roll-on closures for mineral water), which generally results in an increase in the sales volumes in the second half of each year and, especially, during holiday periods, which also vary according to hemisphere and therefore exhibit variations relating to consumption and/or production of wine in such regions. Accordingly, our quarterly results of operations will vary from quarter to quarter due to these seasonal factors, and do not contribute evenly to the annual results.

Non-recurring and non-core income and expense

Our results of operations are impacted by exceptional items, including non-recurring non-core income and expense. The following table sets forth our non-recurring and non-core income and expense in the three years ended December 31, 2017, 2016 and 2015 and the six months ended June 30, 2017 and 2018:

	December 31,			June 30,	
(in thousands of Euros)	2015	2016	2017	2017	2018
Tax penalties and related consultancy fees	—	—	610	257	—
Release of tax penalties and consultancy fees related to tax issues	(703)	—	—	—	—
Costs related to significant production accidents	—	—	681	442	—
Merger and acquisition ("M&A") expenses	14	245	305	—	171
Operating expenses related to discontinued plant	629	161	129	69	102
Restructuring expenses	1,935	288	28	91	802
Due diligence and other exit expense	—	—	—	—	2,640
Total	**1,876**	**694**	**1,753**	**859**	**3,714**

During the periods under review, we recognized non-recurring and non-core income and expense mainly related to the following:

- tax penalties and related consultancy fees of €257 thousand and €610 thousand for the six months ended June 30, 2017 and the year ended December 31, 2017, respectively related to a tax audit at Guala;
- release of tax penalties and consultancy fees related to tax audits of €703 thousand for 2015;
- costs related to significant production accidents of €442 thousand for the six months ended June 30, 2017 and €681 thousand for the year ended December 31, 2017, respectively, related to investigation, advisory costs and the settlement with the dependents of the deceased employee;
- merger and acquisition ("M&A") expenses of €171 thousand for the six months ended June 30, 2018 and €305 thousand, €245 thousand and €14 thousand for 2017, 2016 and 2015, respectively, related to completed and potential acquisition activity;
- operating expenses related to discontinued plant at Torre d'Isola, Italy of €102 thousand, €69 thousand, €129 thousand, €161 thousand and €629 thousand for the six months ended June 30, 2018 and 2017 and the years ended December 31, 2017, 2016 and 2015, respectively;
- restructuring expenses of €802 thousand, €91 thousand, €28 thousand, €288 thousand and €1,935 thousand for the six months ended June 30, 2018 and 2017 and the years ended December 31, 2017, 2016 and 2015, respectively, mainly related to Guala Closures Australia and Guala in 2015 and to Guala Closures U.K. Limited in 2018; and
- due diligence and other exit expense of €2,640 thousand for the six months ended June 30, 2018 related to the preparatory work for the Business Combination, including the Public Listing.

Effects of the Transactions

The consummation of the Transactions has had, and are expected to have, a number of effects on our financial conditions and results of operations. The Transactions have resulted in a significant de-leveraging of the Group: as of June 30, 2018, after giving *pro forma* effect to the Transactions, our net leverage ratio was 3.87x, as compared to 5.14x on a historical basis as of such date prior to the Transactions. This de-leveraging will also result in a decrease in our interest expense. We will also, following purchase price accounting, record goodwill related to the Acquisition. In addition, as a publicly-listed company, the Issuer

will be able to access the public equity markets in order fund future acquisitions and investments, in addition to utilizing available cash resources and debt financing.

Results of operations for the six months ended June 30, 2018 compared with the results of operations for the six months ended June 30, 2017

The following table shows the Group's operating profit, Adjusted operating profit, Gross operating profit and the Adjusted gross operating profit (*i.e.*, less non-recurring and non-core items) for the six months ended June 30, 2017 and 2018:

(in thousands of Euros)	Six months ended June 30, 2017	Six months ended June 30, 2018
Operating profit	31,253	26,867
Adjusted operating profit	32,112	30,582
Gross operating profit	46,965	42,848
Adjusted gross operating profit (Adjusted EBITDA)	47,824	46,562

The following table shows the Group's statement of profit or loss and other comprehensive income figures for the six months ended June 30, 2017 and 2018:

(in thousands of Euros and as a percentage of net revenue)	Six months ended June 30,				Variation	
	2017	%	2018	%	2018 vs 2017	%
Net revenue	**251,036**	**100**	**258,707**	**100**	**7,671**	**3.1**
Change in inventories of finished goods and semi-finished products	14,294	5.7	11,909	4.6	(2,385)	(16.7)
Other operating income	2,368	0.9	1,644	0.6	(724)	(30.6)
Work performed by the Group and capitalized	3,125	1.2	2,905	1.1	(220)	(7.0)
Costs for raw materials	(119,190)	(47.5)	(124,186)	(48.0)	(4,996)	4.2
Costs for services—third parties	(47,233)	(18.8)	(50,698)	(19.6)	(3,465)	7.3
Costs for services—related parties	(3,199)	(1.3)	(2,920)	(1.1)	279	(8.7)
Personnel expense	(48,994)	(19.5)	(49,018)	(18.9)	(24)	0.0
Other operating expense	(5,241)	(2.1)	(5,496)	(2.1)	(255)	4.9
Depreciation/amortization and impairment losses	(15,712)	(6.3)	(15,981)	(6.2)	(269)	1.7
Operating profit	**31,253**	**12.4**	**26,867**	**10.4**	**(4,386)**	**(14.0)**
Financial income—third parties	916	0.4	2,865	1.1	1,949	212.8
Financial income—related parties	2,374	0.9	2,374	0.9	0	0.0
Financial expense—third parties	(22,360)	(8.9)	(25,330)	(9.8)	(2,970)	13.3
Financial expense—related parties	(829)	(0.3)	(649)	(0.3)	180	(21.7)
Net financial expense	**(19,898)**	**(7.9)**	**(20,740)**	**(8.0)**	**(842)**	**4.2**
Pre-tax profit	**11,355**	**4.5**	**6,127**	**2.4**	**(5,228)**	**(46.0)**
Income taxes	(8,272)	(3.3)	(7,060)	(2.7)	1,212	(14.7)
Profit (loss) for the period	**3,083**	**1.2**	**(933)**	**(0.4)**	**(4,016)**	**(130.3)**

Net revenue

In the six months ended June 30, 2018, consolidated net revenue was €258.7 million, up €7.7 million or 3.1% on the six months ended June 30, 2017, despite the negative translation impact (€17.7 million, 7.1%) following the Euro's appreciation against the main currencies in which we operate.

Net revenue on a "constant currency" rose by €25.4 million (10.1%) on the six months ended June 30, 2018. Of this amount, €18.1 million (7.2%) is the result of higher sales volumes/mix, mainly in India, Argentina, Ukraine, North America, Mexico and the UK, due to the further penetration of safety closures and to the changeover from cork to aluminum closures for wine bottles, and €3.1 million (1.2%) is due to selling price increase.

Net revenue for the six months ended June 30, 2018 also benefited from the consolidation of the acquisitions of Axiom Propack Pvt Ltd in India and ICSA's screw cap activities in Chile in the second half

of 2017. The overall positive impact on net revenue from the change in the consolidation scope amounts to €4.0 million (1.6%).

An analysis of net revenue by product and geographical segment is as follows:

Net revenue by product

The following table shows a breakdown of net revenue split by product for the six months ended June 30, 2017 and 2018:

	Six months ended June 30,				Variation	
(in thousands of Euros and as a percentage of net revenue)	**2017**	*%*	**2018**	*%*	**2018 vs 2017**	*%*
PET	1,933	0.8	1,551	0.6	(382)	(19.8)
Safety closures	103,401	41.2	106,888	41.3	3,487	3.4
Luxury closures	6,088	2.4	9,423	3.6	3,335	54.8
Wine closures	56,341	22.4	53,252	20.6	(3,090)	(5.5)
Pharma closures	4,000	1.6	4,457	1.7	457	11.4
Roll-on closures	72,053	28.7	75,895	29.3	3,842	5.3
Other revenue	7,220	2.8	7,242	2.8	22	0.3
Total	**251,036**	**100.0**	**258,707**	**100.0**	**7,671**	**3.1**

Sales of safety closures generated 41.3% and 41.2% of net revenue for the six months ended June 30, 2018 and 2017, respectively. During the periods under review, the net revenue contribution of our other individual product lines did not change significantly. Specifically, sales of roll-on closures and wine closures were equal to 29.3% and 20.6% of net revenue for the six months ended June 30, 2018 and 28.7% and 22.4% of net revenue for the six months ended June 30, 2017.

Net revenue improved, or was stable, by product over the first six months over 2017, other than for wine closures. The increase in net revenue generated by the sale of roll-on closures, luxury closures and safety closures of €3.8 million, €3.3 million and €3.5 million, respectively, were partly offset by the decrease in net revenue from the sale of wine closures of €3.0 million. The decrease for wine closure sales was due to negative translation effects, namely due to sales generated in Argentina, Australia, New Zealand and North America.

Net revenue by geographical segment

The following table provides a breakdown of net revenue by main geographical segment (*i.e.*, the geographical segments in which the group company that earned the net revenue is based) for the six months ended June 30, 2017 and 2018:

	Six months ended June 30,				Variation	
(in thousands of Euros and as a percentage of net revenue)	**2017**	*%*	**2018**	*%*	**2018 vs 2017**	*%*
Europe	140,042	55.8	144,494	55.8	4,452	3.2
Latin and North America	45,978	18.3	46,570	18.0	592	1.3
Asia	32,692	13.0	39,752	15.4	7,060	21.6
Oceania	24,296	9.7	19,711	7.6	(4,585)	(18.9)
Africa	8,029	3.2	8,180	3.2	151	1.9
Total	**251,036**	**100.0**	**258,707**	**100.0**	**7,671**	**3.1**

Europe contributed 55.8% of net revenue in the periods under review.

Net revenue improved slightly both as a total and as the percentage contributed by the geographical segments, other than for the Oceania geographic segment.

Net revenue from operations in Europe increased by €4.5 million from €140.0 million in the six months ended June 30, 2017, or 55.8% of net revenue, to €144.5 million in the six months ended June 30, 2018, or 55.8% of net revenue, despite the negative translation impact of €2.8 million. The Net revenue on a "constant currency" of this segment would have increased by €7.3 million or 5.2% in the six months ended June 30, 2017.

The increase in this segment is mainly due to sale booked by Guala Closures Ukraine, Guala Closures U.K. Limited and Guala.

Net revenue from operations in Asia increased by €7.1 million from €32.7 million in the six months ended June 30, 2017, or 13.0% of net revenue, to €39.8 million in the six months ended June 30, 2018, or 15.4%, mainly due to the impact in India of the effects of local government policies in 2017 (demonetization policy and change in local rules for the sale of alcohol). In the six months ended June 30, 2018, net revenue of this segment benefited from the consolidation of the India-based Axiom Propack Pvt Ltd, €3.6 million of additional net revenue, which was acquired in October 2017 but was affected by the negative translation impact (€3.9 million). The Net revenue on a "constant currency" of this segment would have increased by €11.0 million or 33.6% in the six months ended June 30, 2017.

Net revenue from operations in Latin and North America increased by €0.6 million from €46.0 million in the six months ended June 30, 2017, or 18.3% of net revenue, to €46.6 million in the six months ended June 30, 2018, or 18.0% of net revenue, due to the negative translation impact of €8.7 million. The Net revenue on a "constant currency" of this segment would have increased by €9.3 million or 20.3% in the six months ended June 30, 2017. The change in this segment is mainly due to the positive contribution of the general market growth recorded by Argentina, North America and Mexico and to the acquisition of ICSA's activities (€0.3 million) as well as LIMAT in Mexico.

Net revenue from operations in Oceania decreased by €4.6 million from €24.3 million in the six months ended June 30, 2017, or 9.7% of net revenue, to €19.7 million in the six months ended June 30, 2018 or 7.6% of net revenue, mainly due to reduced volumes. Net revenue of this segment was also affected by the negative translation impact (€1.9 million). The Net revenue on a "constant currency" of this segment would have decreased by €2.7 million or 11.0% in the six months ended June 30, 2017.

Net revenue from operations in Africa increased by €0.2 million from €8.0 million in the six months ended June 30, 2018 to €8.2 million in the six months ended June 30, 2018, despite the negative translation impact (€0.3 million). Segment net revenue as a percentage of net revenue was 3.2% for both periods. The Net revenue on a "constant currency" of this segment would have increased by €0.5 million or 6.0% in the six months ended June 30, 2017.

Other operating income

The following table shows a breakdown of other operating income for the six months ended June 30, 2017 and 2018:

	Six months ended June 30,				Variation	
(in thousands of Euros and as a percentage of net revenue)	**2017**	**%**	**2018**	**%**	**2018 vs 2017**	**%**
Sundry recoveries/repayments	1,770	0.7	1,460	0.6	(310)	(17.5)
Gains on sale of fixed assets	14	0.0	8	0.0	(6)	(42.9)
Other	584	0.2	176	0.1	(408)	(69.9)
Total	**2,368**	**0.9**	**1,644**	**0.6**	**(724)**	**(30.6)**

Other operating income decreased by €0.8 million from €2.4 million for the six months ended June 30, 2017, or 0.9% of net revenue, to €1.6 million for the six months ended June 30, 2018, or 0.6% of net revenue. This item mainly includes premiums and contributions from customers and suppliers, the recovery of transport costs and other cost recoveries.

Work performed by the Group and capitalized

The following table shows a breakdown of internal work capitalized for the six months ended June 30, 2017 and 2018:

	Six months June 30,				Variation	
(in thousands of Euros and as a percentage of net revenue)	**2017**	**%**	**2018**	**%**	**2018 vs 2017**	**%**
Work performed by the Group and capitalized	3,125	1.2	2,905	1.1	(220)	(7)
Total	**3,125**	**1.2**	**2,905**	**1.1**	**(220)**	**(7)**

Work performed by the Group and capitalized decreased by €0.2 million from €3.1 million for the six months ended June 30, 2017 to €2.9 million for the six months ended June 30, 2018. The item decreased as a percentage of net revenue from 1.2% in the six months ended June 30, 2017 to 1.1% in the six months ended June 30, 2018. Work performed by the Group and capitalized comprises capitalized development expenditure and extraordinary maintenance on property, plant and equipment.

Costs for raw materials

The following table presents a breakdown of costs for raw materials for the six months ended June 30, 2017 and 2018:

(in thousands of Euros and as a percentage of net revenue)	**Six months ended June 30,**				**Variation**	
	2017	**%**	**2018**	**%**	**2018 vs 2017**	**%**
Raw materials and supplies	115,518	46.0	116,103	44.9	585	0.5
Packaging	4,785	1.9	5,635	2.2	850	17.8
Consumables and maintenance	5,524	2.2	4,476	1.7	(1,048)	(19.0)
Fuels	236	0.1	227	0.1	(9)	(3.8)
Other purchases	1,986	0.8	2,449	0.9	463	23.3
Change in inventories	(8,859)	(3.5)	(4,704)	(1.8)	4,155	(46.9)
Total	**119,190**	**47.5**	**124,186**	**48.0**	**4,996**	**4.2**

Costs for raw materials increased by €5.0 million from €119.2 million for the six months ended June 30, 2017 to €124.2 million for the six months ended June 30, 2018.

This cost item increased as a percentage of net revenue from 47.5% for the six months ended June 30, 2017 to 48.0% for the six months ended June 30, 2018.

Costs for services—third parties

The following table presents a breakdown of Costs for services—third parties for the six months ended June 30, 2017 and 2018:

(in thousands of Euros and as a percentage of net revenue)	**Six months ended June 30,**				**Variation**	
	2017	**%**	**2018**	**%**	**2018 vs 2017**	**%**
Electricity / heating	11,274	4.4	11,450	4.4	176	1.6
Transport	10,895	4.3	11,221	4.3	326	3.0
External processing	5,223	2.1	4,947	1.9	(276)	(5.3)
External labor / porterage	3,185	1.3	3,121	1.2	(64)	(2.0)
Maintenance	2,829	1.1	3,395	1.3	566	20.0
Sundry industrial services	2,906	1.2	2,682	1.0	(224)	(7.7)
Travel	2,168	0.9	2,124	0.8	(44)	(2.0)
Insurance	1,542	0.6	1,527	0.6	(15)	(1.0)
Legal and consulting fees	1,481	0.6	4,532	1.8	3,051	206.0
Directors' fees	507	0.2	716	0.3	209	41.2
Administrative services	977	0.4	1,013	0.4	36	3.7
Cleaning service	548	0.2	569	0.2	21	3.8
Technical assistance	661	0.3	483	0.2	(178)	(26.9)
Commissions	480	0.2	551	0.2	71	14.8
Entertainment expenses	403	0.2	342	0.1	(61)	(15.1)
Telephone costs	376	0.1	289	0.1	(87)	(23.1)
Security	213	0.1	235	0.1	22	10.3
Advertising services	144	0.1	149	0.1	5	3.5
Commercial services	139	0.1	166	0.1	27	19.4
Expos and trade fairs	123	0.0	105	0.0	(18)	(14.6)
Other	1,158	0.5	1,081	0.4	(77)	(6.6)
Total	**47,233**	**18.8**	**50,698**	**19.6**	**3,465**	**7.3**

Costs for services—third parties increased by €3.5 million from €47.2 million for the six months ended June 30, 2017 to €50.7 million for the six months ended June 30, 2018. The change is due in part due to €2.4 million of higher non-recurring and non-core costs recorded in the six months ended June 30, 2018 related to advisory services incurred in connection with preparation for the Acquisition and Public Listing.

This cost item increased as a percentage of net revenue from 18.8% for the six months ended June 30, 2017 to 19.6% for the six months ended June 30, 2018.

Costs for services—related parties

The following table presents a breakdown of costs for services—related parties for the six months ended June 30, 2017 and 2018:

(in thousands of Euros)	Six months ended June 30, 2017	%	2018	%	Variation 2018 vs 2017	%
Administrative services—GCL	3,199	1.3	2,920	1.1	(279)	(8.7)
Total	**3,199**	**1.3**	**2,920**	**1.1**	**(279)**	**(8.7)**

Costs for services—related parties decreased by €0.3 million from €3.2 million for the six months ended June 30, 2017 to €2.9 million for the six months ended June 30, 2018. This cost item includes administrative services recharged by our parent company, GCL.

Personnel expense

The following table presents a breakdown of personnel expense for the six months ended June 30, 2017 and 2018:

(in thousands of Euros and as a percentage of net revenue)	Six months ended June 30, 2017	%	2018	%	Variation 2018 vs 2017	%
Wages and salaries	39,834	15.9	39,435	15.2	(399)	(1.0)
Social security contributions	6,874	2.7	6,896	2.7	22	0.3
Expense from defined benefit plans	729	0.3	778	0.3	49	6.7
Other costs	1,558	0.6	1,909	0.7	351	22.5
Total	**48,994**	**19.5**	**49,018**	**18.9**	**24**	**0.0**

The following table shows changes in the total number of managers, junior managers and white collar and blue collar employees employed by the Group in the year ended December 31, 2017 and the six months ended June 30, 2018:

(no.)	December 31, 2017	June 30, 2018
Blue collars	3,112	3,113
White collars	902	915
Managers	210	214
Total	**4,224**	**4,242**

Personnel expense remained stable at €49.0 million in the six months ended June 30, 2017 and 2018.

As a percentage of net revenue, personnel expense decreased from 19.5% in the six months ended June 30, 2017 to 18.9% in the six months ended June 30, 2018.

Other operating expense

The following table presents a breakdown of Other operating expense for the six months ended June 30, 2017 and 2018:

(in thousands of Euros and as a percentage of net revenue)	Six months ended June 30, 2017	%	2018	%	Variation 2018 vs 2017	%
Rent and leases	2,343	0.9	2,549	1.0	206	8.8
Other provisions	384	0.2	932	0.4	548	142.7
Taxes and duties	1,027	0.4	914	0.4	(113)	(11.0)
Other costs for the use of third party assets	768	0.3	653	0.3	(115)	(15.0)
Loss allowance	92	0.0	40	0.0	(52)	(56.5)
Other charges	627	0.2	408	0.2	(219)	(34.9)
Total	**5,241**	**2.1**	**5,496**	**2.1**	**255**	**4.9**

Other operating expenses increased by €0.3 million from €5.2 million for the six months ended June 30, 2017 to €5.5 million for the six months ended June 30, 2018, and as a percentage of net revenue, remained stable at 2.1%. The increase is primarily the result of accruals to the provision for restructuring related to Guala Closures UK.

Depreciation/amortization and impairment losses

The following table presents a breakdown of depreciation/amortization and impairment losses for the six months ended June 30, 2017 and 2018:

(in thousands of Euros and as a percentage of net revenue)	Six months ended June 30				Variation	
	2017	%	2018	%	2018 vs 2017	%
Amortization of intangible assets	1,889	0.8	1,921	0.7	32	1.7
Depreciation of property, plant and equipment	13,475	5.4	13,755	5.3	280	2.1
Impairment losses	348	0.1	306	0.1	(42)	(12.1)
Total	**15,712**	**6.3**	**15,981**	**6.2**	**269**	**1.7**

Depreciation/amortization and impairment losses increased by €0.3 million from €15.7 million for the six months ended June 30, 2017 to €16.0 million for the six months ended June 30, 2018. As a percentage of net revenue, this item decreased from 6.3% in the six months ended June 30, 2017 to 6.2% in the six months ended June 30, 2018.

Operating profit

Operating profit decreased by €4.4 million from €31.3 million for the six months ended June 30, 2017 to €26.9 million for the six months ended June 30, 2018.

Adjusted operating profit

(in thousands of Euros)	Six months ended June 30,	
	2017	2018
Operating profit	**31,253**	**26,867**
Adjustments for non-recurring and non-core items:		
Contingent tax penalties and related consultancy fees	257	—
Costs related to significant production accidents	442	—
Operating expenses related to discontinued plant	69	102
Restructuring expenses	91	802
Due diligence and other exit expense	—	2,640
Merger and acquisition ("M&A") expenses	—	171
Adjusted operating profit	**32,112**	**30,582**

Adjusted operating profit decreased by €1.5 million from €32.1 million for the six months ended June 30, 2017 to €30.6 million for the six months ended June 30, 2018.

Gross operating profit

Gross operating profit decreased by €4.1 million from €47.0 million for the six months ended June 30, 2017 to €42.8 million for the six months ended June 30, 2018, or 16.6% of net revenue. The decrease is mainly due to the negative translation impact (€3.2 million) caused by the appreciation of the Euro against the main currencies in which we operate and to higher non-recurring and non-core costs recorded in the six months ended June 30, 2018. In addition, Gross operating profit in the six months ended June 30, 2018 benefited from the €0.7 million impact due to the change in consolidation scope.

Adjusted gross operating profit (Adjusted EBITDA) for the six months ended June 30, 2018 amounted to €46.6 million, a decrease of €1.3 million compared to the six months ended June 30, 2017. The decrease is mainly due to the negative translation impact caused by the appreciation of the Euro against the main currencies in which we operate (€3.2 million).

Financial income—third parties

The following table presents a breakdown of Financial income—third parties for the six months ended June 30, 2017 and 2018:

(in thousands of Euros)	Six months ended June 30, 2017	%	2018	%	Variation 2018 vs 2017	%
Exchange rate gains	396	0.2	2,530	1.0	2,134	538.9
Interest income	456	0.2	192	0.1	(264)	(57.90)
Other financial income	64	0.0	43	0.0	(21)	(32.8)
Financial income—non-controlling investors in the Ukrainian company	—	—	100	0.0	100	100
Total	**916**	**0.4**	**2,865**	**1.1**	**1,949**	**212.8**

Financial income—third parties increased by €1.9 million from €0.9 million in the six months ended June 30, 2017 to €2.9 million in the six months ended June 30, 2018. This increase is mostly due to the higher exchange rate gains recognized in the six months ended June 30, 2018. The decrease in interest income in the six months ended June 30, 2018 compared to the prior period is mainly as a result of the higher cash balances held in the six months ended June 30, 2017 and compared to the six months ended June 30, 2018.

Financial income—related parties

The following table presents a breakdown of Financial income—related parties for the six months ended June 30, 2017 and 2018:

(in thousands of Euros)	Six months ended June 30, 2017	%	2018	%	Variation 2018 vs 2017	%
Interest income—GCL	2,374	0.9	2,374	0.9	0	0.0
Total	**2,374**	**0.9**	**2,374**	**0.9**	**0**	**0.0**

Financial income—related parties remained unchanged at €2.4 million. This item is comprised of interest income received from GCL on the loan granted by Guala following the Group's refinancing on November 11, 2016.

Financial expense—third parties

The following table presents a breakdown of Financial expense—third parties for the six months ended June 30, 2017 and 2018:

(in thousands of Euros and as a percentage of net revenue)	Six months ended June 30, 2017	%	2018	%	Variation 2018 vs 2017	%
Interest expense	14,958	6.0	15,621	6.0	663	4.4
Exchange rate losses	5,870	2.3	9,126	3.5	3,256	55.5
Other financial expense	1,532	0.6	582	0.2	(950)	(62.0)
Total	**22,360**	**8.9**	**25,330**	**9.8**	**2,970**	**13.3**

Financial expense—third parties increased by €3.0 million from €22.4 million for the six months ended June 30, 2017 to €25.3 million for the six months ended June 30, 2018 mainly due to the higher exchange rate losses for the six months ended June 30, 2018.

Financial expense—related parties

The following table presents a breakdown of Financial expense—related parties for the six months ended June 30, 2017 and 2018:

(in thousands of Euros and as a percentage of net revenue)	Six months ended June 30, 2017	%	2018	%	Variation 2018 vs 2017	%
Interest expense to GCL	829	0.3	649	0.3	(180)	(21.7)
Total	**829**	**0.3**	**649**	**0.3**	**(180)**	**(21.7)**

Financial expense—related parties decreased by €0.2 million from €0.8 million for the six months ended June 30, 2017 to €0.6 million for the six months ended June 30, 2018.

The item solely comprises financial expense on the loan granted by GCL to Guala Closures International B.V.

Income taxes

The following table presents a breakdown of Income taxes for the six months ended June 30, 2017 and 2018:

(in thousands of Euros and as a percentage of net revenue)	Six months ended June 30,				Variation	
	2017	*%*	**2018**	*%*	**2018 vs 2017**	*%*
Current taxes	(9,072)	(3.6)	(9,118)	(3.5)	(46)	0.5
Deferred tax assets	799	0.3	2,058	0.8	1,259	157.6
Total	**(8,272)**	**(3.3)**	**(7,060)**	**(2.7)**	**1,212**	**(14.7)**

Income taxes decreased by €1.2 million from €8.3 million for the six months ended June 30, 2017 to €7.1 million for the six months ended June 30, 2018.

Profit (loss) for the period

As a result of the factors described above, we recorded a profit of €3.1 million for the six months ended June 30, 2017 compared to a loss of €0.9 million for the six months ended June 30, 2018.

Results of operations for the year ended December 31, 2017 compared with the results of operations for the year ended December 31, 2016; Results of operations for the year ended December 31, 2016 compared with the results of operations for the year ended December 31, 2015.

The following table shows the Group's operating profit, Adjusted operating profit, Gross operating profit and Adjusted gross operating profit (*i.e.*, less non-recurring and non-core items) for the years ended December 31, 2017, 2016 and 2015:

(in thousands of Euros)	Year ended December 31,		
	2017	**2016**	**2015**
Operating profit	76,315	71,443	67,284
Adjusted operating profit	78,068	72,137	69,159
Gross operating profit	109,528	102,308	104,830
Adjusted gross operating profit (Adjusted EBITDA)	111,281	103,002	106,706

The following table shows the Group's statement of profit or loss and other comprehensive income figures for the years ended December 31, 2017, 2016 and 2015:

	Year ended December 31,						Variation			
(in thousands of Euros and as a percentage of net revenue)	2017	%	2016	%	2015[(1)]	%	2017 vs 2016	%	2016 vs 2015	%
Net revenue	**534,819**	**100.0**	**500,268**	**100.0**	**520,533**	**100.0**	**34,551**	**6.9**	**(20,265)**	**(3.9)**
Change in inventories of finished goods and semi-finished products	6,850	1.3	1,279	0.3	3,066	0.6	5,571	435.6	(1,787)	(58.3)
Other operating income	4,326	0.8	3,938	0.8	4,783	0.9	388	9.9	(845)	(17.7)
Work performed by the Group and capitalized	4,908	0.9	6,615	1.3	5,936	1.1	(1,707)	(25.8)	679	11.4
Costs for raw materials	(235,927)	(44.1)	(218,436)	(43.7)	(233,336)	(44.8)	(17,491)	8.0	14,900	(6.4)
Costs for services—third parties	(93,128)	(17.4)	(86,515)	(17.3)	(90,432)	(17.4)	(6,613)	7.6	3,917	(4.3)
Costs for services—related parties	(5,132)	(1.0)	(4,663)	(0.9)	(1,548)	(0.3)	(469)	10.1	(3,115)	201.2
Personnel expense	(96,825)	(18.1)	(90,282)	(18.0)	(92,912)	(17.8)	(6,543)	7.2	2,630	(2.8)
Other operating expense	(10,364)	(1.9)	(9,897)	(2.0)	(11,259)	(2.2)	(467)	4.7	1,362	(12.1)
Depreciation/ amortization and impairment losses	(33,213)	(6.2)	(30,865)	(6.2)	(37,547)	(7.2)	(2,348)	7.6	6,682	(17.8)
Operating profit	**76,315**	**14.3**	**71,443**	**14.3**	**67,284**	**12.9**	**4,872**	**6.8**	**4,159**	**6.2**
Financial income—third parties	3,553	0.7	8,045	1.6	11,081	2.1	(4,492)	(55.8)	(3,036)	(27.4)
Financial income—related parties	4,788	0.9	656	0.1	—	—	4,132	629.9	656	n.a.
Financial expense—third parties	(47,509)	(8.9)	(37,064)	(7.4)	(40,039)	(7.7)	(10,445)	28.2	2,975	(7.4)
Financial expense—related parties	(1,597)	(0.3)	(13,133)	(2.6)	(15,203)	(2.9)	11,536	(87.8)	2,070	(13.6)
Net financial expense	**(40,764)**	**(7.6)**	**(41,496)**	**(8.3)**	**(44,161)**	**(8.5)**	**732**	**(1.8)**	**2,665**	**(6.0)**
Pre-tax profit	**35,551**	**6.6**	**29,947**	**6.0**	**23,123**	**4.4**	**5,604**	**18.7**	**6,824**	**29.5**
Income taxes	(20,417)	(3.8)	(19,681)	(3.9)	(22,468)	(4.3)	(736)	3.7	2,787	(12.4)
Profit for the year	**15,133**	**2.8**	**10,266**	**2.1**	**655**	**0.1**	**4,867**	**47.4**	**9,611**	**1,467.3**

(1) 2015 figures were restated since capitalized development expenditure and extraordinary maintenance booked in 2015 as "Other operating income" have been reclassified to the caption "Work performed by the Group and capitalized".

Net revenue increased at a growth rate (CAGR) of 1.36% over the three years. The most significant variations affecting the main statement of profit or loss and other comprehensive income captions of the years considered are described below:

Net revenue

2017 vs 2016

Net revenue increased by €34.5 million from €500.3 million for 2016 to €534.8 million for 2017.

2016 vs 2015

Net revenue decreased by €20.3 million from €520.5 million for 2015 to €500.3 million for 2016.

An analysis of net revenue by product and geographical segment is as follows:

Net revenue by product

The next table shows a breakdown of net revenue by product for the years ended December 31, 2017, 2016 and 2015:

(in thousands of Euros and as a percentage of net revenue)	Year ended December 31,						Variation			
	2017	**%**	**2016**	**%**	**2015**	**%**	**2017 vs 2016**	**%**	**2016 vs 2015**	**%**
PET	2,841	0.5	2,820	0.6	3,165	0.6	27	1.0	(345)	(10.9)
Safety closures	234,254	43.8	219,101	43.8	233,119	44.8	15,153	6.9	(14,018)	(6.0)
Luxury closures	16,826	3.2	16,054	3.2	15,645	3.0	772	4.8	409	2.6
Wine closures	108,757	20.3	97,611	19.5	95,879	18.5	11,146	11.4	1,732	1.8
Pharma closures	7,847	1.5	8,225	1.6	8,319	1.6	(378)	(4.6)	(94)	(1.1)
Roll-on closures	149,218	27.9	143,099	28.6	150,680	29.0	6,119	4.3	(7,581)	(5.0)
Other revenue	15,076	2.8	13,358	2.7	13,726	2.6	1,712	12.8	(368)	(2.7)
Total	**534,819**	**100.0**	**500,268**	**100.0**	**520,533**	**100.0**	**34,551**	**6.9**	**(20,265)**	**(3.9)**

As shown in the above table, approximately 44% of our net revenue was earned on sales of safety closures during the three-year period. The percentage contribution of the individual products to the total did not vary significantly in that period.

2017 vs 2016

The €34.6 million increase in net revenue in the two-year 2016-17 period is mainly due to:

- the €15.2 million increase in safety closures net revenue from €219.1 million for 2016 to €234.3 million for 2017; and
- the €11.1 million increase in wine closures net revenue from €97.6 million for 2016 to €108.8 million for 2017.

Specifically, the net revenue increase of €34.6 million is a result of the following factors:

- the volume/mix effect of €29.2 million, which includes the change in sales due to the variation in the volume/mix of products sold, in particular in Mexico, Ukraine, Italy, North America and Argentina and the effect of foreign currency transactions;
- the change in consolidation scope effect of €10 million, relating to the additional volumes coming from the acquisition of the Axiom and ICSA businesses and for Guala Closures France SAS (formerly Capmetal SAS) (calculated as additional business made versus third parties in comparison with the previous year (as in 2016 the French subsidiary was a distributor of Guala Closures products)). The acquisition of LIMAT's assets was not considered in the "change in scope" since it is related to acquisition of supply capability of wooden overcaps; and
- the negative translation effect of €6.5 million, generated at the consolidation level following the translation into Euros of the sales in local currency reported by local subsidiaries.

2016 vs 2015

The €20.3 million decrease in net revenue in the two-year 2015-16 period is mostly a result of:

- the €14.1 million decrease in safety closures net revenue from €233.1 million for 2015 to €219.1 million for 2016; and
- the €7.6 million decrease in roll-on closures net revenue from €150.7 million for 2015 to €143.1 million for 2016.

Specifically, the net revenue decrease of €20.3 million is a result of the following factors:

- reduction of €42 million in the value of foreign currency sales when translated into Euros due to the change in exchange rates; and
- higher volumes of €22.8 million following the higher sales made in Ukraine, India, Argentina, Mexico and Poland.

In terms of volumes, the increase is due to the higher sales volumes of safety closures and the continuing migration from corks to aluminum closures for wine bottles.

Net revenue by geographical segment

The following table provides a breakdown of net revenue by main geographical segment (i.e., the geographical segments in which the group company that earned the net revenue is based) for the years ended December 31, 2017, 2016 and 2015:

	Year ended December 31,						Variation			
(in thousands of Euros and as a percentage of net revenue)	**2017**	**%**	**2016**	**%**	**2015**	**%**	**2017 vs 2016**	**%**	**2016 vs 2015**	**%**
Europe	290,341	54.3	273,146	54.6	284,430	54.6	17,195	6.3	(11,284)	(4.0)
Asia	71,916	13.4	74,768	14.9	70,356	13.5	(2,852)	(3.8)	4,412	6.3
Latin and North America	106,988	20.0	89,276	17.8	96,589	18.6	17,712	19.8	(7,313)	(7.6)
Oceania	48,608	9.1	48,660	9.7	49,871	9.6	(52)	(0.1)	(1,211)	(2.4)
Africa	16,967	3.2	14,418	2.9	19,286	3.7	2,549	17.7	(4,868)	(25.2)
Total	**534,819**	**100.0**	**500,268**	**100.0**	**520,533**	**100.0**	**34,551**	**6.9**	**(20,265)**	**(3.9)**

As shown above, Europe contributed 55% to total group net revenue in the three-year period. India contributed 90% of the net revenue earned in Asia in the period and was the Group's main market. The percentage contributions of the different geographical segments did not change significantly over the three years.

2017 vs 2016

The €34.6 million increase in net revenue in the two-year 2016-17 period is mainly due to (i) Latin and North America for €17.7 million, with this segment's net revenue up from €89.3 million for 2016 to €107.00 million for 2017; and (ii) Europe for €17.2 million, with this segment's net revenue up from €273.1 million for 2016 to €290.3 million for 2017.

The increase of €17.7 million in net revenue recognized in Latin and North America is chiefly due to the positive contribution from the general growth of the Mexican, North American and Colombian markets as well as the acquisition of ICSA's assets (€0.3 million) in Chile.

The €17.2 million increase in net revenue in Europe is mostly attributable to (i) the acquisition of Guala Closures France SAS (formerly CapMetal SAS), which contributed an additional €5.2 million; (ii) higher sales volumes of Guala Closures Ukraine due to growth in the Russian market; and (iii) higher sales volumes of Guala.

The €2.9 million decrease in net revenue generated in Asia is primarily attributable to the contraction of the market in India related to the demonetization and unfavorable changes in alcohol sales regulations.

2016 vs 2015

The €20.3 million decrease in net revenue in the two-year 2015-16 period is mainly due to (i) Europe's decrease of €11.3 million, with this segment's net revenue lower from €284.4 million for 2015 to €273.1 million for 2016; and (ii) Latin and North America's decrease of €7.3 million, with this segment's net revenue lower from €96.6 million for 2015 to €89.3 million for 2016.

The decrease of €11.3 million in net revenue recognized in Europe is chiefly due to the reduction of €16.9 million in the value of foreign currency sales when translated into Euros due to the change in exchange rates. This reduction was partly offset by the rise in net revenue in local currencies, mainly achieved by the Ukrainian company.

As is the case in Europe, the €7.3 million reduction in net revenue in Latin and North America is mainly due to the exchange rates effect of (€19.2 million), which were partly offset by the increase in net revenue in local currencies recognized mostly in Argentina and Mexico.

Other operating income

The following table presents a breakdown of other operating income for the years ended December 31, 2017, 2016 and 2015:

(in thousands of Euros and as a percentage of net revenue)	**Year ended December 31,**						**Variation**			
	2017	**%**	**2016**	**%**	**2015[(1)]**	**%**	**2017 vs 2016**	**%**	**2016 vs 2015**	**%**
Sundry recoveries/repayments	3,516	0.7	3,019	0.6	3,224	0.6	497	16.5	(205)	(6.4)
Gains on sale of fixed assets	171	0.0	207	0.0	203	0.0	(36)	(17.4)	4	2.0
Release of provision for contingencies on tax matters	—	0.0	—	0.0	944	0.2	—	n.a.	(944)	(100.0)
Other	639	0.1	712	0.1	413	0.1	(73)	(10.3)	299	72.4
Total	**4,326**	**0.8**	**3,938**	**0.8**	**4,783**	**0.9**	**388**	**9.9**	**(845)**	**(17.7)**

(1) 2015 figures were restated since capitalized development expenditure and extraordinary maintenance booked in 2015 as "Other operating income" have been reclassified to the caption "Work performed by the Group and capitalized".

2017 vs 2016

Other operating income increased by €0.4 million from €3.9 million for 2016 to €4.3 million for 2017.

This item mostly includes premiums and contributions from customers and suppliers, the recovery of transport costs and other cost recoveries.

2016 vs 2015

Other operating income decreased by €0.9 million from €4.8 million for 2015 to €3.9 million for 2016, mainly as a result of the release of the provision for contingencies on tax matters recognized in 2015.

Work performed by the Group and capitalized

The following table presents a breakdown of internal work capitalized for the years ended December 31, 2017, 2016 and 2015:

(in thousands of Euros and as a percentage of net revenue)	**Year ended December 31,**						**Variation**			
	2017	**%**	**2016**	**%**	**2015[(1)]**	**%**	**2017 vs 2016**	**%**	**2016 vs 2015**	**%**
Work performed by the Group and capitalized	4,908	0.9	6,615	1.3	5,936	1.1	(1,707)	(25.8)	679	11.4
Total	**4,908**	**0.9**	**6,615**	**1.3**	**5,936**	**1.1**	**(1,707)**	**(25.8)**	**679**	**11.4**

(1) 2015 figures were restated since capitalized development expenditure and extraordinary maintenance booked in 2015 as "Other operating income" have been reclassified to the caption "Work performed by the Group and capitalized".

2017 vs 2016

Work performed by the Group and capitalized decreased by €1.7 million from €6.6 million for 2016 to €4.9 million for 2017. As a percentage of net revenue, Work performed by the Group and capitalized decreased from 1.3% in 2016 to 0.9% in 2017.

2016 vs 2015

The caption increased by €0.7 million from €5.9 million for 2015 to €6.6 million for 2016. As a percentage of net revenue, Work performed by the Group and capitalized increased from 1.1% in 2015 to 1.3% in 2016.

Costs for raw materials

The following table presents a breakdown of costs for raw materials for the years ended December 31, 2017, 2016 and 2015:

(in thousands of Euros and as a percentage of net revenue)	**Year ended December 31,**						**Variation**			
	2017	**%**	**2016**	**%**	**2015**	**%**	**2017 vs 2016**	**%**	**2016 vs 2015**	**%**
Raw materials and supplies	222,321	41.6	194,468	38.9	216,005	41.5	27,853	14.3	(21,537)	(10.0)
Packaging	9,981	1.9	8,985	1.8	9,330	1.8	996	11.1	(345)	(3.7)
Consumables and maintenance	10,351	1.9	11,562	2.3	9,729	1.9	(1,211)	(10.5)	1,833	18.8
Fuels	459	0.1	427	0.1	454	0.1	32	7.5	(27)	(5.9)
Other purchases	3,374	0.6	2,573	0.5	1,774	0.3	801	31.1	799	45.0
Change in inventories	(10,559)	(2.0)	421	0.1	(3,955)	(0.8)	(10,980)	(2,608.1)	4,376	(110.6)
Total	**235,927**	**44.1**	**218,436**	**43.7**	**233,336**	**44.8**	**17,491**	**8.0**	**(14,900)**	**(6.4)**

2017 vs 2016

Costs for raw materials increased by €17.5 million from €218.4 million for 2016 to €235.9 million for 2017, mainly as a result of the increase in the cost of purchasing raw materials and supplies (up €27.9 million from €194.5 million for 2016 to €222.3 million for 2017).

As a percentage of net revenue, Costs for raw materials were substantially stable in the two-year period, increasing from 43.7% in 2016 to 44.1% in 2017. The "Effect of costs for raw materials", calculated by each subsidiary as the difference between the average purchase price for the current and previous year applied to production volumes of the current year, was negative €0.8 million.

2016 vs 2015

Costs for raw materials decreased by €14.9 million from €233.3 million for 2015 to €218.4 million for 2016, mainly as a result of the €21.5 million reduction in the cost of purchasing raw materials and supplies (from €216.0 million in 2015 to €194.5 million in 2016).

As a percentage of net revenue, Costs for raw materials decreased in the two-year period from 44.8% in 2015 to 43.7% in 2016. The "Effect of costs for raw materials", calculated by each subsidiary as the difference between the average purchase price for the current and previous year applied to production volumes of the current year, was positive €5.3 million.

Costs for services—third parties

The following table presents a breakdown of Costs for services—third parties for the years ended December 31, 2017, 2016 and 2015:

(in thousands of Euros and as a percentage of net revenue)	**Year ended December 31,**						**Variation**			
	2017	**%**	**2016**	**%**	**2015**	**%**	**2017 vs 2016**	**%**	**2016 vs 2015**	**%**
Electricity / heating	22,458	4.2	21,764	4.4	22,316	4.3	694	3.2	(552)	(2.5)
Transport	22,206	4.2	20,031	4.0	20,531	3.9	2,175	10.9	(500)	(2.4)
External processing	9,820	1.8	7,550	1.5	8,509	1.6	2,270	30.1	(959)	(11.3)
External labor / porterage	6,429	1.2	5,267	1.1	4,650	0.9	1,162	22.1	617	13.3
Maintenance	5,699	1.1	5,517	1.1	5,860	1.1	182	3.3	(343)	(5.9)
Sundry industrial services	5,148	1.0	5,395	1.1	5,470	1.1	(247)	(4.6)	(75)	(1.4)
Travel	4,069	0.8	3,932	0.8	4,261	0.8	137	3.5	(329)	(7.7)
Legal and consulting fees	3,268	0.6	3,398	0.7	3,070	0.6	(130)	(3.8)	328	10.7
Insurance	2,710	0.5	2,673	0.5	3,035	0.6	37	1.4	(362)	(11.9)
Administrative services	2,077	0.4	2,022	0.4	2,311	0.4	55	2.7	(289)	(12.5)
Technical assistance	1,364	0.3	1,034	0.2	889	0.2	330	31.9	145	16.3
Cleaning service	1,096	0.2	1,086	0.2	1,128	0.2	10	0.9	(42)	(3.7)
Directors' fees	962	0.2	991	0.2	1,988	0.4	(29)	(2.9)	(997)	(50.2)
Commissions	900	0.2	779	0.2	952	0.2	121	15.5	(173)	(18.2)
Entertainment expenses	793	0.1	842	0.2	686	0.1	(49)	(5.8)	156	22.7
Telephone costs	643	0.1	718	0.1	802	0.2	(75)	(10.4)	(84)	(10.5)
Security	432	0.1	449	0.1	548	0.1	(17)	(3.8)	(99)	(18.1)
Advertising services	301	0.1	258	0.1	431	0.1	43	16.7	(173)	(40.1)
Commercial services	276	0.1	279	0.1	334	0.1	(3)	(1.1)	(55)	(16.5)
Expos and trade fairs	210	0.0	366	0.1	441	0.1	(156)	(42.6)	(75)	(17.0)
Other	2,268	0.4	2,164	0.4	2,219	0.4	104	4.8	(55)	(2.5)
Total	**93,128**	**17.4**	**86,515**	**17.3**	**90,432**	**17.4**	**6,613**	**7.6**	**(3,917)**	**(4.3)**

2017 vs 2016

Costs for services—third parties increased by €6.6 million from €86.5 million for 2016 to €93.1 million for 2017. This increase was principally due to the following factors:

- a €2.3 million increase in subcontracting costs from €7.6 million for 2016 to €9.8 million for 2017;
- a €2.1 million increase in transport costs from €20.0 million for 2016 to €22.3 million for 2017; and
- a €1.2 million increase in External labor / porterage from €5.3 million for 2016 to €6.4 million for 2017.

As a percentage of net revenue, Costs for services—third parties were substantially stable in the two-year period, increasing from 17.3% in 2016 to 17.4% in 2017.

2016 vs 2015

Costs for services decreased by €3.9 million from €90.4 million for 2015 to €86.5 million for 2016. This decrease was principally due to the following factors:

- a €1.0 million decrease in directors' fees from €2.0 million for 2015 to €1.0 million for 2016, as a result of our parent company's (GCL) corporate reorganization, which resulted in a different system of recharging management service costs instead of directors' fees;
- a €0.9 million decrease in external processing costs from €8.5 million for 2015 to €7.6 million for 2016;
- a €0.5 million decrease in electricity / heating costs from €22.3 million for 2015 to €21.8 million for 2016; and
- a €0.5 million decrease in transport costs from €20.5 million for 2015 to €20.0 million for 2016.

As a percentage of net revenue, Costs for services were substantially stable in the two-year period, decreasing from 17.4% in 2015 to 17.3% in 2016.

Costs for services—related parties

The following table presents a breakdown of Costs for services—related parties for the years ended December 31, 2017, 2016 and 2015:

	Year ended December 31,						Variation			
(in thousands of Euros and as a percentage of net revenue)	2017	%	2016	%	2015	%	2017 vs 2016	%	2016 vs 2015	%
Administrative services—GCL	5,132	1.0	4,663	0.9	1,548	0.3	469	10.1	3,115	201.2
Total	**5,132**	**1.0**	**4,663**	**0.9**	**1,548**	**0.3**	**469**	**10.1**	**3,115**	**201.2**

2017 vs 2016

Costs for services—related parties increased by €0.5 million from €4.7 million in 2016 to €5.1 million in 2017 and include administrative services provided by GCL.

As a percentage of net revenue, Costs for services—related parties were substantially stable in the two-year period, increasing from 0.9% in 2016 to 1.0% in 2017.

2016 vs 2015

Costs for services—related parties increased by €3.1 million from €1.5 million in 2015 to €4. 7 million in 2016.

As a percentage of net revenue, Costs for services—third parties increased from 0.3% in 2015 to 0.9% in 2016.

Personnel expense

The following table presents a breakdown of Personnel expense for the years ended December 31, 2017, 2016 and 2015:

	Year ended December 31,						Variation			
(in thousands of Euros and as a percentage of net revenue)	2017	%	2016	%	2015	%	2017 vs 2016	%	2016 vs 2015	%
Wages and salaries	78,448	14.7	73,461	14.7	75,571	14.5	4,987	6.8	(2,110)	(2.8)
Social security contributions	13,526	2.5	12,307	2.5	13,152	2.5	1,219	9.9	(845)	(6.4)
Expense from defined benefit plans	1,599	0.3	1,871	0.4	1,597	0.3	(272)	(14.5)	274	17.2
Other costs	3,251	0.6	2,643	0.5	2,592	0.5	608	23.0	51	2.0
Total	**96,825**	**18.1**	**90,282**	**18.0**	**92,912**	**17.8**	**6,543**	**7.2**	**(2,630)**	**(2.8)**

The following table shows changes in the Group's workforce (managers, junior managers and white collar and blue collar employees employed by the Group) in 2017, 2016 and 2015:

(no.)	2017	2016	2015
Blue collars	3,112	2,991	2,928
White collars	902	843	872
Managers	210	198	189
Total	**4,224**	**4,032**	**3,989**

2017 vs 2016

Personnel expense increased by €6.5 million from €90.3 million for 2016 to €96.8 million for 2017, mainly due to the 192 unit growth in employee numbers (including 148 employees from the Axiom Propack acquisition and 16 units from the ICSA acquisition), from 4,032 employees in 2016 to 4,224 employees in 2017.

As a percentage of net revenue, Personnel expense was substantially stable in the two-year period, increasing from 18.0% in 2016 to 18.1% in 2017.

2016 vs 2015

Personnel expense decreased by €2.6 million from €92.9 million for 2015 to €90.3 million for 2016.

As a percentage of net revenue, Personnel expense was substantially stable in the two-year period, increasing from 17.8% in 2015 to 18.0% in 2016.

Other operating expense

The following table presents a breakdown of Other operating expense for the years ended December 31, 2017, 2016 and 2015:

	Year ended December 31,						Variation			
(in thousands of Euros and as a percentage of net revenue)	2017	%	2016	%	2015	%	2017 vs 2016	%	2016 vs 2015	%
Rent and leases	4,588	0.9	4,493	0.9	4,774	0.9	95	2.1	(281)	(5.9)
Taxes and duties	1,992	0.4	2,014	0.4	2,319	0.4	(22)	(1.1)	(305)	(13.2)
Other costs for the use of third party assets	1,511	0.3	1,586	0.3	1,707	0.3	(75)	(4.7)	(121)	(7.1)
Provisions / Other provisions	1,165	0.2	781	0.2	1,529	0.3	384	49.2	(748)	(48.9)
Other charges	1,107	0.2	1,023	0.2	930	0.2	84	8.2	93	10.0
Total	**10,364**	**1.9**	**9,897**	**2.0**	**11,259**	**2.2**	**467**	**4.7**	**(1,362)**	**(12.1)**

2017 vs 2016

Other operating expense amounts to €10.4 million for 2017 and €9.9 million for 2016. The 4.7% increase is due to an accrual of €0.5 million made for fines for assessed taxes in the period from 2012 to 2016.

2016 vs 2015

Other operating expense decreased by €1.4 million from €11.3 million for 2015 to €9.9 million for 2016, mainly due to the smaller accruals made to provisions and other provisions.

Depreciation/amortization and impairment losses

The following table presents a breakdown of Depreciation/amortization and impairment losses for the years ended December 31, 2017, 2016 and 2015:

(in thousands of Euros and as a percentage of net revenue)	Year ended December 31,						Variation			
	2017	%	2016	%	2015	%	2017 vs 2016	%	2016 vs 2015	%
Amortization of intangible assets	3,694	0.7	3,964	0.8	7,455	1.4	(270)	(6.8)	(3,491)	(46.8)
Impairment losses on intangible assets	69	0.0	27	0.0	183	0.0	42	155.6	(156)	(85.2)
Depreciation of property, plant and equipment	27,152	5.1	26,387	5.3	28,431	5.5	765	2.9	(2,044)	(7.2)
Impairment losses on property, plant and equipment	2,298	0.4	484	0.1	705	0.1	1,814	374.8	(221)	(31.3)
Other impairment losses	—	0.0	3	0.0	773	0.1	(3)	(100.0)	(770)	(99.6)
Total	**33,213**	**6.2**	**30,865**	**6.2**	**37,547**	**7.2**	**2,348**	**7.6**	**(6,682)**	**(17.8)**

2017 vs 2016

Depreciation/amortization and impairment losses increased by €2.4 million from €30.9 million for 2016 to €33.2 million for 2017. This increase is principally the result of higher impairment losses on property, plant and equipment, an increase of €1.8 million from €0.5 million for 2016 to €2.3 million for 2017, mostly recognized by Guala on assets at the Torre d'Isola site, which was sold in June 2018 at a market price. The impairment losses were calculated as the difference between the carrying amount of land and buildings and plant and machinery and the sales price agreed and subsequently collected in June 2018.

2016 vs 2015

Depreciation/amortization and impairment losses decreased by €6.7 million from €37.6 million for 2015 to €30.9 million for 2016. This decrease is mainly due to (i) smaller amortization expense of the Group's trademark of €3.3 million starting from 2016 due to the lengthening of its useful life; (ii) the €0.8 million decrease as a result of the smaller depreciation expense following the recalculation of the useful life of general plant and equipment in 2016 based on an internal assessment which lengthened their useful lives; (iii) the release of €0.5 million from the loss allowance recognized in 2015; and (iv) smaller impairment losses of €0.4 million on buildings, plant, machinery and intangible assets. The remaining decrease in amortization and depreciation relates to assets that have been fully amortized/depreciated which have not been fully replaced by the amortization/depreciation of the new assets.

Operating profit

2017 vs 2016

Operating profit increased by €4.9 million from €71.4 million for 2016 to €76.3 million for 2017. As a percentage of net revenue, Operating profit remained stable at 14.3% in the two-year period.

2016 vs 2015

Operating profit increased by €4.1 million from €67.3 million for 2015 to €71.4 million for 2016.

As a percentage of net revenue, Operating profit increased by 1.4% from 12.9% in 2015 to 14.3% in 2016. This increase is due to the more than proportionate reduction in production costs compared to the decrease in net revenue.

Adjusted operating profit

(in thousands of Euros)	Year ended December 31, 2017	2016	2015
Operating profit	**76,315**	**71,443**	**67,284**
Adjustments for non-recurring and non-core items:			
Tax penalties and related consultancy fees	610	—	—
Release of tax penalties and consultancy fees related to tax issues	—	—	(703)
Costs related to significant production accidents	681	—	—
Merger and acquisition ("M&A") expenses	305	245	14
Operating expenses related to discontinued plant	129	161	629
Restructuring expenses	28	288	1,935
Adjusted operating profit	**78,068**	**72,138**	**69,159**

2017 vs 2016

Adjusted operating profit increased by €5.9 million from €72.1 million for 2016 to €78.1 million for 2017.

2016 vs 2015

Adjusted operating profit increased by €3.0 million from €69.2 million for 2015 to €72.1 million for 2016.

Adjusted gross operating profit

2017 vs 2016

Adjusted gross operating profit increased by €8.3 million from €103.0 million for 2016 to €111.3 million for 2017, despite the negative translation impact (€0.9 million) following the Euro's appreciation versus the other main currencies in which we operate (€0.9 million).

Adjusted gross operating profit on a "constant currency" would have increased by €112.2 million, an increase of €9.2 million or 8.9% on 2016.

2016 vs 2015

Adjusted gross operating profit decreased by €3.7 million from €106.7 million for 2015 to €103.0 million for 2016.

Excluding the non-recurring and non-core items, Adjusted gross operating profit for 2016 would have been €103.0 million, reflecting a €3.7 million decrease on 2015, due to the negative translation impact (€9.1 million) following the Euro's appreciation versus the other main currencies in which the Group operates.

Adjusted gross operating profit on a "constant currency" would have amounted to €112.1 million, €5.4 million (5.1%) higher than 2015 due to organic growth.

Financial income—third parties

The following table presents a breakdown of Financial income—third parties for the years ended December 31, 2017, 2016 and 2015:

(in thousands of Euros and as a percentage of net revenue)	Year ended December 31, 2017	%	2016	%	2015	%	Variation 2017 vs 2016	%	2016 vs 2015	%
Exchange rate gains	2,836	0.5	6,259	1.3	8,139	1.6	(3,423)	(54.7)	(1,880)	(23.1)
Interest income	606	0.1	1,618	0.3	713	0.1	(1,012)	(62.5)	905	126.9
Fair value gains on IRSs	—	—	—	—	1,975	0.4	—	—	(1,975)	(100.0)
Fair value gains on aluminum derivatives	—	—	—	—	16	0.0	—	—	(16)	(100.0)
Other financial income	112	0.0	167	0.0	238	0.0	(55)	(32.9)	(71)	(29.8)
Total	**3,553**	**0.7**	**8,045**	**1.6**	**11,081**	**2.1**	**(4,492)**	**(55.8)**	**(3,036)**	**(27.4)**

2017 vs 2016

Financial income—third parties decreased by €4.5 million from €8.0 million for 2016 to €3.6 million for 2017. This decrease is mainly due to (i) lower exchange rate gains of €3.4 million from €6.3 million for 2016 to €2.8 million for 2017; and (ii) lower interest income, which decreased by €1.0 million from €1.6 million for 2016 to €0.6 million for 2017.

2016 vs 2015

Financial income—third parties decreased by €3.0 million from €11.0 million for 2015 to €8.0 million for 2016.

This decrease is chiefly a result of (i) lower exchange rate gains of €1.8 million from €8.1 million for 2015 to €6.3 million to 2016; and (ii) fair value gains on interest rate instruments (IRSs) of €2.0 million for 2015 which were no longer outstanding in 2016 as the IRSs matured on September 30, 2015.

Financial income—related parties

The following table presents a breakdown of Financial income—related parties for the years ended December 31, 2017, 2016 and 2015:

	Year ended December 31,						**Variation**			
(in thousands of Euros and as a percentage of net revenue)	**2017**	*%*	**2016**	*%*	**2015**	*%*	**2017 vs 2016**	*%*	**2016 vs 2015**	*%*
Interest income—GCL	4,788	0.9	656	0.1	—	—	4,132	629.9	656	n.a.
Total	**4,788**	**0.9**	**656**	**0.1**	—	—	**4,132**	**629.9**	**656**	**n.a.**

2017 vs 2016

Financial income—related parties increased by €4.1 million from €0.7 million for 2016 to €4.8 million for 2017.

This increase is due to interest income paid by GCL on the loan granted by Guala following the Group's refinancing on November 11, 2016.

2016 vs 2015

Financial income—related parties increased by €0.7 million from €nil for 2015 to €0.7 million for 2016.

This increase reflects the new intragroup loan granted to Guala by GCL following the Group's refinancing on November 11, 2016.

Financial expense—third parties

The following table presents a breakdown of Financial expense—third parties for the years ended December 31, 2017, 2016 and 2015:

(in thousands of Euros and as a percentage of net revenue)	Year ended December 31,						Variation			
	2017	**%**	**2016**	**%**	**2015**	**%**	**2017 vs 2016**	**%**	**2016 vs 2015**	**%**
Interest expense	30,743	5.7	21,337	4.3	21,814	4.2	9,406	44.1	(477)	(2.2)
Exchange rate losses	11,927	2.2	8,719	1.7	12,028	2.3	3,208	36.8	(3,309)	(27.5)
Fair value losses on aluminum derivatives	—	—	—	—	1,512	0.3	—	n.a.	(1,512)	(100.0)
Financial expense—non-controlling investors in the Ukrainian company	900	0.2	2,400	0.5	3,600	0.7	(1,500)	(62.5)	(1,200)	(33.3)
Financial expense for debt refinancing	—	—	3,630	0.7	—	—	(3,630)	(100.0)	3,630	n.a.
Other financial expense	3,939	0.7	978	0.2	1,085	0.2	2,961	302.8	(107)	(9.9)
Total	**47,509**	**8.9**	**37,064**	**7.4**	**40,039**	**7.7**	**10,445**	**28.2**	**(2,975)**	**(7.4)**

2017 vs 2016

Financial expense—third parties increased by €10.4 million from €37.1 million for 2016 to €47.5 million for 2017. This increase was mainly the result of (i) an increase of €9.4 million in interest expense from €21.3 million for 2016 to €30.7 million for 2017; (ii) higher exchange rate losses, up €3.2 million from €8.7 million for 2016 to €11.9 million for 2017, partly offset by the absence in 2017 of financial expense related to the 2016 debt refinancing (which amounted to €3.6 million for 2016).

These €3.6 million of expenses relate to the derecognition of unamortized transaction costs after the Group's refinancing of its existing notes and revolving credit facility.

Other financial expense in 2017 included €2.6 million due to the accrual for taxes and related interest in relation to taxes for the period 2012-16.

2016 vs 2015

Financial expense—third parties decreased by €2.9 million from €40.0 million for 2015 to €37.1 million for 2016.

Financial expense—non-controlling investors in the Ukrainian company, Guala Closures Ukraine LLC, of €3.6 million for 2015 refers to the recognition of the increase in the financial liability for these investors' right to exercise a put option if certain conditions are met. The liability was determined by discounting the estimated value of the put option at its estimated time of exercise.

Financial expense—related parties

The following table presents a breakdown of Financial expense—related parties for the years ended December 31, 2017, 2016 and 2015:

(in thousands of Euros and as a percentage of net revenue)	Year ended December 31,						Variation			
	2017	**%**	**2016**	**%**	**2015**	**%**	**2017 vs 2016**	**%**	**2016 vs 2015**	**%**
Interest expense to GCL	1,597	0.3	13,133	2.6	15,203	2.9	(11,536)	(87.8)	(2,070)	(13.6)
Total	**1,597**	**0.3**	**13,133**	**2.6**	**15,203**	**2.9**	**(11,536)**	**(87.8)**	**(2,070)**	**(13.6)**

2017 vs 2016

Financial expense—related parties decreased by €11.5 million from €13.1 million for 2016 to €1.6 million for 2017.

This item solely comprises financial expense on the loan granted by GCL to Guala Closures International B.V. in 2017.

In 2016, this item also included the borrowing costs incurred for the loan granted by the ultimate parent company (GCL) to Guala, which was repaid in full after the Group's refinancing in November 2016.

2016 vs 2015

Financial expense—related parties decreased by €2.1 million from €15.2 million for 2015 to €13.1 million for 2016.

Interest expense to GCL includes €8.3 million accrued on the loan granted by GCL to Guala Closures International B.V., which was partly repaid following the Group's refinancing in November 2016, and €4.8 million on the loan provided by GCL to Guala that has been fully repaid following the Group's refinancing in November 2016.

Income taxes

The following table presents a breakdown of Income taxes for the years ended December 31, 2017, 2016 and 2015:

(in thousands of Euros and as a percentage of net revenue)	Year ended December 31,						Variation			
	2017	**%**	**2016**	**%**	**2015**	**%**	**2017 vs 2016**	**%**	**2016 vs 2015**	**%**
Current taxes	(21,432)	(4.0)	(20,206)	(4.0)	(23,915)	(4.6)	(1,226)	6.1	3,709	(15.5)
Deferred tax assets	1,015	0.2	525	0.1	1,448	0.3	490	93.3	(923)	(63.7)
Total	**(20,417)**	**(3.8)**	**(19,681)**	**(3.9)**	**(22,468)**	**(4.3)**	**(736)**	**3.7**	**2,787**	**(12.4)**

The following table provides a reconciliation of the theoretical and effective tax expense for the years ended December 31, 2017, 2016 and 2015:

(in thousands of Euros)	Year ended December 31,					
	2017	**%**	**2016**	**%**	**2015**	**%**
Pre-tax profit	**35,551**		**29,947**		**23,123**	
Income tax using Italian tax rate *(2015 and 2016: 27.5%; 2017: 24%)*	**(8,532)**	**(24.0)**	**(8,236)**	**(27.5)**	**(6,359)**	**(27.5)**
Effect of tax rates in foreign jurisdictions	(1,457)	(4.1)	1,592	5.3	1,466	6.3
Reduction in tax rate	14	0.0	14	0.0	13	0.1
Non-deductible expenses	(9,181)	(25.8)	(7,481)	(25.0)	(11,454)	(49.5)
Tax-exempt income	708	2.0	951	3.2	1,036	4.5
Tax incentives	487	1.4	523	1.7	3	0.0
Current year losses for which no deferred tax assets were recognized	(292)	(0.8)	(2,323)	(7.8)	(2,168)	(9.4)
Recognition of previously unrecognized tax losses	475	1.3	403	1.3	(235)	(1.0)
Changes in estimates related to prior years	(20)	(0.1)	(384)	(1.3)	318	1.4
Total net increase	**(9,267)**	**(26.1)**	**(6,705)**	**(22.4)**	**(11,021)**	**(47.7)**
Effective tax	**(17,799)**	**(50.1)**	**(14,941)**	**(49.9)**	**(17,380)**	**(75.2)**
IRAP	(427)	(1.2)	(291)	(1.0)	(227)	(1.0)
Other taxes, other than income taxes	(2,191)	(6.2)	(4,450)	(14.9)	(4,861)	(21.0)
Total taxes for the year	**(20,417)**	**(57.4)**	**(19,681)**	**(65.7)**	**(22,468)**	**(97.2)**

2017 vs 2016

Income taxes increased by €0.7 million from €19.7 million for 2016 to €20.4 million for 2017.

As a percentage of the pre-tax profit, income taxes decreased from 65.7% for 2016 to 57.4% for 2017, mainly due to foreign tax rates. In addition, the Italian IRES tax rate decreased from 27.5% to 24% in 2017.

2016 vs 2015

Income taxes decreased by €2.8 million from €22.5 million for 2015 to €19.7 million for 2016. As a percentage of the pre-tax profit, it decreased from 97.2% for 2015 to 65.7% for 2016.

Profit for the year

2017 vs 2016

As a result of the factors described above, profit of €10.3 million for 2016 increased by €4.8 million to a profit of €15.1 million for 2017. As a percentage of net revenue, profit increased from 2.1% to 2.8%, a growth of 0.7% from 2016 to 2017.

2016 vs 2015

As a result of the factors described above, the profit of €0.7 million for 2015 increased by €9.6 million to a profit of €10.3 million for 2016. As a percentage of net revenue, profit increased from 0.1% to 2.1%, a growth of 2.0% from 2015 to 2016.

Liquidity and Capital Resources

Prior to the consummation of the Transactions, our historical liquidity requirements have arisen primarily from the need to meet our debt service requirements, to finance our operations and to fund capital expenditures, product research and development and acquisitions. We expect that these will continue to be our primary liquidity requirements.

Our primary sources of liquidity are cash flows from operations, borrowings from financial institutions under our credit facilities, particularly the €80.0 million Revolving Credit Facility that was entered into in connection with the Transactions. Since the Issuer is a listed public company, we can also access the public equity markets for liquidity needs. Our ability to generate cash from our operations depends on future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive market, legislative, regulatory and other factors, many of which are beyond our control, as well as the other factors discussed in the section of this Offering Memorandum entitled "*Risk Factors*".

We will apply the proceeds from the issuance of the Notes to refinance the Bridge Facility that was entered into in connection with the Transactions. See "*Use of Proceeds*" and "*The Transactions*".

We believe that the Group's expected operating cash flows, together with cash on hand and future availability under the Revolving Credit Facility and local facilities, will be adequate to meet our anticipated liquidity and debt service needs. However, we face significant risks to our liquidity. For instance, our business may not generate sufficient cash flows from operations or future debt and equity financing may not be available to us in an amount sufficient to enable us to pay our debts when due, including under the Notes, or to fund our other liquidity needs. See "*Description of Other Indebtedness—Revolving Credit Facility*" and "*Risk Factors—Risks Relating to our Indebtedness—We may not be able to generate sufficient cash to meet our debt obligations*".

We believe that the potential risks to our liquidity also include:

- a reduction in operating cash flows due to a decline in operating profit from our operations, which could be caused by a downturn in our performance or in the industry as a whole;
- the failure of our customers to make payments due to us;
- a delay by our customers to make payments due to us; and
- the need to fund maintenance capital expenditures.

If our future cash flows from operations and other capital resources (including borrowings under the Revolving Credit Facility) are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures;
- sell assets;
- obtain additional debt or equity financing; and/or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

We may not accomplish any of the foregoing alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of the Notes, the Revolving Credit Facility and any future debt may limit our ability to pursue any of these alternatives.

Consolidated Cash Flow

The following table sets out our historical cash flow statement data for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2015	2016	2017	2017	2018
	(€ in thousands)				
Statement of Cash Flows Data:					
Cash flows generated by operating activities	91,248	71,808	55,258	9,860	7,440
Cash flows used in investing activities	(22,142)	(32,189)	(38,386)	(16,590)	(14,558)
Cash flows from/(used in) financing activities	(39,939)	(46,619)	(28,588)	(18,141)	(11,213)
Net cash flows for the period	**29,167**	**(6,999)**	**(11,716)**	**(24,871)**	**(18,331)**

Cash Flows generated by Operating Activities

Net cash flow from operating activities was €7.4 million in the six months ended June 30, 2018 and €9.9 million in the six months ended June 30, 2017. Net cash flow from operating activities was impacted in the six months ended June 30, 2018 by lower operating profit and higher cash out-flows for other operating items. This was partly offset by an improvement in Net working capital and lower cash out-flows for the payment of taxes. Net cash flow from operating activities was negatively impacted in the six months ended June 30, 2017 (as compared to the prior year period) by higher absorption from the variation in Net working capital and higher cash-out flows from taxes, which were partly compensated for by higher operating profit.

Net cash flow from operating activities was €55.3 million in 2017, €71.8 million in 2016 and €91.2 million in 2015. Net cash flow from operating activities in 2017 was negatively impacted by higher absorption from the variation in net working capital and cash out-flows for non-recurring items (including the exit process, merger and acquisition activities and taxes). This was partly offset by the higher operating profit generated in 2017.

Net cash flow from by operating activities in 2016 were impacted by lower operating profit and higher absorption from the variation in Net working capital. This was partly offset by the improvement in cash flows for other operating items and the payment of taxes.

Net cash flow from operating activities in 2015 reflects the strong level of operating profit generated in 2015 and the improvement in variation in Net working capital, particularly with respect to trade receivable reduction. These factors were partly offset by the negative effects of cash flows from other operating activities and cash flows for taxes.

Cash Flows used in Investing Activities

Net cash flow used in investing activities was €14.6 million in the six months ended June 30, 2018 and €16.6 million in the six months ended June 30, 2017. Cash flows used in investing activities in the six months ended June 30, 2018 were positively impacted by the receipt of the proceeds from the sale of the Torre d' Isola plant in Italy.

Net cash flow used in investing activities was €38.4 million in 2017, €32.2 million in 2016 and €22.1 million in 2015. Cash flows used in investing activities in 2017 primarily related to the acquisitions of Axiom, ICSA' screw caps business and the Limat wood overcap business. These acquisition-related investments were partly compensated for by the lower level of cash out-flows for other investments in 2017.

Net cash flow used in investing activities in 2016 was impacted by the higher level of investments in 2016 and the acquisition of the Capmetal business.

Cash Flows used in Financing Activities

Net cash flows used in financing activities was €11.2 million in the six months ended June 30, 2018 and €18.1 million in the six months ended June 30, 2017. Net cash flows used in financing activities in the six months ended June 30, 2018 were positively impacted the absence of any cash out-flows in the period for transaction costs for refinancing activities.

Net cash flows used in financing activities in the six months ended June 30, 2017 were positively impacted by lower cash-out flows for interest and lower repayment of borrowings and the capital increase funded by the minority shareholders of Guala Closure France SAS (formerly Capmetal SAS).

Net cash flows used in financing activities was €28.6 million in 2017, €46.6 million in 2016 and €39.9 million in 2015.

Net cash flows used in financing activities in 2017 reflects the lower cash out-flow for interest payments following the November 2016 refinancing, and the lower level of transaction costs in 2017 paid in connection with the November 2016 refinancing. Net cash flows in financing activities were also positively impacted by net effect of borrowings/repayments and the capital increase funded by the minority shareholders of Guala Closure France SAS. These positive effects were partly offset by higher dividends paid to non-controlling shareholders and the acquisition of a non-controlling interest in the Bulgarian company Guala Closures Tools.

Net cash flows used in financing activities in 2016 reflects the payment of transaction costs associated with the November 2016 refinancing, higher dividends paid to minority shareholders and higher interest costs. These were partly compensated by the proceeds from the November 2016 refinancing.

Dividend Policy

As of the date of this Offering Memorandum, the Issuer has not formally adopted a dividend policy.

During the financial years ended December 31, 2015, 2016 and 2017, we have not distributed dividends.

Pursuant to article 20.2 of the Issuer's by-laws, the net profit resulting from the financial results will be distributed among the Issuer's shareholders, after deduction of the 5% to be allocated to the legal reserve, until this reserve will have reached 1/5 of the share capital, pursuant to what is resolved by the Board of Directors. Moreover, pursuant to art. 20.3 of the Issuer's by-laws, the Board of Directors of the Issuer may, during the course of a financial year, distribute interim dividends pursuant to the law in force from time to time.

The ability of the Issuer to distribute dividends to its shareholders will be subject to any contractual restrictions, including the restricted payments covenants in the Notes and the Revolving Credit Facility.

Contractual Obligations

The table below summarizes our actual material contractual obligations and commitments as of December 31, 2017.

Actual Contractual Obligations	2018	2019	2020	2021	2022 (and thereafter)	Total
			(€ in millions)			
2021 Notes	—	—	—	510.0	—	510.0
Prior Revolving Credit Facility	—	—	—	50.0	—	50.0
Capital Leases	2.2	2.5	3.1	—	—	7.8
Other debt	5.8	2.4	1.7	1.5	4.6	16.0
Total[(1)]	**8.0**	**4.9**	**4.8**	**561.5**	**4.6**	**583.8**

(1) See footnote 2 under "*Pro forma Contractual Obligations*".

The table below summarizes the material contractual obligations and commitments as of December 31, 2017, after giving *pro forma* effect to the Transactions, including the issuance of the Notes in the Offering but excluding the financial liabilities related to the Market Warrants as described under "*Principal Shareholders*".

Pro forma Contractual Obligations	Expected Cash Payments due by Year					
	2018	2019	2020	2021	2022 (and thereafter)	Total
			(€ in millions)			
Notes	—	—	—	—	455.0	455.0
Revolving Credit Facility[(1)]	—	—	—	—	—	—
Capital Leases	2.2	2.5	3.1	—	—	7.8
Other debt	5.8	2.4	1.7	1.5	4.6	16.0
Total[(2)]	**8.0**	**4.9**	**4.8**	**1.5**	**459.6**	**478.8**

(1) Assumes no outstanding drawings under Revolving Credit Facility

(2) Total does not include the effect on future cash flow of the put option on the non-controlling interest which relates to recognition of these investors' right to exercise a put option if certain conditions are met. See note 21 to Guala's consolidated financial statements as of and for the six months ended June 30, 2018 since timing of the cash outflow cannot be reasonably estimated. See "*Risk Factors—Risks related to our indebtedness—As of June 30, 2018, we have recorded a contingent liability in the amount of €16.7 million in respect of a put option relating to 30% of the share capital of our Ukrainian subsidiary*".

The following table presents an overview of the future minimum lease payments under non-cancellable leases (operating leases mainly related to warehouse and factory facilities) to which Guala and its subsidiaries is party as of December 31, 2017.

Future minimum lease payments	2017
	(€ in thousands)
Less than one year	4,133
Between one to five years	8,658
More than five years	302
Total	**13,093**

For more information, see note 42 to Guala's audited consolidated financial statements as of and for the year ended December 31, 2017.

For a description of the material terms of our existing and anticipated material long-term financing arrangements, see "*Description of Other Indebtedness*" and "*Description of the Notes*".

Ukrainian put option

In July 2008, in connection with our investment in a 70.0% ownership interest in the newly-formed Guala Closures Ukraine LLC ("**Guala Ukraine**"), Guala Closures International B.V. entered into a shareholders' agreement with the minority shareholder of Guala Ukraine who is also a manager of Guala Ukraine. The shareholders' agreement contains customary provisions for shareholders' agreements of its kind, including board of director's appointment rights, voting and veto rights for specified transactions, non-competition restrictions, restrictions on transfers of shares, drag-along and tag-along rights and call and put options relating to Guala Ukraine. The right of the minority shareholder to exercise its put option is subject to the occurrence of specified events, including events such as voting deadlocks, certain change of control events relating to Guala Ukraine and termination without cause or retirement. The shareholders' agreement establishes customary procedures for determining the fair market value of the shares in the event of the exercise of such options including reference to forecasted EBITDA of Guala Ukraine (based on the last two years of sales and current budget). In our consolidated financial statements, the potential right of the minority shareholder to exercise its put opinion right if certain conditions are met is recognized as a liability based on the discounted estimated value of the put option at its estimated time of exercise. As of June 30, 2018, the amount of such liability was recorded as €16.7 million. See note 13 to our unaudited condensed consolidated interim financial statements as of and for the six months June 30, 2018. See "*Risk Factors—Risks related to our indebtedness—As of June 30, 2018, we have recorded a contingent liability in the amount of €16.7 million in respect of a put option relating to 30% of the share capital of our Ukrainian subsidiary*".

Financial Guidance for Year ending December 31, 2018

We are presenting in this "Financial Guidance for Year ending December 31, 2018" section certain financial guidance that has been provided to our public equity shareholders, which financial guidance is inherently uncertain and subject to significant business, economic, currency exchange, financial, regulatory and competitive risks and thus our actual financial results could different materially from such financial guidance, and in any case should not be relied upon in making your investment decision with respect to the Notes. The financial guidance presented in this "Financial Guidance for Year ending December 31, 2018" section was, as described below, publicly-disclosed on May 2, 2018 and updated on September 11, 2018, and was prepared using assumptions that our management believes were reasonable at such dates. This "Financial Guidance for Year ending December 31, 2018" are based upon, among other things: (a) assumptions of a general and hypothetical nature relating to future events and actions that may not necessarily come to fruition and that essentially depend on variables that are out of the control of our directors and management or other Group companies; and (b) assumptions of a discretionary nature relating to future events that our directors and management can influence in full or in part. Given the uncertainty associated with the realization of any future

event both as far as the event taking place is concerned and as far as the measurement and timing of its manifestation is concerned, the differences between the actual values and the projected values could be significant, even if the assumptions were to occur.

These assumptions include assumptions regarding future net revenue, future currency exchange rates, future raw material costs, operating costs and other expenses, future depreciation and amortization and impairment expense, future Net working capital, future indebtedness, future capital expenditure requirements, future financing considerations, and the absence of adverse changes in business, economic, currency exchange, financial, regulatory and competitive conditions. The financial guidance also assumes that no unexpected risks materialize during the period for which such financial guidance is relevant. Any one or more than one of these assumptions may prove to be incorrect, in which case our actual results of operations and financial condition will be different from, and possibly materially worse than, those contemplated by the financial guidance. There can be no assurance that the assumptions underlying the financial guidance presented elsewhere in this "Financial Guidance for Year ending December 31, 2018" section or elsewhere in this Offering Memorandum will prove to be accurate. Our actual financial performance for the financial year ending December 31, 2018 will likely vary from the financial guidance provided and those variations may be material. We make no representation that our actual financial performance achieved in the financial year ending December 31, 2018, will be the same, in whole or in part, as those presented in this "Financial Guidance for Year ending December 31, 2018" section. We expect to, and in any case reserve the right to, provide further updates to the financial guidance presented in this "Financial Guidance for Year ending December 31, 2018" section, and any such updates may materially change some or all the financial guidance presented in this Financial Guidance for Year ending December 31, 2018 section.

This financial guidance provided in this "Financial Guidance for Year ending December 31, 2018" section was not prepared by management with a view toward compliance with published guidelines of the United States Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information and it was not for the purposes of the Offering of the Notes, and should not be relied upon in making your investment decision with respect to the Notes. See "Risk Factors—Risks related to our presentation of financial information—We have presented in this Offering Memorandum certain financial guidance that has been provided to our public shareholders in accordance with Italian listing rules, which guidance is inherently uncertain and subject to significant business, economic, financial, regulatory and competitive risks and thus our financial results could differ materially from such financial guidance, and in any case should not be relied upon in making your investment decision with respect to the Notes" and "Forward-Looking Statements".

* * *

The presentation of the financial guidance in the Italian prospectus set forth certain assumptions relating to the accounting principles used in its preparation.

In particular, the presentation stated that the financial guidance has been prepared on the basis of the IFRS applied by Space4 for the preparation of the Space4 interim condensed financial statements as of March 31, 2018 and by Guala for the preparation of the Guala condensed interim consolidated financial statements as of March 31, 2018. The presentation also stated that it was prepared on a *pro forma* basis for the Business Combination (including the Group Reorganization).

The presentation stated that it should be noted that the Acquisition and Merger transaction is classified as a business combination and, pursuant to the provisions of the "IFRS 3—Business Combinations", Space4 is identified as the "buyer" and Guala as the "acquired entity". The presentation noted that pending the completion of the process of allocating the purchase values to the assets, liabilities and contingent liabilities of Guala (the "**Purchase Price Allocation**"), for the purpose of preparing the financial guidance the difference between the purchase price of the shares of Guala paid by Space4, the fair value of the new Space4 shares that will be issued to pay the considerations for the Merger, considered to be conventionally representative of the acquisition cost, and the consolidated shareholders' equity of the Group, net of their residual goodwill, was recorded as "Goodwill".

The presentation further stated that the Purchase Price Allocation will be carried out consistently with the provisions of "IFRS 3—Business Combinations" in the first financial statements prepared by the Post-Merger Issuer as of December 31, 2018. The presentation noted that the completion of the evaluation process required by the above-mentioned "IFRS 3—Business Combinations", following the effectiveness of the Merger, could result in a measurement of the assets and liabilities of Guala as at the date of the business combination different from the assumptions adopted in the preparation of the financial guidance with consequent economic effects, which might be significant.

In the Issuer's Italian prospectus dated August 6, 2018, the Issuer provided the following financial guidance in respect of its estimated financial performance for the financial year ended December 31, 2018:

- Expected net revenue: €564 million;
- Expected Adjusted gross operating profit (Adjusted EBITDA): €115 million;
- Expected Adjusted net income (which item is defined as net income as adjusted to remove the effects of certain non-recurring and non-core charges): €30 million; and
- Expected Net Financial Position (which item is determined in accordance with the CONSOB Communication of July 28, 2006 and in accordance with the ESMA 2013/2019 Reports): €404 million.

On September 11, 2018, in connection with the release of the Issuer's results for the six months ended June 30, 2018 and Guala's results for the six months ended June 30, 2018, the Issuer provided an update to the financial guidance contained in the Italian prospectus dated August 6, 2018, in respect of its estimated financial performance for the financial year ended December 31, 2018:

- The performance of the Group for the six months ended June 30, 2018 and the outlook for the remainder of the financial year ending December 31, 2018 allow the Issuer to confirm the financial guidance provided on August 6, 2018 (based on the same assumptions provided for currency exchange rates at such date).
- The impact of currency exchange rate volatility on net revenue for the financial year ending December 31, 2018 is expected to be in the range of negative 3% to 5% as compared to the financial guidance provided on August 6, 2018.
- The expected Net Financial Position of €404 million as of December 31, 2018 provided on August 6, 2018 is confirmed, in part due to the €146 million cash capital contribution to the Group provided by Space 4 in connection with the Business Combination.

Contingent Liabilities and Commitments

We are involved, from time to time, in lawsuits, claims, investigations and proceedings, arising in the ordinary course of business. Except for potential liabilities for which we have accrued sufficient provisions, as at the date of this Offering Memorandum, there are no such matters pending that our management expects to be material in relation to our business, consolidated financial position, results of operations or cash flows.

Our determination of the treatment of contingent liabilities in the financial statements is based on a view of the expected outcome of the applicable contingency. We consult legal counsel on matters related to litigation. We also consult with experts both within and outside our company with respect to other matters that arise in the ordinary course of business. Examples of such matters that are based on assumptions, judgments and estimates are the amount to be paid to settle certain other liabilities. A liability is accrued if the likelihood of an adverse outcome is probable, or if both its occurrence and the amount it will cost are estimable.

Capital Expenditures

The information presented herein has been extracted from the historical statement of cash flows of Guala, which, due to the scope of consolidation of the Group at the time, does not include certain capital expenditure items related to the R&D activity operated by GCL. See "*Risk Factors—Risks related to our presentation of financial information*".

The following table summarizes our capital expenditures for the periods indicated:

	Year ended December 31,			For the six months ended June 30,	
	2015	**2016**	**2017**	**2017**	**2018**
	(€ in thousands)				
Capital expenditures:[(1)]	22,142	31,131	27,287	16,590	16,688
Property, plant and equipment	20,999	30,192	26,223	16,047	16,176
Intangible assets	1,144	939	1,064	543	512

Note:

(1) Capital expenditure consists of acquisitions of property, plant and equipment and intangibles and proceeds from the sale of property, plant and equipment and intangibles.

Our capital expenditure and investments relate primarily to extending, upgrading and maintaining our production facilities and research and development activities.

Management also tracks and analyzes our capital expenditures by purpose in terms of recurring and non-recurring. Recurring capital expenditures refers to ongoing maintenance of existing plants and machinery as well as investments in machinery to service new contracts. Non-recurring capital expenditures refers to investments in new facilities and technological expansion.

Recurring capital expenditures in the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2017 and 2018 amounted to €19.4 million, €24.8 million, €21.6 million, €14.1 million and €14.0 million, respectively. Non-recurring capital expenditures in the years ended December 31, 2015, 2016 and 2017 and the six months ended June 30, 2017 and 2018 amounted to €2.7 million, €6.3 million, €5.7 million, €2.5 million and €2.7 million, respectively.

During 2015, the main non-recurring capital expenditures were in Italy, Poland, India, Ukraine, China and Mexico. The expenditures included investments in sputtering technology in Italy and Mexico.

During 2016, the main non-recurring capital expenditures were in sputtering technology in Italy, Poland and the United Kingdom and new technology in Ukraine.

During 2017, the main non-recurring capital expenditures were in India and the United Kingdom.

During the six months ended June 30, 2018, the main non-recurring capital expenditures were in Chile, Australia, India and Ukraine.

We expect that our total capital expenditures for 2018 and 2019 will be approximately €37.3 million and €35.2 million, respectively.

Net working Capital

The information presented herein has been extracted from the historical financial statements of Guala, which, due to the scope of consolidation of the Group at the time, includes certain working capital items related to intragroup receivables from GCL. See "Risk Factors—Risks related to our presentation of financial information".

The following table sets forth a breakdown of Net working capital as of June 30, 2018 and December 31, 2017, 2016 and 2015:

	June 30,	December 31,		
(in thousands of Euros)	2018	2017	2016	2015
Inventories	97,563	82,742	67,883	67,301
Trade receivables - third parties	112,123	102,444	89,134	86,880
Trade receivables - related parties	2,069	1,208	0,277	0,436
Trade payables - third parties	—	—	(0,311)	(1,548)
Trade payables - related parties	(75,237)	(71,326)	(65,645)	(66,905)
Net working capital	**136,519**	**115,068**	**91,338**	**86,164**

The movements in the key items that comprise Net working capital as of June 30, 2018 and December 31, 2017, 2016 and 2015 are described below.

Inventories of €97,563 thousand, €82,742 thousand, €67,883 thousand and €67,301 thousand as of June 30, 2018 and December 31, 2017, 2016 and 2015, respectively, mainly comprise (i) finished goods of €28,050 thousand, €22,476 thousand, €20,127 thousand and €18,259 thousand as of June 30, 2018 and December 31, 2017, 2016 and 2015, respectively; (ii) raw materials, consumables and supplies of €43,883 thousand, €40,692 thousand, €31,912 thousand and €32,521 thousand as of June 30, 2018 and December 31, 2017, 2016 and 2015, respectively; and (iii) work in progress and semi-finished products of €25,243 thousand, €19,300 thousand, €15,611 thousand and €16,353 thousand as of June 30, 2018 and December 31, 2017, 2016 and 2015, respectively. Inventories are recognized net of the allowance for inventory write-down of €2,431 thousand, €2,649 thousand, €2,920 thousand and €3,655 thousand as of June 30, 2018 and December 31, 2017, 2016 and 2015, respectively.

The following table sets forth the average days in inventory rate and the turnover rate of inventories for the six months ended June 30, 2018 and the years ended December 2017, 2016 and 2015, calculated using the net revenue of the last quarter:

(in thousands of Euros and rate)	Six months ended June 30, 2018	Year ended December 31, 2017	2016	2015
Inventories net of the allowance for inventory write-down (A)	97,653	82,742	67,883	67,301
Last quarter net revenue (B)	136,096	146,310	131,468	133,697
Average days in inventory (A)/(B)*90	**65**	**51**	**46**	**45**
Turnover rate (B)/(A)	**1.4**	**1.8**	**1.9**	**2.0**

The average days in inventory and the turnover rate were generally stable between 2015 and 2016 but the average days in inventory in 2017 and the six months ended June 30, 2018 due to new purchases made in 2017 and the orders expected for the final six months of 2018, respectively.

Trade receivables of €114,192 thousand, €103,652 thousand, €89,411 thousand and €87,316 thousand as of June 30, 2018 and December 31, 2017, 2016 and 2015, respectively, mainly consist of (i) trade receivables—third parties of €112,123 thousand, €102,444 thousand, €89,134 thousand and €86,880 thousand as of June 30, 2018 and December 31, 2017, 2016 and 2015, respectively; and (ii) trade receivables—related parties of €2,069 thousand, €1,208 thousand, €277 thousand and €436 thousand as of June 30, 2018 and December 31, 2017, 2016 and 2015, respectively. Trade receivables—third parties are presented net of the loss allowance of €2,220 thousand, €2,261 thousand, €7,744 thousand and €8,151 thousand as of June 30, 2018 and December 31, 2017, 2016 and 2015, respectively.

The following table shows the average collection days and turnover rate of trade receivables for the six months ended June 30, 2018 and the years ended December 2017, 2016 and 2015, calculated using the net revenue of the last quarter:

(in thousands of Euros and rate)	Six months ended June 30, 2018	Year ended December 31, 2017	2016	2015
Trade receivables (A)(*)	114,192	103,652	89,411	87,316
Last quarter net revenue (B)	136,092	146,310	131,468	133,697
Average collection days (A)/(B)*90	**76**	**64**	**61**	**59**
Turnover rate (B)/(A)	**1.2**	**1.4**	**1.5**	**1.5**

(*) Trade receivables including VAT, Trade receivables—third parties and Trade receivables—related parties

The average collection days of trade receivables and the related turnover rate did not change significantly from 2015 to 2016, while the average collection days increased in 2017.

The following tables provide a breakdown of trade receivables—third parties as of December 31, 2017, 2016 and 2015 and the loss allowance:

		Trade receivables—third parties by due date			
(in thousands of Euros)	December 31, 2017	Not yet due	Past due by 30 days	Past due by between 31 and 90 days	More than 90 days past due
Trade receivables—third parties including the loss allowance	104,706	78,521	17,668	5,489	3,027
Loss allowance	(2,261)	(17)	(18)	(365)	(1,860)
Trade receivables—third parties	**102,444**	**78,504**	**17,650**	**5,124**	**1,167**

We used €5,617 thousand of the loss allowance in 2017 to eliminate old trade receivables that had been impaired in previous years in accordance with the legal advice that such trade receivables were deemed to be irrecoverable.

	Trade receivables—third parties by due date				
(in thousands of Euros)	December 31, 2016	Not yet due	Past due by 30 days	Past due by between 31 and 90 days	More than 90 days past due
Trade receivables—third parties including the loss allowance	96,878	72,122	10,987	4,890	8,879
Loss allowance	(7,744)	(110)	(77)	(146)	(7,411)
Trade receivables—third parties	**89,134**	**72,012**	**10,910**	**4,743**	**1,468**

	Trade receivables—third parties by due date				
(in thousands of Euros)	December 31, 2015	Not yet due	Past due by 30 days	Past due by between 31 and 90 days	More than 90 days past due
Trade receivables—third parties including the loss allowance	95,031	70,355	11,647	3,090	9,940
Loss allowance	(8,151)	(334)	(255)	(81)	(7,481)
Trade receivables—third parties	**86,880**	**70,021**	**11,392**	**3,009**	**2,458**

We generally do not guarantee a significant part of our trade receivables (*i.e.*, such as by using insurance policies or letters of credit). We from time to time factor trade receivables from third parties with recourse. Trade receivables that are not recoverable and not guaranteed are fully impaired.

The following table analyses the credit quality of trade receivables—third parties by customer as of December 31, 2017, 2016 and 2015:

	December 31,		
(in thousands of Euros)	2017	2016	2015
—Four or more years' trading history with the Group	71,539	64,590	64,819
—From four to one years' trading history with the Group	14,035	7,631	8,211
—Less than one year's trading history with the Group	3,255	3,679	1,080
—Residual (not classified)	13,615	13,234	12,771
Total	**102,444**	**89,134**	**86,880**

The table illustrates that, as of December 31, 2017, 69.8% of our trade receivables are with customers that have a trading history with us of four or more years. The figures do not vary significantly over the three years.

Trade payables of €75,237 thousand, €71,326 thousand, €65,956 thousand and €68,453 thousand as of June 30, 2018 and December 31, 2017, 2016 and 2015, respectively, mainly comprise (i) trade payables to suppliers of raw materials, components, equipment, machinery and services of €74,357 thousand, €69,933 thousand, €63,614 thousand and €59,377 thousand as of June 30, 2018 and December 31, 2017, 2016 and 2015, respectively; (ii) trade payables for payments on account from customers for supplies that have yet to be made of €880 thousand, €1,393 thousand, 2,032 thousand and €7,527 thousand as of June 30, 2018 and December 31, 2017, 2016 and 2015, respectively; and (iii) payables to related parties of €311 thousand and €1,548 thousand as of December 31, 2016 and 2015, respectively.

The following table shows the average payment days and turnover rate of trade payables for the six months ended June 30, 2018 and the years ended December 2017, 2016 and 2015, calculated using the net revenue of the last quarter:

	Six months ended June 30,	Year ended 31 December,		
(in thousands of Euros and rate)	2018	2017	2016	2015
Trade payables (A)	75,237	71,326	65,956	68,453
Last quarter net revenue (B)	136,092	146,310	131,468	133,697
Average payment days of trade payables (A)/(B)*90	**50**	**44**	**45**	**46**
Turnover rate (B)/(A)	**1.8**	**2.1**	**2.0**	**2.0**

The average payment days and turnover rate did not change significantly from 2015 to 2017, while the sales seasonal factor decreased in the six months ended June 30, 2018.

Past due and/or disputed trade payables are not significant in any of the periods.

Off-Balance Sheet Commitments

As at the date of this Offering Memorandum, we are not party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, results of operations, liquidity, capital expenditure or capital resources.

Critical Accounting Policies

The accounting policies described below are those we consider critical in preparing our consolidated financial statements. These policies include significant estimates and assumptions made by management using information available at the time the estimations are made. The application of these estimates and assumptions affects the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates given the uncertainty surrounding the assumptions and conditions upon which the estimates are based.

A more detailed description of the significant accounting policies used by us in preparing our consolidated financial statements is included in note 2 to our audited consolidated financial statements as of and for the year ended, December 31, 2017 included elsewhere in this Offering Memorandum.

Purchase accounting

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss in the other income caption.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

Fair value measurements are inherently imprecise. In the case of fair value measurements, particularly those that do not involve contractual cash flows or for which market information is not available when making the estimate, fair value estimates often involve uncertainty in both the amount and timing of future cash flows. Fair value measurements may also be based on assumptions about future conditions, transactions or events whose outcome is uncertain and will therefore be subject to change over time.

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Impairment of intangible, tangible assets including Goodwill

The carrying amount of property, plant and equipment and intangible assets with a finite useful life is tested for impairment, if events or changed circumstances suggest that the carrying amount may not be recovered. If there is an indication of this type and in the event the carrying amount exceeds the estimated realizable value, the assets are adjusted to their realizable value. The realizable value of property, plant and equipment and intangible assets with a finite useful life is the higher of an asset's net selling price and its value in use. Value in use is defined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market estimate of the value of money at the current time and specific risks involved in connection with the item of property, plant and equipment. Impairment losses are recognized in a statement of comprehensive income under amortization, depreciation and impairment losses. Such impairment losses are reversed if the reasons for impairment are no longer valid.

Goodwill is subject to impairment test analysis on an annual basis at least, or more frequently if events or changes of circumstances take place that could give rise to impairment losses. At the date of acquisition, any goodwill is allocated to each of the cash-generating units that are expected to benefit from the synergic effects of the acquisition. Any impairment losses are identified through assessment of each unit's ability to generate cash flows sufficient to recover the part of goodwill allocated to it. An impairment loss is recognized in the event the amount recoverable by the cash-generating unit is less than its carrying amount.

These impairment losses are not reversed if the reasons for this are no longer valid.

The identification of the elements that may determine a potential impairment loss and the estimates used to measure such loss depend on factors which may vary over time, thereby affecting estimates and measurements.

Deferred taxes

Deferred taxation is recognized using the balance sheet liability method for all temporary differences at year end between the carrying amounts of the assets and liabilities and the corresponding amounts used to calculate the tax base.

A deferred tax liability is recognized for all taxable temporary differences, unless the deferred tax liability arises from the initial recognition of goodwill or goodwill for which the amortization is not tax deductible or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are determined using the expected tax rates of the years in which the temporary differences will reverse, on the basis of tax rates and legislation enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are determined using the expected tax rates of the years in which the temporary differences will reverse, on the basis of tax rates and legislation enacted or substantially enacted at the reporting date. The impact of changes in the tax rates on such taxation is taken to profit or loss in the year in which such change takes place.

In assessing the likelihood of realization, management considers available prior years' results of operations, estimates of future taxable income, the character of income needed to realize future tax benefits, and all available evidence. Actual income taxes could vary from estimated amounts due to the future impacts of various items, including changes in income tax laws, the Group's ability to achieve the forecasts set out in its business plan as well as its financial condition in future periods.

Provision for risk and charges

Provisions for risks and charges include certain or probable costs and charges, the amount or due date of which is unknown at year end. A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow from the Group of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. The provisions are stated as the best estimate of the expenditure required to settle the obligation at the reporting date or to transfer it to a third party at that date. The actual settlement of such matter could differ from the judgments made in determining the amount of the provisions.

Bad debt reserve

Trade and other receivables are initially recognized at fair value, which generally equals nominal value. They are subsequently measured at amortized cost, net of identified impairment losses. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

Impairment losses are recognized in the statements of comprehensive income under amortization, depreciation and impairment losses.

Quantitative and Qualitative Disclosures about Market Risk

During the periods under review, we have been, and we expect that we will continue to be principally exposed to market risk from changes in the prices of raw materials, foreign currency exchange rates and interest rates. We monitor and manage those risks as an integral part of our overall risk management which recognizes the unpredictability of financial markets and seeks to reduce their potentially adverse effects on our results.

Currency Risk

This risk relates to the effect of fluctuations in exchange rates on sales, purchases and loans in currencies other than the functional currencies of the various Group entities. The Group is exposed to currency risk, particularly in relation to fluctuations of Indian rupees, Ukrainian hryvnia, Polish złoty, Australian dollars, Pounds Sterling, U.S. dollars, the South African rand and various Latin American currencies.

The risk of exchange rate fluctuations is managed using exchange rate hedges when significant differences are noted between cost and revenue in foreign currency. If that is the case, such differences are hedged through currency swaps. These provide for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the euro. However, such hedging activities have not been and may not be in the future be sufficient to protect us against the consequences of a significant fluctuation in exchange rates on our results of operations.

The impact of exchange rates fluctuations on our results of operations is significant. See "*—Principal factors affecting our results of operations—Fluctuations in currency exchange rates*" and note 39 of our consolidated financial statements as of and for the year ended December 31, 2017 included elsewhere in this Offering Memorandum.

Credit Risk

This is the risk that a customer or the counterparty to a financial instrument will be unable to meet an obligation, leading to a financial loss. These risks arise mainly in relation to trade receivables and financial investments.

The Group's exposure to credit risk depends largely on each customer's specific characteristics. The demographics of the Group's customer portfolio, including the segment insolvency risk and the country risk, have an impact on the credit risk. See note 39 of our consolidated financial statements as of and for the year ended December 31, 2017 for further information.

The Group accrues an allowance for impairment equal to the estimated losses on trade and other loans and receivables. It comprises both the recognition of impairment losses for material individual amounts and the recognition of collective impairment for similar groups of assets to cover losses already incurred but not yet identified. The collective impairment losses are calculated on the basis of historical payment statistics.

Most of the Group's trade receivables are due from leading operators of the alcoholic and non-alcoholic beverage segment. Most of its trading relationships are with longstanding customers. The Group's historical figures indicate a modest amount of bad debts. The risk is fully covered by the corresponding allowance for impairment recognized in the financial statements.

There are no cases of very concentrated credit risk in geographical terms.

Liquidity risk

This risk relates to the Group's ability to meet its obligations arising from financial liabilities. The Group's approach to liquidity management is to ensure adequate funds are always available to cover its

obligations at the expiration dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions.

The Group generally ensures there is sufficient cash and cash equivalents to cover forecast short-term operating expenses, including those related to financial liabilities. Contingent effects following extreme situations that cannot reasonably be forecast, such as natural disasters, are excluded from the above. Historically, the Group has always met its obligations on time.

Interest rate risk

This risk relates to volatility of the market rates which determine the interest expense paid on outstanding loans. The Group is exposed to interest rate risk as a significant amount of its financial liabilities provide for the payment of interest at variable rates subject to short-term re-pricing, including borrowings under the Revolving Credit Facility and indebtedness under the Notes offered hereby. To manage the exposure to changes in interest rates under our historical floating-rate indebtedness and future floating-rate indebtedness to be incurred in connection with the Transactions, we have used and generally expect to continue to use interest rate swaps to exchange the interest rate exposure on a portion of indebtedness, including the portion outstanding under the Notes offered hereby, from a floating interest rate to a fixed interest rate.

Raw material price risk

As a result of the nature of its activities, the Group is exposed to the risk of fluctuations in the purchase price of raw materials, particularly plastics and aluminium.

The risk of fluctuations in the purchase price of plastics has not been hedged as these raw materials are not listed on the international markets (the London Metal Exchange). However, the Group may be able to hedge this risk in the near future given recent developments in the listing of plastics on the international market and corresponding hedging instruments.

The risk of fluctuations in the purchase price of aluminium is partly hedged through derivatives which set a forward purchase price as described under *"—Principal factors affecting our results of operations—Costs for raw materials*".

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, retained earnings and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the Group's approach to capital management during the period under review.

INDUSTRY OVERVIEW

Our principal markets

Our closures business primarily manufactures safety and standard closures for global premium and local brands in the global spirits market. We also manufacture standard closures for wine and other beverages and for olive oil as well as closures and stoppers for the pharmaceutical industry. Our closures division, representing the core of our business, operates in two principal markets: (i) spirits closures; and (ii) winecap closures. Our aluminum winecap closures are supplied to wine producers globally. For the year ended December 31, 2017, our closures division generated 99.5% of our net revenue, or €532 million, with the remaining 0.5% of our net revenue, or €2.8 million, coming from our non-core PET business.

Packaging (bottle, label and closure) is an important consideration for spirits and wine producers worldwide and is increasingly becoming a significant point of differentiation as spirits and wine producers compete to attract consumers. The proliferation of spirits and wines available to the consumer at the retail level has made packaging increasingly important in conveying quality and brand image. Further, consolidation within the spirits and wine industry and the formation of several major international spirits and wine conglomerates with substantial advertising and marketing budgets has led to an increased emphasis on branding, especially as international spirits and wine producers increasingly pursue a strategy of differentiating and protecting their brands. Increasingly, local or regional producers in the emerging markets are also focusing on their packaging content in order to build new points of differentiation between their brands and competing brands. As such, spirits and wine producers, both in respect of global brands and local brands, work closely with packaging suppliers, including closures manufacturers, in order to design the desired image for their product and to help differentiate each product from its competitors.

Closures have today become part of the brand image for renowned global spirits and wines, allowing an end consumer to identify his or her favorite brand and to build a relationship with the brand. The look and feel of a product’s closure has a significant bearing on the consumer’s perception of quality and consistency of the brand, which is especially important for premium brands. Further, as spirits and wine producers expand into the fast-growing emerging markets, protection of product quality and brand integrity becomes increasingly important. Given the high excise duties charged in many emerging markets on the sale of imported alcohol, emerging markets are highly susceptible to counterfeiting of alcoholic beverages, especially premium brands. Safety closures, which provide significant anti-counterfeiting protection to spirits manufacturers, are therefore important packaging components for producers and consumers alike, providing producers with an ability to protect their brand image and integrity and providing consumers with the confidence that they are purchasing an authentic branded item that has not been counterfeited.

In addition, the significant growth rate of the market and the presence of various international players have made the packaging (bottle, label and closure) and the quality and safety features of the product a key driver to attract final consumers. Our customers closure solutions purchasing decisions are particularly influenced by safety, as spirits rank fourth in the ranking of the most counterfeited products particularly in emerging countries and beverage manufacturers must safeguard their brand integrity and reputation in fast-growing countries. In established markets, a trend that has accelerated in recent years is the preference for craft liquors and spirits, in particular among millennials and younger, urban consumers in general. As part of this trend, spirits consumption has gained ground as compared to beer, encouraging the development of a myriad of small-batch liquor brands, some of which have been subsequently acquired by large multinational brands. Industry surveys indicate that young consumers gravitate to brands that resonate with them based on their unique positioning, lifestyle appeal and identity. As a result, marketing spend by distillers is increasing to capture consumer attention. Producers are also paying attention to the look and feel of their bottles, seeking to differentiate their products on the shelf, including through the use of decorative closures.

Spirits market

The spirits market consists of brandy and cognac, liqueurs, rum, whisky, tequila and mezcal, white spirits (such as vodka) and other specialty spirits. According to third party reports, during the 2011 to 2016 period, the global value of consumption of spirits grew at a CAGR of 5.4%, from $509 billion in worldwide sales during 2011 to $662 billion in 2016. Growth going forward (2016-2021) is expected to be driven primarily by growth in emerging markets, including Africa (CAGR 8.2%), Asia Pacific Region (CAGR 6.7%), Latin America (CAGR 3.2%), and North America (CAGR 2.8%). Other geographies are expected to see lower growth rates, with Western Europe and Eastern Europe growing at 2016-21 CAGR of 1.4%

and 0.4%, respectively. In general, the global spirits market is a stable market and is expected to continue to grow at similar rates in the future. According to third party sources, the global spirits market is expected to grow to approximately $829 billion, with an expected CAGR of 4.6% from 2016 to 2021.

In recent years, the global market for alcoholic beverages has been characterized by the intensification of the consolidation processes between producers of alcoholic beverages that represent increasingly global companies with large and complex portfolios. This led to an increase in the contractual strength of larger customers, with a consequent increase of the pressure of sales prices.

Spirits closures market

The spirits closures market can be subdivided into two main segments: safety closures and standard closures. Safety closures are usually made of plastic or combine aluminum and plastic and generally comprise up to 12 different components. Safety closures are fitted with special devices such as glass balls and valves to limit counterfeiting of the end product and to increase safety by making them tamper-evident, non-refillable and leak proof. As a result, safety closures require a high level of technology and innovation to design and produce. Key purchasing criteria for safety closures include innovation and design, quality, performance, service and price. Standard closures are primarily made of aluminum. Standard closures use simpler technology than safety closures (although standard closures can consist of up to three to five different components within one closure). Purchasing decisions for standard closures are driven by quality of service, flexibility (capacity to deliver the right closure at the right time) and price.

The overall production of closures for the year 2016 was approximately 34.3 billion pieces worldwide, with an estimated CAGR of 2.6% from 2016 to 2021, which is expected to result in an overall production of approximately 39 billion pieces worldwide. Roll-on and safety closures represent per units jointly 55.3% of the closure market for spirits, which have registered in 2011-2016 (CAGR 11-16) a reduction of 1.0% and a growth of 8.3%.

We believe that safety closures have been taking market share from roll on closures for some time, given the increasing threat of counterfeiting as global brands increase their presence in emerging markets and the increasing prominence of local brands.

We are the top producer of non-refillable safety closures for the spirits industry with at least a 60% market share by volume of units sold worldwide.

Branded spirits

Source: Industry reports, Issuer estimates

The branded spirits segment is comprised of producers of internationally recognized global brands and local producers which operate on a regional level. We believe that in 2016, global branded products represented approximately 30% of the closures market for spirits by volume of units sold, while local branded products represented approximately 70%. Local producers are particularly present in emerging markets and represent a commercial opportunity for us to the extent they convert to safety closures over time, as we anticipate. We believe that the demand for safety closures will continue to grow due to an increasing risk of counterfeiting worldwide and we expect to see a higher growth rate in emerging markets than in the worldwide market in the short term. This is due to the high occurrence of counterfeiting in emerging markets and the desire of local producers to follow Western standards and to develop sophisticated packaging solutions. We also believe that the demand for safety closures will grow if the consumption of branded spirits continues to grow as in recent years.

We believe we are in a strong position relative to our competitors to meet the demand for safety closures by spirits producers. Our competitors typically comprise small manufacturers, particularly in Asia, and large multinational companies who have generally focused on a particular geographic area or whose closures operations consist of only a small portion of their overall operations. Unlike our competitors, we

have a global base of operations and focus our operations almost entirely on the production and distribution of closures for the spirits industry, permitting us to serve the needs of customers in Europe, South America, Asia, and North America. In 2017, we expanded the reach of our safety closures business with the acquisition of Axiom Propack Pvt Ltd. with production in Karnataka State, India, serving the Indian-made foreign liquors market, and the activities of LIMAT S.A. de C.V., a Mexican company specialized in the manufacturing of wood overcaps for top-range spirit bottles. We are typically the sole supplier for specific brands in specific regions.

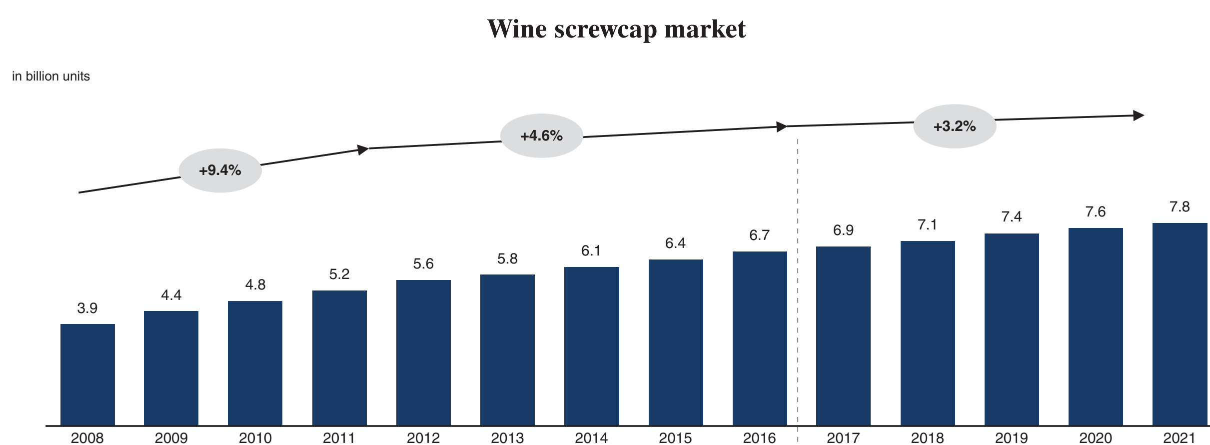
Winecap closures market

Outside of the spirits market, we are most active in the manufacturing of aluminum winecap closures for the global wine market.

The wine closures market is composed of traditional corks, synthetic corks and aluminum winecaps, with corks traditionally being the most predominant type of wine closure. However, there has recently been increased adoption of aluminum winecaps, due to their various benefits, including improved preservation of the organoleptic properties of wine, consumer preference for ease of use and storage, and lower cost of packaging. Corks, which deteriorate over time, do not perform as well when travelling long distances over extended periods of time and often cause contamination of the wine, while winecaps are not susceptible to natural cork taint issues and therefore do not create a risk of spoiling the wine in the bottles. As a result, we have seen significant growth in the aluminum winecaps market in recent years as wine producers, wholesalers and retailers increasingly substitute aluminum for cork winecaps. We believe that aluminum winecaps today account for approximately 22% of all bottled wine worldwide and we believe that we are well positioned to capitalize on future growth in this industry, especially as large regions such as North America and Europe move towards greater usage of aluminum winecaps.

Our winecap closures products represent a significant portion of our core business. During the year ended December 31, 2017, our winecap closures division generated €109 million or 20.3% of our net revenue; and therefore, represented our second most important market after spirits closures. We estimate that the size of the worldwide winecaps closures market as of December 31, 2016 was approximately 6.7 billion pieces. Based on the foregoing, we believe we are one of the top producers of aluminum winecap closures, with at least a 30% market share by volume of units sold. According to industry reports, between 2011 and 2016, the global winecaps volume grew at a CAGR of 4.6%, from 5.2 billion pieces in 2011 to 6.7 billion pieces in 2016, driven primarily by increased usage in the U.S., Chile, Italy and France. The market is expected to continue on the growth path and grow to 7.8 billion pieces by 2021, representing a 3.2% CAGR between 2016 and 2021.

Wine screwcap market



Source: Euromonitor, Management

The key purchasing criteria for winecap closures customers are proximity to wine production facilities, speed and quality of service, reputation and price. We believe our market-leading position is driven by our ability to consistently meet these criteria and our unique competitive advantages including: cross-selling opportunities to spirits players that are diversified in the wine sector, scale of production (relevant market share), our printing and decoration capabilities, and close proximity of our plants to key production regions.

We have further strengthened our market position and geographic reach in the winecap market by completing the acquisition of the screwcap activity of Industria Corchera S.A. (ICSA) in Chile in 2017 and acquiring 70% of CapMetal SAS (since renamed Guala Closures France SAS) in France in 2016.

Competition

Our main competitors in the markets in which we operate include Amcor Ltd, Global Closures System S.A., Alplast S.r.l., Torrent Closures S.L., Alcopack GmbH and Berry Global Group Inc. Set forth below is certain information concerning our principal competitors:

- Amcor Ltd. is an Australian multinational group with a robust presence in North America. It focuses on the manufacturing of rigid plastics, particularly in the packaging segment for the food business and in the one for beverages. Amcor Ltd.'s global market share for the year ended December 31, 2016 is estimated to be approximately 4% for standard closures and 8% for winecaps;
- Global Closure Systems S.A. is a German multinational group with a strong presence in the United Kingdom. It operates in the manufacturing of plastic closures for food and beverages as well as other segments (*i.e.*, healthcare and cleaning). Global Systems S.A.'s global market share for standard and safety closures for the year ended December 31, 2016 is estimated to be approximately 3% and 6%, respectively;
- Alplast S.r.l. is an Italian manufacturer of closures for beverages with a solid presence in the Italian and Spanish markets. Alplast S.r.l.'s global market share for the year ended December 31, 2016 is estimated to be approximately 3% for winecaps;
- Torrent Closures S.L., is a Spanish group targeting Europe and Latin America. It manufactures roll-on and pharma closures. Torrent Closures S.L.'s global share for roll-on closures for the year ended December 31, 2016 is estimated to be 4%;
- Alcopack GmbH is a German player that manufactures safety closures, and whose global market share for the year ended December 31, 2016 is approximately 4%; and
- Berry Global Group Inc., is a U.S. multinational player specialized in the manufacturing of plastic products for various businesses (*e.g.*, food, beverages, healthcare).

Other closures markets

We are actively engaged in the European and Australian aluminum closures market for other beverages (such as mineral water, fruit juice, beer and carbonated soft drinks) and in the olive oil and vinegar market segments in both Spain and Italy. Some of our key customers in the mineral water include Ferrarelle, Nestlé Waters and San Benedetto, while our key customers in olive oil and vinegar include Carapelli, Deoleo and Farchioni Group (olive oil) and Ponti Group (vinegar). The market for consumption of mineral water is expected to grow at a CAGR of 3.2% over the period 2016-21, and to reach approximately 27.2 million pieces worldwide in 2021. Such growth is forecasted to occur primarily within the luxury segment and be led by the Chinese (27.5%), Latin American (4.9%) and Eastern European (3.6%) markets.

We also operate in the market for pharmaceutical stoppers and closures (rubber stoppers, PET vials, child proof and tear-off devices). We believe that the market for pharmaceutical closures and stoppers has similar characteristics in terms of production processes to safety closures for spirits and customers look for a similar level of product quality and reliability.

BUSINESS

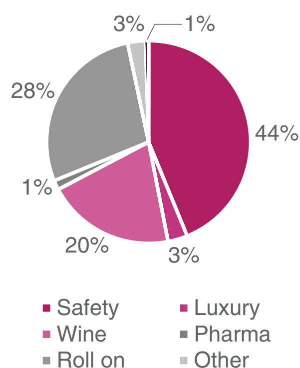
Overview

We believe that we are the world's leading producer of high value added closures for the spirits and wine industry. Through ongoing development and technological innovation, we believe that we are the top producer of non-refillable safety closures for the spirits industry with at least a 60% market share by volume of units sold worldwide, the leading global producer of aluminum screwcaps for wine closures with at least a 30% market share by volume of units sold and Europe's largest producer of roll on (standard) aluminum closures for wine, spirits and olive oil, in each case, in 2017. In aggregate, we operate from 27 plants, three sales offices and five research centers across 21 countries in five continents, and we sold over 14 billion closures in 100 countries in 2017.

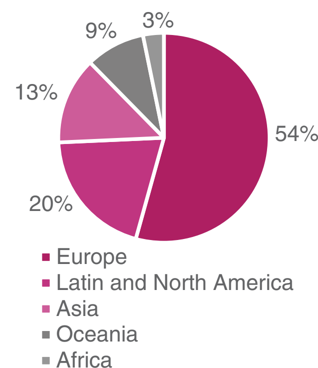
Our product lines include: Safety closures, Luxury closures, Wine closures, Pharma, Roll on (standard) closures, Other, and PET.

We serve a number of end markets and geographies. The following charts illustrate the breakdown of our net revenue for the year ended December 31, 2017 by product line and by geography, based on the location from which the product is sold by us.

Net revenue by product lines December 31, 2017



Net revenue by geography December 31, 2017



We believe that our global footprint and state of the art facilities, blue-chip customer base, technology and innovation and effective cost control provide us with a competitive advantage over other closures producers and create high barriers to entry in the markets in which we sell our products. Our position is further consolidated by our extensive intellectual property ("**IP**") portfolio, with, as of the end of 2017, over 140 active patents and other IP rights related to the design and manufacture of closures, and continuous product innovation (over 20 new products have been launched over the last three years).

By geography, we are the leading producer of safety closures by volume of units sold in a number of emerging markets, including Colombia, India, Mexico and Ukraine, and the leading manufacturer of aluminum screwcaps for wine closures in Argentina, Australia, New Zealand and Poland to serve the European market and in South Africa. Safety closures are primarily used in emerging markets where there is a high risk of counterfeiting of alcohol. Going forward, we believe we are well positioned to continue to maintain leading positions and benefit from the growth expected in most of these regions.

Our customer portfolio includes blue-chip major international and regional brands with whom we have built long-term relationships and have developed customized processes. We supply the top 10 premium spirits brands worldwide, including Smirnoff, Johnnie Walker, Bacardi, Jack Daniel's and Absolut. The breadth and diversity of our customer base results in no single brand accounting for more than 3% of our net revenue during the last three years.

For the twelve months ended June 30, 2018, giving effect to the Transactions, the Group generated *pro forma* net revenue of €542.5 million, *pro forma* operating profit of €63.6 million, *pro forma* profit of €3.8 million and *pro forma* Adjusted EBITDA of €109.9 million, resulting in a *pro forma* profit margin of 0.7% and a *pro forma* Adjusted EBITDA margin of 20.2%. We believe that these high margins, which historically have been consistently around 20% on an annual basis, are assisted by our raw material cost management and our ability to absorb raw material price fluctuations, global diversity and exposure to growth markets and ongoing management initiatives to improve production efficiencies.

In the last three years, we have experienced significant growth in our business. Guala's net revenue, operating profit, profit and Adjusted EBITDA have respectively increased from €521 million, €67 million, €1 million and €107 million in 2015 to €535 million, €76 million, €15 million and €111 million in 2017. Our growth has been primarily driven by (i) increasing penetration of branded spirits in emerging markets, (ii) the premiumization of locally produced spirits for the export market, (iii) increasing preference on the part of spirits suppliers in those countries towards safety closures to prevent counterfeiting and (iv) through the acquisition of local producers in certain key markets. In addition, we continue to grow our wine closures business, benefitting from the sustained growth in the aluminum closures market. We believe that there is strong future growth potential due to the greater use of safety closures in emerging markets and an increasing global trend in the wine industry towards the usage of aluminum screwcaps.

Our divisions and product classes

We have historically divided our operations into two categories: Closures and PET. The Closures division represents our core business, specialized in the following product lines: safety closures, luxury (decorative) closures, winecaps closures, pharmaceutical closures and other. The PET division mainly produces standard and custom molds, PET bottle and miniatures.

Safety closures

We believe that we are the world's leading producer of safety closures for spirits, with at least a 60% market share by volume of units sold worldwide. Our key customers include the largest global spirits distillers, such as Bacardi Martini, Brown-Forman, Diageo and Pernod Ricard. Safety closures are primarily made out of plastic and generally consist of 2 to 12 different components and are fitted with special devices to limit counterfeiting of the end product and to increase safety by making them tamper evident, non-refillable and leak-proof. Safety closures are primarily used by our customers when selling their products in emerging markets, where the risk of counterfeiting is highest.

In 2017, our safety closures product line generated net revenue of €234.3 million, representing 43.8% of our net revenue for the period.

Luxury (decorative) closures

We produce luxury closures, focused on aesthetic appeal and design which are customized plastic and aluminum closures for high-end spirits to meet customers' branding needs. The closures can be designed to suit all brand/market requirements.

In 2017, our Luxury closures product lines generated net revenue of €16.8 million, representing 3.1% of our net revenue for the period.

Wine closures

We believe that we are the leading producer of aluminum screwcaps for wine closures for the wine industry, with at least a 30% market share by volume of units sold. The market for aluminum screwcaps for wine closures continues to grow strongly as a result of the superior performance of aluminum closures compared to traditional cork closures. The market growth has been driven by the wine producers in New Zealand, Australia, Chile, Argentina and South Africa and is expected to be driven in the future by greater use of aluminum screwcaps for wine closures in Europe, the U.S. and Latin America, where we perceive significant potential for further growth.

In 2017, our wine closures product line generated net revenue of €108.8 million, representing 20.3% of our net revenue for the period.

Pharma

We introduced pharmaceutical closures as a new product line following the acquisition of Pharma Trade S.r.l. (now GCL Pharma S.r.l.) in 2009, as a strategic move into a complementary market segment, with similar characteristics in terms of production processes to safety closures for spirits.

In 2017, our Pharma product line generated net revenue of €7.8 million, representing 1.5% of our net revenue for the period.

Roll on (standard) closures

We believe that we are the largest producer of standard aluminum closures for spirits and wine in Europe. We also produce closures for mineral water and the olive oil and vinegar markets. Key spirits customers include Diageo and Pernod Ricard. In the oil market, our key customers include large producers such as Deoleo and Unilever. Roll on closures are primarily made out of aluminum and can typically comprise up to four different components.

In 2017, our Roll on closures product line generated net revenue of €149.2 million, representing 27.9% of our net revenue for the period.

Other

Other includes non-core sales (*i.e.,* the sale of aluminum scrap) and residual amounts not included in the foregoing product lines.

In 2017, Other generated net revenue of €15.1 million, representing 2.8% of our net revenue for the period.

PET

Our PET products include bottles, jars, and miniature flasks for drinks, as well as containers for cosmetics, beauty products, pharmaceuticals and food products. In 2017, our PET products generated €2.8 million in net revenue, representing 0.5% of our net revenue for the period. The PET division is no longer considered a core business of the Group.

The following table shows the distribution of our 2015, 2016 and 2017 net revenue by product line.

	Year ended December 31,		
	2015	2016	2017
	(€ in thousands)		
Safety	233,119	219,101	234,254
Luxury	15,645	16,054	16,826
Wine	95,879	97,611	108,757
Pharma	8,319	8,225	7,847
Roll on	150,680	143,099	149,218
Other	13,725	13,358	15,070
PET	3,165	2,820	2,847
Net Revenue	**520,533**	**500,268**	**534,819**

The table below illustrates the geographic distribution of net revenue for the years ended December 31, 2015, 2016 and 2017, and for the six months ended June 30, 2017 and 2018, based on the geographical location of production where the related net revenue is booked by us from product sales:

	Year ended December 31,			Six months ended June 30,	
	2015	2016	2017	2017	2018
	(€ in thousands)				
Europe	284,430	273,146	290,341	140,042	144,494
Latin and North America	96,589	89,276	106,988	45,978	46,570
Asia	70,356	74,768	71,916	32,692	39,752
Oceania	49,871	48,660	48,608	24,296	19,711
Africa	19,286	14,418	16,967	8,029	8,180
Net Revenue	**520,533**	**500,268**	**534,819**	**251,036**	**258,707**

Competitive strengths

We believe we have the following competitive strengths:

Leading positions in fast-growing markets for safety closures for spirits and roll on closures for wine

We believe we are the market leader in the production of safety closures for spirits with at least a 60% market share by volume of units sold worldwide, and the leading producer of aluminum screwcaps for wine

closures for the wine industry with at least a 30% market share by volume of units sold. We also believe that we are a leading producer of aluminum closures for spirits in Europe. We estimate that in 2016 our market share for safety closures was six times greater than that of our nearest competitor. We believe that our market leadership positions are sustainable due to our commitment to quality, research and development efforts, proprietary production technologies, long-standing customer relationships, excellent customer service and brand recognition. For a spirits producer, packaging and brand are key elements in product identification and differentiation. We believe that our closures better enable our customers to differentiate and position their brands against their competitors.

We believe that the market for safety closures, particularly in emerging markets where premium brands are penetrating such markets, will continue to grow. See "*Industry Overview*". Safety closures help global manufacturers of spirits to protect against counterfeiting, particularly in emerging markets where the risk of counterfeiting is highest. For example, we believe that we are the leading manufacturer of safety closures in Colombia, India, Mexico and Ukraine. Both global and local manufacturers of spirits also use safety and luxury closures to differentiate their brands.

We also expect that the market for aluminum screwcaps for wine closures will continue to grow due to the advantages of aluminum screwcaps for wine closures over traditional cork closures. We believe that we are well placed to benefit from this growth because of our ability to cross-sell to manufacturers who also sell spirits, our capacity for decoration and design, the economies of scale permitted by the extent of our distribution network and the proximity of several of our plants to "New World" wine producers in Australia, New Zealand, South America and South Africa.

Technologically advanced facilities across the world

As the only safety closures producer with a global production network, we operate 27 production plants, in five continents, that incorporate advanced technologies, processing solutions, quality controls and state-of-the-art machinery. This production network allows us to provide high quality products in our key markets while limiting our labor costs.

Over the years we have developed proprietary production technologies that are crucial for the manufacture of technologically advanced closures. As customers increasingly demand more product customization, we believe that our facilities position us to adapt to this market trend and meet our customers' increasingly complex specifications.

The strength of our global presence and our established local relationships with industry players enhance our ability to launch new products in existing markets, to respond quickly to changing local trends and to play a proactive role in the development of new products and value added solutions that meet the requirements of customers across our geographic markets.

Long-standing blue chip customer relationships, high switching costs and diverse customer base

Our consistent product quality and customer service have allowed us to develop strong relationships with our customers, both in mature and emerging markets. We enhance customer loyalty through our research and development activities which are often driven by the specific business requirements of our customers. In particular, we have strong relationships with most of the large global producers of spirits, including Bacardi Martini, Brown Forman, Diageo and Pernod Ricard, and we work closely with individual brands owned by these producers. Due to the nature of bottle closures, we work in close partnership with spirits producers in the design and production of their end-products. For example, in recent years, we have developed the "Sunrise" safety closure for the Asian market, the "Florence" closure for Pernod Ricard's Ballantine's in both open pourer and non-refillable versions, the "Bikini" silver two piece closure for Campari's Skyy Vodka and the luxury quality "Ultis" closure for Pernod Ricard's Chivas Whiskey. In safety closures, we are typically the sole supplier for a particular brand in a particular region. No single brand accounted for more than 3% of our net revenue in 2015, 2016 or 2017.

As a result of the time and resources invested in joint product development activities with customers, we often receive recognition. For example, we received the distinguished WoldStar Award in the beverages category for our Sunrise closure in 2016 and two Alufoil trophies in 2017, one in relation to the re-design of Stolichnaya's products and the other for our state of the art decoration technology "3D embossing" for Salute Amaertto & Limoncello. We maintain strong relationships with the majority of our key customers, some of whom we have had business relations with for over 30 years.

We believe that the multinational scope of our operations and our ability to meet our customers' quality standards across geographic markets are increasingly important factors to our large global

customers. In addition, our international presence allows us to operate in close physical proximity to our customers' production facilities and meet their product and design requirements with greater flexibility and at a more competitive price and quality than our competitors.

Highly differentiated product portfolio

We believe that one reason for our strong positioning in the global markets is the wide range of our product portfolio. Our safety closures, which are highly engineered packaging components generally consist of 2 to 12 different components, range from tamper evident seals to more sophisticated non-refillable devices covering the medium to high value added range of the closures market. Our luxury closures are made of both aluminum and plastic, are customized according to the requirements of our customers and can include ribbons, seals and unusual shapes and these are typically designed for high-end spirits produced in limited quantities. Our roll on closures and other product lines provide a range of products for spirits and mineral water and often provides an entry point for up-selling customers to other higher value added product lines. Our wine closures are made from aluminum and customers can choose whether or not to include a tamper evident band for protection against counterfeiting. Our pharma closures use some of the same technology but also feature rubber stoppers, PET vials, child proof and tear-off devices. Our research and development activities and our customer service functions enable us to improve all of these products and services in response to customer feedback.

Focus on innovation, technology and product development

We are committed to product research and development and we believe that we are a leading innovator in the closures industry, with a record of developing new and enhanced products with improved functionality and reliability. We protect our know-how by applying for patents and other intellectual property protections for our products and processes. As of the end of 2017, we had more than 140 active patents and other IP rights related to the design and manufacture of closures.

We operate research and development centers in Italy, Scotland, Mexico, Ukraine and Luxembourg. We believe that our developments allow us to derive a significant competitive advantage in our markets because more advanced products generally provide us with higher margins. During the last three years, we have launched over 20 new products. We also have developed proprietary manufacturing processes that help reduce our operating costs and improve our profitability. In certain cases, we work with our customers to develop new and more competitive products. By offering support and by providing the technical expertise and service needed to develop new products, we have enhanced our relationships with these customers.

Track record of successful acquisitions and integration efforts

Over the past two decades, our growth has been complemented through strategically identified acquisitions. In doing so, we have increased the number of geographical markets in which we operate, including Australia, Bulgaria, France, Poland, South Africa and Ukraine, and the types of products which we offer, including aluminum screwcaps for wine closures and pharmaceutical products. We believe that we have been successful at identifying and integrating acquired companies within the Group and at exploiting the synergies offered by such acquisitions. Our success in identifying and integrating acquisitions has contributed to the diversification of our geographic and product category profile and the maintenance of attractive margins.

Strong resilient profitability and cash flow conversion

Despite the effects of the weak global economic environment in prior years and adverse foreign exchange movements, Guala has demonstrated consistently strong performance in its levels of profit and Adjusted EBITDA as well as its cash conversion rates, which reflects our success in tightly managing working capital and capital expenditure levels. We have achieved this partly due to growth through acquisitions but also from organic growth and, despite fluctuations in exchange rates and raw material prices. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

Experienced and committed management team

We benefit from the experience of our key management who each have over 30 years of experience in the industry. Management has consistently demonstrated its ability to develop our business by anticipating market trends and dynamics, creating significant added value for customers, and by penetrating new

markets through organic growth and by acquiring and successfully integrating companies already operating in our industry. We took swift action in response to the weak global economic environment in past years, including headcount reductions, temporary plant shutdowns and exits from non-core markets. In recent years, management has continued to implement cost reduction measures and to improve cash flow management while pursuing our strategy to enter new markets and to consolidate through acquisitions.

Business strategy

We aim to maintain our market leadership and to continue growing our business and enhancing our profitability by growing our revenue, reducing our cost base and expanding our product portfolio. Our strategy to achieve these objectives includes the following key elements:

Increase sales in emerging markets through focus on safety closures

We believe we are the leading producer of safety closures by volume in each of Colombia, India, Mexico and Ukraine. We intend to continue our geographical expansion by consolidating our presence in these and other emerging markets through organic growth and selective acquisitions. According to third party reports, during the 2011 to 2016 period, the global value of consumption of spirits grew at a CAGR of 5.4%, from $509 billion in worldwide sales during 2011 to $662 billion in 2016. Growth going forward (2016-2021) is expected to be driven primarily by growth in emerging markets, including Africa (CAGR 8.2%), Asia Pacific Region (CAGR 6.7%), Latin America (CAGR 3.2%), and North America (CAGR 2.8%). See "*Industry Overview*".

According to our own estimates, the market for safety closures currently represents approximately 23% of the global spirits closures market with roll on (standard) closures accounting for the majority of the remaining market.

We expect significant growth for the safety closures segment in emerging markets. In recent years, these markets have experienced an increase in the consumption of branded spirits. We believe this has resulted in a greater demand for sophisticated anti-counterfeiting systems (such as our non-refillable safety closures) by the producers of such spirits. In addition, producers are increasingly using safety closures as a marketing tool to create a premium brand image through the use of exclusive packaging.

We believe that our leading position means that we are well placed to benefit from the expected future growth in emerging markets and in the safety closures market worldwide. We aim to take advantage of this trend by sustaining or increasing our shares of these markets, which in turn we intend to achieve by strengthening our relationships with drinks producers and by consolidating our presence and infrastructure in the relevant countries.

Invest in product development and cross-sell or up-sell high end products to existing customers

Competition in our key market segments is focused mainly on product quality, innovation and customer service. As a result, we believe that developing reliable products with innovative functional features, aesthetic appeal and other improvements are necessary for enhancing demand for our products. We plan to continue improving our product offering technologically and innovatively by developing (i) new ranges of safety closures that offer varying degrees of protection against counterfeiting while promoting our customers' brand images worldwide and (ii) new aesthetically appealing styles to complement existing products and meet the growing marketing requirements of our customers. We also encourage customers of our roll on (standard) closures to upgrade and convert to more sophisticated, aesthetic, luxurious and protective safety closures where appropriate.

Position the Group to benefit from ongoing growth in the market for wine closures

According to our estimates, the aluminum screwcaps for wine closures market grew from 5.2 billion pieces in 2011 to 6.7 billion pieces in 2016, driven primarily by increased usage in the U.S., Chile, Italy and France. The market is expected to continue on the growth path and grow to 7.8 billion pieces by 2021, representing a 3.2% CAGR between 2016 and 2021. We believe that aluminum winecaps today account for approximately 22% of all bottled wine worldwide and we believe that we are well positioned to capitalize on future growth in this industry, especially as large regions such as North America and Europe move towards greater usage of aluminum winecaps. See "*Industry Overview*". We believe we are one of the top producers of aluminum winecap closures, with at least a 30% market share by volume of units sold. We expect growth in the wine closures market to continue due to increasing end-consumer preference for

aluminum closures rather than cork and we believe that our leading position in this market means we are well placed to benefit from this growth. We aim to take advantage of this trend by sustaining or increasing our share of this market, by strengthening our relationships with wine producers, particularly those which are also active in the spirits market, by developing new and aesthetically attractive closures, including closures with safety elements, and by consolidating our operations in the countries and regions where wine closures are purchased in large volumes.

Carry out further selected acquisitions in core and adjacent markets

During the last 10 years, we have grown both organically and through strategically identified acquisitions. In doing so we have increased the number of geographical markets in which we operate (for example, Australia, Bulgaria, France, Japan, Poland, Ukraine and South Africa) and the types of products which we offer. We believe that we have been successful at identifying and integrating acquired companies and at exploiting the synergies offered by such acquisitions.

We intend to continue to identify appropriate acquisitions where we consider it would help us consolidate our position in certain key geographical markets and potential new geographies that we view as underpenetrated markets as well as core and adjacent product markets, such as the pharmaceutical and label areas.

Further improve operational efficiency by optimizing manufacturing and the supply chain

We are continuing to optimize our production and supply chain network efficiency. To further improve the efficiency of our production processes we aim to (i) modernize and automate processes and product technologies, which we believe will enable us to respond promptly to evolving market needs, (ii) continually advance our production processes by implementing systems to monitor and improve our entire production cycles (the "continuous improvement" program) and (iii) hedge the risks of price fluctuation in the purchase price of aluminum through forward purchases on the London Metal Exchange through the use of hedging depending on the commodity price environment. We endeavor to leverage key focus platforms across the Group and improve profitability of selected sites opportunistically.

Continue prudent financial management, focusing on liquidity, deleveraging, net working capital and hedging of raw materials

We believe that the Group has benefited from prudent financial management throughout its history, with a particular focus on cost reduction and cash flow management.

We intend to use our cash flow generation capacity, and our Revolving Credit Facility, to maintain appropriate levels of liquidity and net working capital in order to enable us to respond to unexpected changes in economic conditions. We are also focused on deleveraging the Group's indebtedness over the medium to long term.

We will continue to monitor our capital expenditures carefully so as to benefit from favorable economic conditions and be able to take advantage of opportunities for acquisitions, and to continue to implement the Group's strategy, particularly in emerging markets. We will also continue to carefully monitor fluctuations in the prices of raw materials, both aluminum and plastics, and changes in prevailing currency exchange rates. We intend to manage raw material price fluctuations by hedging our exposures where appropriate and currency fluctuations by matching revenue to expenditure in each currency where possible.

History

We commenced operations in 1954 as a manufacturer of plastic closures for spirits. Early in our development we adopted an international focus, initially by licensing our products to local producers and later by establishing a direct presence in the markets we targeted. Over the last two decades, we have expanded our product lines and geographic markets through both organic growth and acquisitions. Most recently our expansion has included the commencement in 2015 of production operations in Chile, the acquisition in 2016 of 70% of CapMetal SAS in France (since renamed Guala Closures France SAS), a company specialized in the production of aluminum screwcaps, and the acquisitions in 2017 of Axiom, a leading Indian company active in the production of safety closures for spirits, of the activities of Limat S.A. de C.V., a Mexican company specialized in the manufacturing of wood overcaps for top-range spirit bottles, and of the screw cap activities of Industria Corchera S.A. (ICSA) in Chile.

On July 31, 2018, our former parent company, Guala, was acquired by Space4, a special purpose acquisition company, whose only purpose was to identify and invest, in accordance with certain criteria, in a target company. Guala merged by incorporation into Space4 on August 6, 2018 and the resulting entity concurrently adopted Guala's corporate name, Guala Closures S.p.A., and transferred its registered office to Guala's registered office, Via Rana 12, 15122, Alessandria, Spinetta Marengo, Italy. On the same date, August 6, 2018, its ordinary shares and market warrants were admitted to and started trading on the Star segment of the Italian Stock Exchange (*Mercato Telematico Azioniario*). See also "*Certain Definitions*", "*The Transactions*" and "*Principal Shareholders*".

Our divisions and product classes

We have historically divided our operations into two categories: Closures and PET. The Closures division represents our core business, specialized in the following product lines: safety closures, luxury (decorative) closures, winecaps closures, pharmaceutical closures and other. The PET division main produces standard and custom moulds, PET bottle and miniatures.

Safety closures

We produce safety closures almost exclusively for spirits, which are fitted with special devices to limit counterfeiting of the end-product, such as non-refillable devices. We are the world's leading producer of safety closures for spirits, with at least a 60% market share by volume of units sold worldwide. Safety closures have a complex structure that generally consist of 2 to 12 different components. Our safety closures are designed to prevent our competitors from imitating our closures and their unique components. The features of our safety closures products can include tamper-evident seals, non-refillable valve systems, positive lock systems and aluminum cladding.

We have been active in the production of safety closures since the 1970s when we launched the famous 1031 model safety closure. Most of our older patents related to the creation of innovative solutions for tamper evident and tamper proofing features in closures; these features being implemented alongside new designs of plastic components and the interaction of plastic components with aluminum shells. Our more recent patent applications take advantage of new technologies, in an innovative manner and for the first time in the closures field, include production cost savings and sustainable methods (for waste reduction) as well as improvements in the efficiency of tamper evident and anti-counterfeiting measures.

Safety closures are increasingly being used as a marketing tool to create a premium brand image through exclusive packaging. In response to the needs of our customers who wish to distinguish their brands, we also design and produce customized closures according to their specifications.

The table below sets out the key data for the principal closures in our safety closures product line.

Model	Launch date	Component material	Number of components	Key end products
1031	1978	Plastic	5	Rum, Gin, Brancy, Amaro
1031 TE	1995	Plastic	5	Whisky, Gin, Amaro
1331	1998	Plastic	5	Soy Sauce
1332	2001	Plastic	5	Brandy
1600	1997	Plastic	9	Whisky
2500, 2600	1991	Plastic and aluminum	11	Cognac, Tequila Cazadores and Chinese spirits
500, 550, 552, 600	1966	Plastic and aluminum	5	Vodka, Whisky, Sambuca
1228 TE	1999	Plastic and aluminum	7	Whisky
1229	2001	Plastic and aluminum	7	Whisky
1235	1993	Aluminum	8	Vodka
2060	1994	Plastic	3	Liquori, Ouzo
Monte Carlo	2000	Plastic and aluminum	9	Whisky
Sole, Luna	2000	Plastic and aluminum	4/7	Vodka, Gin
Alusnap	2001	Plastic and aluminum	6	Whisky, Vodka
M 500	1995	Plastic and aluminum	4/5	Whisky
Mark 4	1983	Plastic and aluminum	10	Whisky
POLKA	2003	Plastic and aluminum	5/6	Spirits, Raki
633 (new aesthetic)	2003	Plastic	4/7	Vodka
Kim	2003	Plastic	2	Vodka
2039	2004	Plastic	2	Vodka
Royal salute Cork NRF	2008	Plastic, aluminum and cork	6	Whisky
1612	2008	Plastic and aluminum	11	Whisky
1612A	2008	Plastic	9	Whisky
Prima OP/NR	2008	Plastic and aluminum	5/6	Rum
Alba	2010	Plastic and aluminum	6	Rum, Tequila
Siena	2010	Plastic and aluminum	5/7	Vodka
2610	2010	Plastic and aluminum	11	Cognac
Deluxe	2010	Plastic	6	Spirits
Kirk	2011	Plastic	5	Whisky
2615	2011	Plastic and aluminum	11	Cognac
Roll on TE	2011	Plastic and aluminum	3	Vodka
3039	2012	Plastic and aluminum	4	Vodka
Nuvò	2012	Plastic and aluminum	3	Spirits
New Kirk	2012	Plastic	8	Whisky
Elix	2012	Plastic	3	Vodka
Pearl	2013	Plastic	12	Whisky
Florence	2013	Plastic and aluminum	3/5	Whisky
Verso	2013	Plastic and aluminum	4	Olive oil
Tanqueray 10	2014	Plastic and aluminum	3	Gin
Bikini	2014	Plastic	2	Vodka
Wave	2014	Plastic	3	Cachaca
TE Cork	2014	Plastic	5	Vodka
Sunrise	2015	Plastic and aluminum	6	Vodka
Senja	2015	Plastic	1	Vodka
Florence OP Restage	2015	Plastic and aluminum	4	Whisky
Skyy90	2015	Plastic and aluminum	3	Vodka
Rosc+	2015	Plastic and aluminum	3	Vodka
Alusnap Plus	2016	Plastic and aluminum	5	Cognac
Dome Cap	2016	Plastic and aluminum	4/5	Cognac
One Way (olio NR)	2016	Plastic and aluminum	4	Olive oil
Voga Vodka	2016	Plastic and aluminum	4	Vodka
Verso con molla	2017	Plastic and aluminum	5	Olive Oil
Mexico PP	2017	Plastic and aluminum	5	Tequila
Lola	2017	Plastic and aluminum	7	Tequila
Sherry	2017	Plastic and aluminum	5	Spirits

In 2017, we sold approximately 4.3 billion safety closures, representing 43.8% of our net revenue.

Luxury (decorative) closures

Our luxury closures product line specializes in the production of customized plastic and aluminum closures, typically designed for high-end spirits that are produced in limited quantities. We use advanced

decoration techniques, including 3D embossing and metal sputtering, to customize closures. These closures are designed to give a more distinctive character to our customers' brands and to improve the aesthetic appeal of their end-products. The luxury closures product line serves as an important promotional vehicle for both our safety and aluminum product lines.

The following table sets out key data for the principal closures in our luxury product line.

Closure	Material	Components	Products	Launch
Drambuie	Plastic	3	Liqueur	2005
Xellent Vodka	Plastic	1	Vodka	2011
Dewar's 18 yo	Gravitas	2	18 yo blended whisky	2014
Mortlach	Gravitas	3	Single malt whisky	2014
Royal Salute Standard	Gravitas	2	21 yo blended whisky	2014
Royal Salute Eternal Reserve	Gravitas	2	21 yo blended whisky	2014
Royal Salute NRF	Gravitas	6	21 yo blended whisky	2014
Tanqueray 10	Plastic and Aluminum	2	Gin	2014
Johnnie Walker XR	Gravitas	3	21 yo blended whisky	2015
Torq	Gravitas and cork	2	Whisky	2016
Ultis Chivas	Gravitas	5	Aged blended malt	2016
Zacapa	Gravitas	3	Aged rum	2016
Jack Daniel's 150	Gravitas	2	Tennessee whisky	2016
Patron	Plastic and cork	4	Tequila	2016
Magnum	Plastic	2	Tequila	2016
Sabina	Gravitas and cork	4	Tequila	2016
Don Julio	Wood and plastic	5	Tequila	2017
Don Julio	Wood and cork	2	Tequila	2017
Vivian	Wood and cork	3	Whisky	2017
Monaco	Plastic and cork	4	Single Malt Whisky	2017
Eden	Gravitas and cork	2	Tequila	2017
Matador	Plastic	2	Tequila	2017
3 Generaciones	Wood and cork	2	Tequila	2017

In 2017, we sold 0.1 billion luxury closures, representing approximately 3.1% of our net revenue.

Wine closures

Aluminum screwcap closures for wine are easy to open and convenient to store as well as lower cost than traditional cork closures. Screwcap closures for wine offer further advantage to natural and synthetic corks for bottled wine as screwcaps are not susceptible to natural cork taint issues and, therefore, do not create a risk of spoiling the wine contained in the bottle. Demand for aluminum screwcaps closures for wine has increased in recent years, and today aluminum screwcap closures are used on approximately 22% of all bottled wine worldwide.

We expanded our presence in the wine closures market through a series of acquisitions, including Global Cap in 2003, Auscap in Australia in 2007, 70% of DGS in Poland in 2011, MCG in South Africa in 2012 and 70% of CapMetal SAS (since renamed Guala Closures France SAS) in France in 2016. In 2015, we commenced production operations in Chile, most recently bolstered with our acquisition in 2017 of the screw cap activities of Industria Corchera S.A. (ICSA) in Chile. We offer one of the largest ranges of aluminum closures to the wine industry.

Flat coated and printed aluminum sheets are pressed to produce the closure shell, which is then finished to meet the customer's needs through the use of printing machines. Our wine closures product line includes a range of product and technological features, including decoration, concealed threading, tamper evident band, pressure retention and varying levels of permeability including by use of controlled oxygen transmission rate liners.

The table below sets out the features for certain of our wine closures product line.

Product	Design and Technological Features
Divinium	Classic screwcap
Savin Premium	Smooth external shell, aluminum insert
WAK	Non-visible thread
VIIVA	Pre-/post-opening pressure retention (sparkling wines)
Moss	Pre-/post-opening pressure retention (semi-sparkling wines)
Onxy/Ivory, Coral	Variable permeability
Roll On TE	Tamper evident band

In 2017, we sold approximately 2.3 billion wine closures, representing 20.3% of our net revenue.

Pharma

We introduced pharmaceutical products as a new product line with our acquisition of Pharma Trade S.r.l. (now GCL Pharma S.r.l.) in August 2009, which is specialized in the production of closures for pharmaceutical products. The pharmaceutical products market is a complementary market segment to the spirits closures market, with many of the same characteristics, including complex production processes, stringent safety and anti-counterfeit requirements and a specialized customer base. Similar to spirits closures customers, our pharmaceutical clients require safety, quality and reliability from their suppliers.

We ensure that our pharmaceutical products are in line with Good Manufacturing Practice standards and ISO 9001, ISO 14001 and ISO 22000 by producing products with technologically advanced equipment to provide a greater guarantee to our customers. Our key pharmaceutical products include aluminum and PET closures (tear off/flip-off/child proof), rubber stoppers, PET vials, and bottle ring neck bottles.

In 2017, we sold approximately 500 million pieces of pharmaceutical closures, representing 1.5% of our net revenue.

Roll on (standard) closures

We produce roll on closures, mainly using aluminum, for spirits. Our roll on closures also include closures for bottles of mineral water, soft drinks and beer. We also produce closures for the condiment markets (such as those for olive oil and vinegar).

Our products comprise (i) long and short aluminum closures fitted with a thread enabling them to be screwed directly onto the neck of the bottle and (ii) aluminum closures with plastic components enabling special functions, such as anti-drop spouts (mainly designed for olive oil bottles) or flow inhibitors (mainly designed for vinegar bottles).

We seek to, where appropriate, migrate customers from roll on closures to higher margin safety closures through a process of customer education and product innovation.

The table below sets out certain information for the principal closures in our roll on closures product line.

Closure	Material	Components	Product
Spring	Aluminum and plastic	3	Mineral water. Brands: San Pellegrino, San Benedetto, Norda, Borjomi.
30×35	Aluminum	2	Spirits. Brands: New Amsterdam, Smirnoff, Gilbey's, Kenya Cane.
31, 5×24	Aluminum	2	Spirits and Oil. Brands Vermouth Martini, Carli, Salvadori
31, 5×50	Aluminum	2	Spirits. Brands: Amaro Ramazzotti
30×60	Aluminum and plastic	2	Wine and Spirits. Brands: Bacardi Rum range, Campari, Bailey's, Jacob's Creek
35×24	Aluminum and plastic	3	Olive Oil. Brands: Deoleo, Bertolli, Monini, Farchioni.
31, 5×44	Aluminum and plastic	2/3	Spirits and Oil; Vinegar. Brands: Eristoff & Aperol, Ponti, Unilever

In 2017, we sold approximately 6.9 billion pieces of roll on closures, with roll on closures and other representing 27.9% of our net revenue.

Other

Other includes non-core sales (*i.e.,* the sale of aluminum scrap) and residual amounts not included in the foregoing product lines.

In 2017, Other represented 2.8% of our net revenue for the period.

PET

Our PET products comprise the custom molding line, which manufactures bottles, moldings, jars, flasks and miniature bottles, with capacities ranging from 20 milliliters to a maximum of 5 liters, and with bottle neck diameters ranging from 18 mm to 110 mm. The PET division is no longer considered a core business of the Group.

In 2017, PET sales represented 0.5% of our net revenue.

Principal customers

The principal customers of our safety closures product line are the principal multinational producers of spirits (such as Bacardi Martini, Brown Forman, Campari, Diageo and Pernod Ricard) and a number of important regional producers in many of the countries in which we operate (such as state distilleries in Colombia, large whisky producers in India, and vodka producers in Russia).

The principal customers of our roll on (standard) aluminum closures product line include some of the key spirits producers, producers of mineral water (such as Ferrarelle, Nestlé Waters and San Benedetto), olive oil (such as Carapelli, Deoleo and Farchioni Group) and vinegar (such as the Ponti Group).

The principal customers of our wine closures are major wine producers (such as Accolade, Castel, Caviro and Torres, Concha y Toro, Constellations Brands, Pernod Ricard and Treasury wines) as well as a number of important regional players (such as Casella in New Zealand, Distell in South Africa and The Wine Group in the United States).

Purchasing decisions by our major clients are rarely centralized and are usually made by managers responsible for a single product or brand. With each of our major customers we enter into a general framework agreement which governs dealings between the parties. Such arrangements generally specify the closure models required, volumes and procedures for determining the purchase price during the term of the contract. Usually a schedule of expected delivery quantities and dates is supplied at regular intervals which enables us to co-ordinate our procurement of raw materials. In order to confirm a particular delivery date and quantity, the customer sends us a purchase order containing the relevant information.

Our top five closures customers in 2017 were (in alphabetical order) Bacardi, Brown Forman, Casa Cuervo, Diageo-USL and Pernod Ricard. Together, they represented about 29.4% of our net revenue in 2017. However, no single brand represented more than 3% of our 2017 net revenue as we provide products to multiple brands of several global manufacturers.

Competition

We are active in the design and production of safety closures for spirits and roll on (standard) closures for spirits, wine and pharmaceutical products on a worldwide basis.

The broad selection of our closures and our significant diversification means that we face competition from different global and local competitors, which we believe are made up as follows:

- non-specialized main competitors, who produce spirits and wine closures on a global scale, without particular specialization in any product;
- specialized main competitors, or medium-sized competitors highly specialized in spirits or wine closures;
- non-specialized competitors, who produce packaging on a global scale, with limited market share for spirits and wine closures; and
- small, local manufacturers.

Our competition in the closures market is limited because of certain key features, such as:

- our ability to satisfy our customers' requests, particularly in the spirits market where customers tend to use one manufacturer per product;

- our ability to meet specific requests from the market, especially in the safety and luxury market; and
- pricing, in particular in the markets of roll-on (standard) closures and wine closures.

We believe that, as of December 31, 2017, we held a 60% global market share by volume of the safety closures manufactured for spirits.

We estimate that our market share is six times greater than those of our nearest competitor.

The following table lists the geographical area, type of product and our main competitors for each of the segments in which we operated for 2017.

Main competitor	Location	Product	Market Sector
Amcor Ltd	North America; World	Roll on closures; Wine closures	Spirits, non-alcoholic beverages, pharmaceutical
Global Closure Systems S.A.	World; United Kingdom	Roll on closures and safety closures	Spirits, non-alcoholic, pharmaceutical
Alplast S.r.l.	Italy; Spain	Wine closures	Wine; spirits; water; non-alcoholic beverages
Torrent Closures S.L.	Europe; Latin America	Roll on closures	Spirits, wine, oil, pharmaceutical
Alcopack GmbH	World	Safety closures	Spirits
Berry Global Group Inc	World	Luxury closures	Spirits, non-alcoholic, pharmaceutical

Marketing and sales

We reach our customer base primarily through our direct sales force. Our sales force is organized geographically and is able to focus on target markets and customers by understanding local needs. In some markets, we enter into agency agreements with independent sales agents or use distributors in order to benefit from established local sales channels or because market conditions demand their use.

We tailor our marketing activities primarily on the basis of our current level of penetration in a specific market. Our marketing strategy involves publication of advertisements in sector magazines, participation in specialized conferences and use of media.

Participation at annual trade fairs for spirits and wine industries is another important means of keeping in contact with customers, particularly in the earlier stages of our entrance into a market when we have lower brand awareness and limited access to the market, for example, when we originally entered South East Asia (in Japan and Bangkok), Africa (in Nigeria and Kenya), and the United States.

Raw materials and suppliers

We purchase aluminum in coil and aluminum foil from a number of suppliers which we select based on technical criteria, service quality and reliability. Our principal suppliers of aluminum are located in Europe. Our aluminum purchase agreements specify quality and performance levels, technical specifications of the product, price breakdowns, total processing costs, delivery plans and payment schedules and minimum purchase quantities for annual consumption. We also purchase aluminum ingots on the spot market, which we then dispatch for processing to suppliers of aluminum coil. We also meet our demand of aluminum through a transformation process of aluminum stemming from production waste.

The majority of our purchases of plastic resins are made on the basis of purchase orders from a number of leading European and world producers. Our raw materials are primarily sourced locally. Our key plastic resins suppliers for our European production facilities are located in Italy, France, Germany, Belgium and India. The majority of the plastics resins used in production are low and high density polyethylene, polystyrene, polypropylene and polycarbonate. Our supply requirements contracts with our principal suppliers set out the terms of payment, delivery schedules and the criteria for determining any price and volume discounts (usually conditional upon us meeting specified purchase targets). Our supply contracts also provide for adjustments of prices depending on periodic increases or decreases in plastic resins prices which, in turn, change on a weekly basis, except in the case of polycarbonate, the price of which is generally set for periods of several months.

Raw materials prices can fluctuate substantially over relatively short periods of time. Increases in the prices of our raw materials have therefore had a direct impact on our production costs. We are able to manage this by reducing the quantity of aluminum used in our manufacturing process and substituting it with other raw materials.

Since most of our closures division sales are made on the basis of contracts that fix our sales prices for the term of each contract (generally one year) or are otherwise made pursuant to purchase orders that do not link sales prices to increases in the cost of raw materials, our closures division margins are exposed to the risk of fluctuations of the prices of raw materials. In order to mitigate our exposure to such risks, we select our suppliers very carefully. We also continually seek to implement innovative product and process solutions aimed at reducing consumption of raw materials. Additionally, in respect of aluminum, we use hedging instruments to reduce our exposure to price fluctuations. We typically purchase aluminum based on contracts that set prices by reference to the aluminum quotations on the London Metal Exchange in U.S. dollars, which are converted into euro at the average exchange rate at the month of purchase. We seek to reduce our exposure to the risks associated with aluminum price fluctuations by entering into forward contracts with brokers operating on the London Metal Exchange, whereby we purchase aluminum at a fixed price to protect our operating margins from price volatility. Our forward hedging transactions covered approximately 53% of our aluminum supplies at December 31, 2017. Our forward hedging transactions currently cover approximately 65% of our estimated 2018 aluminum needs. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Principal factors affecting our results of operations—Costs for raw materials*". To date we have not entered into similar hedging arrangements in respect of plastic price fluctuations, because such arrangements are not currently available in the market.

Manufacturing process

The production process for safety closures and for aluminum shells is divided into three stages: (i) injection molding of plastic components and for aluminum shell production, (ii) customization and (iii) assembly. We first produce each plastic component by using injection molding technology developed by our in-house personnel. Our closures are then customized by applying surface decoration through various techniques, such as off-set, silk screen or tomographic printing, or hot-stamping. Finally, we assemble the plastic safety closure itself.

The luxury product line uses the same processing techniques as our safety closures product line, but extra attention is paid to aesthetic design. The process may involve "metallization" of the capsule or applying other special finishes, depending on the characteristics of the end-product. The production process of roll on aluminum closures, aluminum pharmaceutical closures and screwcaps for wine closures begins with the aluminum coil being washed and cleaned. The sheets are printed and pressed into different shells and aluminum rings. If a customer wishes to have a more aesthetically appealing design or to customize the closure with a particular color or with the company's trademark, we perform side-printing using off-set and silk-screen techniques. The final stage of the production process is the assembly of the aluminum closure where we insert seals or plastic components such as non-drip spouts or flow inhibitors.

Some pharmaceutical closures use rubber which is cut to the correct shape then washed and sterilized.

We have warehouses adjacent to almost all the production facilities. Our plastic materials are kept in dedicated silos to avoid jeopardizing the purity of our end-products. Since our finished products are generally shipped directly to customers soon after production, they are stored only for limited periods of time.

Quality control

All of our closures division production facilities, both for the Closures and the PET Divisions, have been ISO 9001:2015 certified, which requires compliance with a set of shipping, trading and technology standards promulgated by the International Organization for Standardization ("**ISO**").

All our facilities utilize efficient quality control and certification processes for raw materials. We perform regular quality controls on the raw materials that are supplied to us by our suppliers. Our technical staff checks the technical characteristics, including the purity and quality of polymers, their resistance to pressure and shock, their conformity with EU regulations governing packaging materials for food, and their resistance to the effects of alcohol. Moreover, plastics are also tested to ensure that they do not affect the taste of spirits.

We operate an advanced quality assurance process to improve the quality performance of all our facilities. Qualified staff at each production site carry out tests on raw materials, processes and end-products to improve quality and adopt corrective or preventive measures to ensure a high level of efficiency throughout our production chain. These processes include the use of statistical process control and we involve our employees in on-going monitoring activities. We believe that this approach to quality control increases employee participation and provides necessary training at all levels. The staff assigned to this task take an active part in the development and modernization of our production facilities. We monitor the quality of our finished products to ensure that our products fully meet our customers' requirements.

We believe that our quality assurance practices are critical to improving our internal processes and the service we provide to customers.

In addition to our internal quality control operations, customers are offered the opportunity to send their personnel to our closures division facilities periodically to verify the quality of our products and the production process. Those of our facilities that manufacture products for the mineral water and pharmaceuticals markets also meet stringent requirements regarding facility hygiene.

Research and development

We believe that continuous product innovation is very important to our success. The main focus of our research and development activities is on the development and delivery of products that address the quality requirements and design preferences of our customers, as well as increasing demand by identifying and implementing technical solutions that are more likely to result in innovative products. We also concentrate on standardizing functional components and on developing processes that reduce our operating costs.

Our principal research and development center is located in Spinetta Marengo (Alessandria), Italy. It comprises workshops and dedicated laboratories, collaborates on a regular basis with specialized external research centers, such as universities and private laboratories, and coordinates the operations of our other research centers in Scotland, Mexico, Ukraine and Luxembourg. Our research and development structure consists of engineers, product and mold designers, and product and project managers. As of June 30, 2018, our research and development centers employed a staff of 41 people.

Our research and development team persistently seeks to spot nascent market trends and translate them into smart, sustainable and valuable solutions. Our traditional market is undergoing a period of profound change with customers looking for cost reductions and also pushing some brands to the premium level while looking for higher value packaging. New generations are shifting consumption of alcoholic beverages to craft products, which need to convey their origin in package messaging, as well as wellness and ethical products. Also, several closures have been designed to incorporate near field communication ("**NFC**") capacity, allowing the end customer to connect with the brand more and allowing customers to track and trace their products in connection with combatting possible counterfeiting and product tampering. In partnership with NXP Semiconductors, we presented the industry's first fully integrated NFC tamper evident closure solution for the wine and spirits industry in the Spring of 2017, part of our new Internet-of-Closures smart family products. Additionally, sustainability and zero-environmental impact packages are becoming increasingly important. We are already active in this field with lower emission targets and carbon offsetting and have invested in research with partners to develop eco-compatible materials with a new approach to product design.

The laboratory analysis and design of a new model usually takes between four and seven months. The time required for industrialization and production is on average between six and 18 months, depending to a large extent on the technical complexity of the particular product.

During the last three years, we have launched over 20 new products.

Intellectual property

We rely on a combination of patents, utility models, trade secrets, trademarks, copyrights and other intellectual property rights, non-disclosure agreements and other protective measures to protect our proprietary rights. We strongly believe in the importance of intellectual property rights, which in our view is one of the key elements of our current business. We employ various methods, including confidentiality and non-disclosure agreements with third parties, employees and consultants to protect our trade secrets and know-how. At the end of 2017, we were the holder of, or had lodged applications for, 84 active patent

families, 14 utility model families, 5 combined patents and utility model families and 40 protected industrial designs. The patents and other IP have been registered predominantly in countries in which our production facilities are located, or in countries in which our major customers are based.

We have been active in the production of safety closures since the 1970s when we launched the famous 1031 model safety closure. Most of our older patents related to the creation of innovative solutions for tamper evident and tamper proofing features in closures; these features being implemented alongside new designs of plastic components and the interaction of plastic components with aluminum shells. Our more recent patent applications take advantage of new technologies in an innovative manner and for the first time in the closures field, include production cost savings and sustainable methods (for waste reduction) as well as improvements in the efficiency of tamper evident and anti-counterfeiting measures.

Employees

The following table lists the number of employees we had for the years 2015, 2016 and 2017.

	As of December 31,		
	2015	**2016**	**2017**
Blue Collar	2,928	2,991	3,112
White Collar	872	843	902
Managers	189	198	210
Total	**3,989**	**4,032**	**4,224**

We believe that our relations with employees are satisfactory and we have not experienced significant strikes or work stoppages in recent years.

Production plants

We believe that all of our plants are well-maintained, in good operating condition and strategically located. At the end of 2017, we operated 27 production plants around the world. This wide distribution of production activity reflects our strategy to operate in close proximity to our clients' production plants, which we believe enables us to reduce transport and shipping costs and to be flexible in meeting our customers' demands.

Our production plants were designed with the aim of ensuring safe assembly and high production speed. The assembly of the machinery used in production plants is performed for safety closures at our headquarters in Alessandria, Italy. Both product lines perform maintenance and modernization work at the relevant production plants.

The maintenance of our facilities is undertaken, both in Italy and abroad, by a team of specialized technicians. They are responsible for ordinary and extraordinary maintenance operations and also carry out modernization work which normally occurs every two or three years.

The following table sets out certain information regarding our owned and leased production plants.

Location	Owned/leased
Europe	
Kazanlak, Bulgaria	Leased
Saint Remy sur Avre, France	Leased
Basaluzzo (Alessandria), Italy	Leased
Magenta (Milan), Italy	Owned
Spinetta Marengo (Alessandria), Italy	Leased(1)
Termoli, Italy	Owned
Vasto (Chieti), Italy	Leased
Wloclawek, Poland	Owned(2)
Jerez de la Frontera, Spain	Owned
Olerdola, Spain	Leased
Alcalá de Henares, Spain	Leased
Kirkintilloch (Glasgow), Scotland, UK	Leased
Sumy, Ukraine	Owned
Latin and North America	
Chivilcoy (Buenos Aires), Argentina	Owned
Barueri, Brazil	Owned
Renca (Santiago de Chile), Chile	Leased
Bogotá, Colombia	Leased
San José Iturbide, Mexico	Owned
Fairfield, California, U.S.A	Leased
Asia	
Beijing, China	Leased
Ahmedabad, India	Owned
Daman, India	Owned
Dharwad, India	Owned
Goa, India	Owned
Oceania	
West Footscray, Australia	Leased
Auckland, New Zealand	Leased
Africa	
Cape Town, South Africa	Owned

Note:

(1) On expiry of the finance lease in 2020, we intend to exercise the right (*diritto di riscatto*) provided therein to become the owners of this facility by paying the relative purchase option installment.

(2) This facility is composed by 3 different units, which are separately registered within the Polish registry. Two of the units are used by Guala Closures DGS Poland S.A. pursuant to usufruct rights, respectively expiring on August 3, 2091 and December 15, 2102.

In addition to our production facilities, we also own or lease other real estate (including offices, storage space and land) in a number of the countries in which we have operations.

Environmental matters

Our past and present operations and ownership and use of real property are subject to extensive environmental laws and regulations in a number of jurisdictions pertaining to, among other things, the discharge of materials into the environment and the handling and disposal of waste or otherwise relating to the protection of the environment. We believe that we are in substantial compliance with applicable environmental laws and regulations. We have adopted codes of conduct and undertaken projects to promote environmental protection in terms of both production procedures and the areas in which our plants are located.

Legal proceedings

We are party to various legal proceedings that have arisen in the ordinary course of business, including defending our IP rights. Although our legal and financial liability with respect to such proceedings cannot be estimated with certainty, we do not believe that the outcome of these legal proceedings, individually or in the aggregate, will or could have a material adverse effect on our business, financial condition and results of operations, except possibly the following, which could potentially result in certain interdictory sanctions and/or reputational damage that could have such a material adverse effect (though as of the date of this Offering Memorandum, we anticipate a favorable outcome):

On January 30, 2017, following an accident which occurred at our plant in Magenta (MI), Italy, an employee lost his life while carrying out maintenance and preparation activities for a decoration line. In connection with this incident, we are party to the criminal proceeding no. 4361/2017 RGNR, before the Court of Milan, Italy, pursuant to Articles 5, let. a) and 25-septies of Decree 231, which could result in pecuniary fines (for which we accounted for under non-current provisions in our accounts) and certain interdictory sanctions set out under Article 9, Paragraph 2 of Decree 231, such as debarment from exercising activities or suspension or revocation of authorizations, licenses or permits functional to the commission of the infringement. In July 2018, we separately entered into a settlement agreement with and fully compensated the family of the employee (of which over 80% was covered by insurance with the remainder paid with the provision previously made on Guala's 2017 balance sheet).

See also "*Risks related to our business—The international scope of our operations and our corporate and financing structure may expose us to potentially adverse tax consequences*" and "*Risks related to our business—Our industry is complex and can involve litigation and disputes that could be damaging to our business, financial condition and results of operations*".

MANAGEMENT

The following is a summary of certain information concerning the management of the Issuer, certain provisions of the by-laws (*statuto*) of the Issuer and of Italian law regarding corporate governance. This summary is qualified in its entirety by reference to such by-laws and/or Italian law, as the case may be, and it does not purport to be complete.

The Issuer is managed by a board of directors (*Consiglio di Amministrazione*) which, within the limits prescribed by Italian law, has the power to delegate its general authority to an executive committee and/or one or more managing directors. The board of directors determines the powers of the Chief Executive Officer. In addition, the Italian Civil Code requires the Issuer to have a board of statutory auditors (*Collegio Sindacale*), which functions as a supervisory body (see below).

Board of Directors of the Issuer

There are currently nine members on the board of directors, which were elected at the general shareholders' meeting held on May 28, 2018. The composition of the board comprises senior management of the Group, a representative of Space Holding S.r.l., a representative of Peninsula and three independent directors appointed in accordance with the Italian Securities Act and the Corporate Governance Code issued by Borsa Italiana. These directors will remain in office until the approval by the shareholders of the financial statements for the year ended December 31, 2021.

The following table lists individuals who are the current directors of the board of directors of the Issuer together with their age, title and other roles they hold within the Group.

Name	Age	Title
Marco Giovannini	62	Chairman and Chief Executive Officer
Anibal Diaz Diaz	65	Director and Chief Financial Officer
Francesco Bove	60	Director and Chief Operations Officer
Filippo Giovannini	32	Director
Edoardo Carlo Maria Subert	57	Vice-chairman
Francesco Caio	61	Independent Director
Luisa Maria Virginia Collina	49	Independent Director
Lucrezia Reichlin	64	Independent Director
Nicola Colavito	40	Director

The business address for each of the directors is Via Rana 12, Spinetta Marengo, Alessandria 15122, Italy.

Marco Giovannini. Marco Giovannini holds degrees in nuclear engineering and mechanical engineering from La Sapienza University of Rome. Mr. Giovannini has over 36 years of experience in the packaging industry. Prior to joining the Group in 1998, Mr. Giovannini worked for Carnaud Metalbox (Crown Cork & Seal Group), Alluminio Italia and Fiat T.T.G. S.p.A. Mr. Giovannini serves as Chief Executive Officer of the Group and is the Chairman of the board of directors of the Issuer. He currently also serves as a director of several subsidiaries of the Group and is a director of Goglio S.p.A., independent director of LVenture Group and a member of the board of Banca Sistema S.p.A. He is *Cavaliere del Lavoro* since 2012. He was formerly President of Confindustria—Alessandria section and a member of the Board of Cassa Depositi e Prestiti S.p.A.

Anibal Diaz Diaz. Anibal Diaz Diaz graduated in accounting from Universidad de la República (Montevideo, Uruguay) and an executive program from INSEAD. Mr. Diaz Diaz joined the Group in 2000 and has broad experience in the packaging industry garnering over 32 years. Prior to joining the Group, he worked for Carnaud Group, where he acted as controller and Chief Financial Officer. He was appointed division manager for Carnaud Group and from 1995 and 2000 he acted as General Director for Carnaud Aerosols. Mr. Diaz Diaz is the Chief Financial Officer of our Group and a member of the boards of directors of each of the Group's foreign subsidiaries.

Francesco Bove. Francesco Bove graduated in business from Marquette University and he also holds an M.B.A. from Thunderbird Business School. Mr. Bove joined our team in 1999 and has over 37 years of experience in the packaging industry. Prior to joining the Group, Mr. Bove was Vice President of European Operations at Pechiney/Nacanco's canned beverage division. He serves as Chief Operating Officer of the Group and is a member of the boards of directors of each of the Group's foreign subsidiaries.

Filippo Giovannini. Filippo Giovannini holds a degree in business and management from Royal Holloway University of London and holds a master's in International Management Studies from Copenhagen Business School and ESADE Business School under CEMS (Community of European Master Schools) Program. He started his work experience at Solar Investment Group and Real Asset Energy Fund. Mr. Giovannini was appointed chief executive officer of TAN Holdings in 2011. He currently also covers several positions at Tan Food Toweing Rel, Tan Pellet Lucania International Lucania, Sparkling 18, Jenna Energy, and TWIM Energy.

Edoardo Carlo Maria Subert. Edoardo Carlo Maria Subert holds an accounting degree from Luigi Bocconi University of Milan. He has over 30 years of experience in Investment Banking. Prior to joining the Group, he worked for Cast and as Director in the M&A team of Citibank in the Investment Bank Division and served as a member of the board of directors, managing director and formerly Senior Advisor in the Rothschild Group. He was also previously a Partner of the Rothschild Group. Edoardo Carlo Maria Subert joined our team in 2013. He was a director of Space S.p.A. from its constitution until its business combination with F.I.L.A. S.p.A., a director of Space2 S.p.A. from its constitution until its business combination with Avio S.p.A., and a director of Space3 S.p.A. from its constitution to its business combination with Acquafil S.p.A. Mr. Subert also serves as member of Board of Directors of Test Holding S.r.l.

Francesco Caio. Francesco Caio holds a degree in engineering from Politecnico di Milano University and an MBA from INSEAD. He started his career at Olivetti in 1982. Prior to joining our Group, he worked at McKinsey & Company, Omnitel (currently Vodafone), Netscalibur, Cable&Wireless, Lehman Brothers, and Nomura. He was appointed Chief Executive Officer of Poste Italiane. Mr. Caio has acted as consultant for the Italian Government and in the UK on multiple occasions and has provided services and consultations to institutions on digital and broadband field. Francesco Caio is a member of Confindustria's and Politecnico di Milano's advisory boards. Mr. Caio is President of SAIPEM S.p.A. and member of the board of BNL S.p.A.

Luisa Maria Virginia Collina. Luisa Maria Virginia Collina holds a degree in architecture from Politecnico di Milano and a PhD in *Innovazione tecnica e progetto in architettura*. Ms. Collina serves as head of international relations of the Design School of Politecnico di Milano and works with universities, research centers and international research programs. She serves as professor of Design at the Design Department of Politecnico di Milano and is an independent advisor for DeLonghi Group. She is also vice president of Cumulus, an international association of design schools.

Lucrezia Reichlin. Lucrezia Reichlin holds a degree in business from Università di Modena and a PhD in business from New York University. Ms. Reichlin is part of several scientific committees and holds the position of Professor at University of Bruxelles. Ms. Reichlin was appointed General Director of Research at the European Central Bank. She was member of the board of directors of UniCredit. Lucrezia Reichlin is currently Professor at the London Business School and a member of the board of directors of Ageas and Gruppo Messaggerie Italiane.

Nicola Colavito. Nicola Colavito holds a master's degree in finance from Bocconi University and took specialization courses at Stern School of Business (New York University) and London School of Economics. He gained significant experience in roles at international investment banks, including in J.P. Morgan, as a Managing Director in the Investment Banking Divisions of Goldman Sachs International and Barclays Capital. He was previously a member of the board of directors of Nuovo Trasporto Viaggiatori—Italo S.p.A. He is currently a partner and member of the investment committee at Peninsula Capital Advisors in the London Office.

Powers and responsibilities

Pursuant to the by-laws of the Issuer, the Board of Directors carries out ordinary and extraordinary management and may perform all acts that they consider necessary for the achievement of the Issuer's corporate purpose, except for those actions reserved by law or the by-laws for the shareholders' meeting.

In particular, the board of directors has the ability to take all actions it deems appropriate to achieve the objectives of the Issuer. Subject to the limitations of applicable Italian law, the board may delegate its powers to an executive committee and/or to one or more directors.

Pursuant to its by-laws, meetings of the board of directors require a quorum of the majority of directors. Resolutions are adopted by an absolute majority of directors present at the meeting.

Senior Management of the Group

The following table lists the principal managers of the Group.

Name	Age	Title
Marco Giovannini	62	Chairman
Francesco Bove	60	Chief Operating Officer
Anibal Diaz Diaz	65	Chief Financial Officer
Paolo Ferrari	62	Chief Marketing Officer and M&A Director

See "*—Board of Directors of the Issuer*" for biographies of Marco Giovannini, Francesco Bove and Anibal Diaz Diaz.

Paolo Ferrari. Paolo Ferrari holds a degree in mechanical engineering from the Politecnico di Milano. He joined the Group in 1983 and has developed over 36 years of experience in the packaging industry. He has held various management positions in the Group, including as head of product development, head of international development operations and as head of the commercial departments. He is currently our Chief Marketing Officer and M&A Director, and also serves as a member of the boards of directors of each of the Group's foreign subsidiaries.

Board of statutory auditors

Pursuant to applicable Italian law, the Issuer has appointed a board of statutory auditors (*Collegio Sindacale*) whose objective is to oversee the Issuer's compliance with the law and with its by-laws, verify its compliance to best practices of administration, and assess the adequacy of the internal controls and accounting reporting systems at the Issuer, as well as the adequacy of provisions concerning the supply of information to its subsidiaries.

The Board of Statutory Auditors will be formed by three auditors and two alternative auditors.

Members of the board of statutory auditors are appointed by the shareholders of the Issuer at ordinary shareholders' meetings for a three-year term expiring on the date of the ordinary shareholders' meeting called to approve the financial statements for the third financial year of their term. Members of the board of statutory are appointed on the basis of lists submitted by shareholders. At least one of the auditors and one of the alternate auditors must be selected among legal auditors registered with the relevant special registry. Members of the board of statutory auditors may be removed only for a valid reason and with the approval of an Italian court.

The following table lists individuals who are current members of the statutory board of auditors for the Issuer elected on September 10, 2018, together with their age, title and other roles they hold within the Group. They will remain in office until approval by the shareholders of the financial statements for the year ended December 31, 2020.

Name	Age	Title
Benedetta Navarra	51	Chairman
Piergiorgio Valente	55	Statutory Auditor
Franco Aldo Abbate	45	Statutory Auditor
Ugo Marco Luca Maria Pollice	59	Alternate Auditor
Daniela Delfrate	53	Alternate Auditor

The business address for each of the members of the board of statutory auditors is Via Rana 12, Spinetta Marengo, Alessandria 15122, Italy.

Committees

In accordance with the Issuer's By-Laws, on 6 August 2018, the Board of Directors has resolved, *inter alia*, to establish a Control and Risk Committee and a Remuneration Committee.

Control and Risks Committee

The Control and Risks Committee was established on August 6, 2018 and, as of the date of this Offering Memorandum, Lucrezia Reichlin (Chairman), Luisa Maria Virginia Collina and Nicola Colavito are the members of the Control and Risks Committee.

The Control and Risks Committee is in charge of assisting the Board of Directors in connection with internal control and risk management of the Issuer, as well as approving the periodical financial records.

The Control and Risks Committee also serves as the "related parties committee" under the related parties policy approved by the Board of Directors and adopted by the Issuer in accordance with CONSOB guidelines (the "**Related Parties Policy**"). In this role, it expresses opinions on the approval of and amendments to the Related Parties Policy, expresses opinions on certain transactions deemed to be between related parties, participates in the negotiation of related party transactions deemed to be of greater importance and provides assistance in connection with the identification of related parties.

Remuneration Committee

The Remuneration Committee was formed on August 6, 2018 and, as of the date of this Offering Memorandum, Francesco Caio (Chairman), Luisa Maria Virginia Collina and Edoardo Subert are the members of the Remuneration Committee.

The Remuneration Committee pays an advisory and consulting role in the remuneration of directors and key executives. The creation of the Remuneration Committee facilitates maximum information and transparency regarding the compensation due to the CEO and other top management. However, pursuant to article 2389(3) of the Italian Civil Code and article 15 of the Issuer's By-Laws, the Remuneration Committee only offers advice and recommendation, as the power to determine compensation remains with the Board of Directors, with advice from the Board of the Statutory Auditors.

Compliance Program Supervisory Board ex D. Lgs. 231/2001

On August 6, 2018, the Board of Directors appointed Roberto Malvezzi and Marco Andreoletti as members of the Compliance Program Supervisory Board, adopted pursuant to Legislative Decree 231/2001. The Compliance Program Supervisory Board supervises the implementation of and compliance with the organizational and management model adopted in compliance with Legislative Decree 231/2001.

The model sets forth a series of principles, policies, procedures and control functions to prevent the commission of relevant offenses by individuals acting on behalf of the Issuer, as well as the corresponding penalties.

PRINCIPAL SHAREHOLDERS

Shareholding

As of the date of this Offering Memorandum, the Issuer has outstanding share capital of €68,906,646. The Issuer has 67,184,904 outstanding shares without nominal value, which are split into 62,049,966 ordinary shares, 4,322,438 Class B special shares and 812,500 Class C special shares. The ordinary shares entitle the holders to one vote per share, Class B special shares entitle the holders to three votes per share and Class C special shares are non-voting. The ordinary shares are the only shares of the Issuer that are listed on the Star segment of the Italian Stock Exchange (*Mercato Telematico Azionario*).

The table and its footnotes below, on the basis of the contents of the shareholders' ledger and other information available to the Issuer, set forth the shareholders and the percentages held of the Issuer's ordinary shares, Class B special shares and Class C special shares as of the date of August 6, 2018 (the date of the Merger).

Name of the direct shareholder	Ordinary shares	Class B special shares(4)	Class C special shares	Corporate capital total
GCL Holdings S.C.A. (a senior management entity)(1)	8.45%	100%	—	14.24%
PII G S.à r.l. (a Peninsula entity)(2)	10.66%	—	—	9.84%
GCL Holdings LP S.à r.l. (a Mojito entity)(3)	6.81%	—	—	6.29%
Delfin	4.84%	—	—	4.47%
Quaestio	4.04%	—	—	3.73%
Space Holding S.r.l.	3.79%	—	99.16%	4.70%
Private Equity Opportunities Fund II SCS-SIF, Compartment B	0.92%	—	—	0.85%
Other Investors	60.49%	—	0.84%	55.88%
Total	**100%**	**100%**	**100%**	**100%**

(1) Following the Business Combination, GCL Holdings S.C.A. is the investment vehicle majority-owned and controlled by Mr. Marco Giovanni through which he, Francesco Bove, Anibal Diaz Diaz and Paolo Ferrari (other principal managers of the Issuer) and their related parties have investments in the shareholding of the Issuer. Mr. Marco Giovanni is therefore the ultimate beneficial owner of the equity stake held by GCL Holdings S.C.A.

(2) PII G S.à r.l., a direct shareholder of the Issuer, is indirectly controlled by Peninsula Capital II S.à r.l., as general partner of Peninsula Investments II S.C.A. Peninsula Capital II S.à r.l. is therefore the ultimate beneficial owner of the equity stake by PII G S.à r.l.

(3) GCL Holdings LP S.à r.l., a direct shareholder of the Issuer, is indirectly controlled by Mojito Luxco 2 GP in liquidation, as general partner of Mojito Lux 2 S.C.A. Mojito Luxco 2 GP in liquidation is therefore the ultimate beneficial owner of the equity stake held by GCL Holdings LP S.à r.l. Mojito Luxco 2 GP in liquidation belongs to the private equity firm aPriori Capital Partners LP. Melville S.r.l., a company indirectly controlled by NB Renaissance Partners is a co-investor in GCL Holdings LP S.à r.l. aPriori Capital Partners LP and NB Renaissance were both indirect shareholders in Guala before the Business Combination.

(4) Upon any transfer of the Class B special shares to a third-party, the Class B special shares voting rights will be reduced from three votes per share to one vote per share.

The table and its footnotes below, on the basis of the contents of the shareholders' ledger and other information available to the Issuer, set forth the shareholders and the percentage held of the Issuer's voting capital as of August 6, 2018).

Name of beneficial owner	Voting rights
GCL Holdings S.C.A. (a senior management entity)(1)	24.28%
PII G S.à r.l. (a Peninsula entity)(2)	8.82%
GCL Holdings LP S.à r.l. (a Mojito entity)(3)	5.63%
Delfin	4.00%
Quaestio	3.34%
Space Holding S.r.l.	3.14%
Private Equity Opportunities Fund II SCS-SIF, Compartment B	0.76%
Other Investors	50.03%
Total	**100%**

(1) Following the Business Combination, GCL Holdings S.C.A. is the investment vehicle majority-owned and controlled by Mr. Marco Giovannini through which he, Francesco Bove, Anibal Diaz Diaz and Paolo Ferrari (other principal managers of the Issuer) and their related parties have investments in the shareholding of the Issuer. Mr. Marco Giovannini is therefore the ultimate beneficial owner of the equity stake held by GCL Holdings S.C.A.

(2) PII G S.à r.l., a direct shareholder of the Issuer, is indirectly controlled by Peninsula Capital II S.à r.l., as general partner of Peninsula Investments II S.C.A. Peninsula Capital II S.à r.l. is therefore the ultimate beneficial owner of the equity stake by PII G S.à r.l.

(3) GCL Holdings LP S.à r.l., a direct shareholder of the Issuer, is indirectly controlled by Mojito Luxco 2 GP in liquidation, as general partner of Mojito Lux 2 S.C.A. Mojito Luxco 2 GP in liquidation is therefore the ultimate beneficial owner of the equity stake held by GCL Holdings LP S.à r.l. Mojito Luxco 2 GP in liquidation belongs to the private equity firm aPriori Capital Partners LP. Melville S.r.l., a company indirectly controlled by NB Renaissance Partners is a co-investor in GCL Holdings LP S.à r.l. aPriori Capital Partners LP and NB Renaissance were both indirect shareholders in Guala before the Business Combination.

On the basis of the charts above, as of August 6, 2018, the free float (calculated taking into account all the shareholders having a percentage of the voting rights lower than 5%) was equal to 61.25% of the voting rights.

As of the date of this Offering Memorandum, on the basis of the communication received by the Issuer in accordance with the provisions of the Italian Securities Act and the CONSOB Regulation on Issuers, we are not aware of any changes in the percentages held by our significant shareholders (i.e. the shareholders holding a percentage of the voting rights at least equal to 5%).

Following the appointment of the board of statutory auditors (*Collegio Sindacale*) of the Issuer on September 10, 2018, there is no shareholders' agreement in place. See "*Management*" for information on the boards of the Issuer.

Warrants

In addition to the ordinary shares, Class B special shares and Class C special shares described above, the Issuer issued three different kind of warrants: (i) the "market warrants", that as of the date of this Offering Memorandum are listed on the Italian Stock Exchange (*Mercato Telematico Azioniario*); (ii) the "sponsor warrants" held by Space Holding S.r.l. as promoter of Space4; and (iii) the "management warrants". Each of the different types of warrants issued by the Issuer grants the right to the respective holders to subscribe to a predetermined number of the Issuer's ordinary shares in accordance with the respective regulations providing terms and conditions of the warrants. The conversion of the Class C special shares and the exercise of all of the market warrants, sponsor warrants and management warrants would cause a dilution of the voting rights percentage held by Marco Giovannini (through GCL Holdings S.C.A.) of c.2%, calculated on the percentage of voting rights indicated in the chart above. See note 5 to Space4's unaudited condensed interim financial statements as of and for the six months ended June 30, 2018 for more information.

RELATED PARTY TRANSACTIONS

We enter into transactions with certain related parties or our affiliates (as defined in the U.S. Securities Act) from time to time and in the ordinary course of our business. We have approved or ratified all such related party transactions to date.

In the United States, due to beneficially owning more than a 10% interest in the voting power of the Issuer, Marco Giovannini would be considered a related party under certain rules and regulations promulgated under the U.S. Securities Act. Marco Giovannini is also a related party, jointly with the other directors and other principal managers of the Group, due to those offices held. See also "*Management*" and "*Principal Shareholders*".

In regard to their respective positions as directors and principal mangers, each has been appointed in those positions and will receive remuneration for their services in such positions, which remuneration will be granted in accordance with the relevant corporate law and governance rules and regulations. See also "*Management*" for further information on the governance of the Group, including the Remuneration Committee.

For historical related party transactions of Guala (prior to the Business Combination), see:

- Note 36 (and other Notes referred to in Note 36) of the unaudited condensed consolidated interim financial statements of Guala as of and for the six months ended June 30, 2018 and June 30, 2017;
- Note 40 (and other Notes referred to in Note 40) of the consolidated financial statements of Guala as of and for the year ended December 31, 2017;
- Note 49 (and other Notes referred to in Note 49) of the consolidated financial statements of Guala as of and for the year ended December 31, 2016; and
- Note 44 (and other Notes referred to in Note 44) of the consolidated financial statements of Guala as of and for the year ended December 31, 2015,

each included elsewhere in this Offering Memorandum.

For historical related party transactions of Space4 (prior to the Business Combination), see:

- Note 16 of the unaudited condensed interim financial statements of Space4 as of and for the six months ended June 30, 2018; and
- Note 16 of the financial statements of Space4 as of and for the year ended December 31, 2017,

each included elsewhere in this Offering Memorandum.

DESCRIPTION OF OTHER INDEBTEDNESS

The following is a summary of the material terms of our principal financing arrangements. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements.

Revolving Credit Facility

The following is a summary of the provisions of the Revolving Credit Facility provided under the revolving facilities agreement entered into with, among others, the Issuer as original borrower and original guarantor, and UniCredit Bank AG, Milan Branch as agent (the "**Agent**") and as security agent (the "**Security Agent**"), originally dated July 20, 2018 (the "**Revolving Facilities Agreement**"). The Issuer is currently and, upon their accession to the Revolving Facilities Agreement, certain of its subsidiaries will become guarantors under the Revolving Facilities Agreement, each guaranteeing, subject to certain limitations, the obligations of the Issuer as borrower and other guarantors.

Overview

The Revolving Credit Facility is available to be used to finance or refinance the general corporate purposes of the Group and the working capital needs of the Group including, without limitation, for financing the payment of any interest payment and fees due in respect of, *inter alia*, the Notes, for making acquisitions (other than the Acquisition) and for capital expenditure purposes (but excluding the prepayment or repurchase of, *inter alia*, the Notes (or any refinancing thereof, respectively)).

Utilization

The Revolving Credit Facility may initially be utilized by the Issuer. Any member of the Group, organized under the laws of Italy, France, the Netherlands, Poland, Spain, United Kingdom or Luxembourg or in another jurisdiction approved by the Agent (acting on the instructions of all the lenders participating in the relevant facility under the Revolving Facilities Agreement), may become an additional borrower of the Revolving Credit Facility.

The Revolving Credit Facility may be utilized in euro, U.S. dollar, pound sterling or in any other readily available currency which has been approved by the lenders of the Revolving Credit Facility and is readily available in the amount required and is freely convertible into euros on the date the Agent receives the relevant utilization request and the utilization date of the Revolving Credit Facility.

Availability Period

The Revolving Credit Facility is currently available and may be utilized from time to time until and including the date which is one month prior to the Termination Date (as defined below).

Additional Facilities

The Issuer may add one or more revolving facilities either as new facilities or tranches under the Revolving Facilities (each an "**Additional Facility**"), subject to certain conditions, including, among others, being able to incur such Additional Facility under clause (1) of the second paragraph of the covenant described under *"Description of the Notes—Certain Covenants—Limitation on Indebtedness*". An Additional Facility will either: (i) rank *pari passu* to the Revolving Credit Facility and any other Additional Facility ranking *pari passu* to the Revolving Credit Facility then existing and benefit from the same guarantees as the Revolving Credit Facility or (ii) be subordinated to the Revolving Credit Facility.

Interest and Fees

Loans under the Revolving Credit Facility initially bear interest at rates per annum equal to EURIBOR or LIBOR, as the case may be, plus a margin of 2.50% per annum. Starting from 31 December 2018, the margin on loans under the Revolving Credit Facility will be subject to a margin ratchet provided that no Event of Default (as such term is defined in the Revolving Facilities Agreement) has occurred and is continuing and certain leverage ratios are met.

A commitment fee is payable on the aggregate undrawn and uncancelled amount of the Revolving Credit Facility for the relevant availability period for the Revolving Credit Facility at a rate of 30% of the applicable margin for the Revolving Credit Facility. The commitment fee will be payable quarterly in

arrears, on the last day of the availability period of the Revolving Credit Facility and on the date the Revolving Credit Facility is cancelled in full or on the date on which a lender cancels its commitment. Default interest will be calculated as an additional 1% on the overdue amount.

The Issuer is also required to pay customary agency fees to the Agent and the Security Agent in connection with the Revolving Facilities Agreement.

Repayments

Loans under the Revolving Credit Facility must be repaid in full on the last day of the interest period relating thereto, subject to a netting mechanism against amounts to be drawn on such date. All outstanding amounts under the Revolving Credit Facility will be repaid on the termination date, being February 1, 2024 (the "**Termination Date**").

Prepayments

The Revolving Facilities Agreement allows for voluntary prepayments of the Revolving Credit Facility, under the condition that, if partial, it occurs for a minimum amount of €1,000,000.00 and integral multiples of €1,000,000.00.

In addition to voluntary prepayments, the Revolving Credit Facility Agreement requires mandatory prepayment (or, as the case may be, an offer to do so) in full or in part in certain circumstances, including:

- with respect to any lender, if it becomes unlawful for such lender to perform any of its obligations under the Revolving Facilities Agreement or to fund or maintain its participation in any loan under the Revolving Facilities Agreement; and/or
- if a lender so requires in respect of that lender's participation in an outstanding loan under the Revolving Credit Facility, upon a Change of Control (as defined in the Revolving Facilities Agreement).

Guarantees

The Issuer (currently provides) and, upon their accession to the Revolving Facilities Agreement, Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures International B.V., Guala Closures New Zealand Limited, Guala Closures UK Limited, Guala Closures do Brasil Ltda. and Guala Closures Ibérica S.A., will provide a guarantee (together, the "**RCF Guarantees**") of all amounts payable to the Agent, the Security Agent and the finance parties under the Revolving Credit Facility.

The Revolving Facilities Agreement requires, subject to certain agreed security principles attached thereto, the Issuer to ensure at all times that the consolidated EBITDA, represented by those members of the Group (i) who are providing an RCF Guarantee or (ii) whose shares or ownership interests are subject to security interests granted to secure the Revolving Credit Facility, is not less than 60% of the consolidated EBITDA of the Group, calculated by excluding the consolidated EBITDA of the subsidiaries incorporated under any excluded jurisdiction (it being Mexico and Colombia), India or China and the consolidated EBITDA of those subsidiaries which, on the basis of the agreed security principles set out in the Revolving Facilities Agreement, are not eligible to provide the RCF Guarantee or in respect of whose shares no security is required to be granted.

Security

The Revolving Facilities Agreement provides for the undertaking of the Issuer to ensure that, within 120 days after (but not including) August 1, 2018, the Revolving Credit Facility is guaranteed and secured by first-ranking security interests granted on an equal and ratable first-priority basis over (i) the entire issued share capital of each of Guala Closures International B.V., Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures New Zealand Limited, Guala Closures UK Limited, (ii) the issued share capital of Guala Closures Ukraine LLC owned by the Group, (iii) the issued share capital of Guala Closures DGS Poland S.A. owned by the Group and (iv) any intercompany loan granted by any Obligor in excess of 12 months and in a principal amount in excess of EUR 10,000,000 (or its equivalent in other currencies) in favor of any company of the Group. No security will be granted over the shares in Guala Closures Ibérica S.A.U. and Guala Closures do Brasil Ltda provided that, security over such shares owned by a member of the Group will be granted (i) on the date Guala Closures Ibérica

S.A.U. or Guala Closures do Brasil Ltda (as applicable) become a borrower under the Revolving Facilities Agreement or (ii) as soon as reasonably practicable and in any event within 30 Business Days (as defined in the Revolving Facilities Agreement) after the date Guala Closures Ibérica S.A.U. or Guala Closures do Brasil Ltda (as applicable) would have been required to accede as a guarantor in order to comply with the maintenance of guarantor coverage affirmative covenant.

The Revolving Facilities Agreement provides for the release of the foregoing security interests and the RCF Guarantees under certain circumstances, including certain permitted disposals, permitted reorganizations and permitted refinancings. Under certain circumstances, it is envisaged that the Security Agent shall effect such the release of such security interests without requiring the consent of the lenders under the Revolving Credit Facility.

Representations and Warranties

The Revolving Facilities Agreement contains certain customary representations and warranties (subject to certain exceptions and qualifications and with certain representations and warranties being repeated), including status, binding obligations, non-conflict with constitutional documents, applicable laws or regulations or other obligations, power and authority, validity and admissibility into evidence, governing law and enforcement of "finance documents" (as such term is defined in the Revolving Facilities Agreement).

Covenants

The Revolving Facilities Agreement contains customary high yield-style incurrence covenants and related definitions consistent with the Notes.

The Revolving Facilities Agreement requires the Issuer to comply with Senior Net Leverage Ratio (it being the ratio of Consolidated Senior Indebtedness of the Group less cash and cash equivalent to consolidated EBITDA adjusted *pro forma*) not to be greater than 6.40:1 (the "**Financial Covenant**"), and whereby non-compliance will result in an event of default. The Financial Covenant will be tested quarterly on a rolling basis, subject to (i) the first testing date falling on September 30, 2019 and (ii) at 5 p.m. Milan time on the relevant testing date, loans under the Revolving Credit Facility (excluding any loan under the Revolving Credit Facility made for the purposes of funding the payment of any financing fees and transaction costs related to the Revolving Credit Facility) being at least 40% drawn.

The Issuer has the right to cure any breach of the Senior Net Leverage Ratio, as described above, by giving notice to the Agent and receiving the proceeds of an equity injection or any loan granted by any direct or indirect shareholders to (at the option of the Issuer) increase Consolidated EBITDA (as defined in the Revolving Facilities Agreement) or reduce Senior Net Debt (as defined in the Revolving Facilities Agreement), provided that such right to cure may not be exercised (i) in respect of more than two consecutive Relevant Periods (it being each period of twelve months ending on each 31 March, 30 June, 30 September and 31 December), and (ii) more than five times during the life of the relevant facility under the Revolving Credit Facility. The notice to the Agent shall be sent and the proceeds shall be received before or during the period commencing on the earlier of (x) the last date for the delivery of the financial statements and the related certificate certifying the compliance with the Senior Net Leverage Ratio and (y) delivery of such financial statements and such certificate in respect of that Relevant Period and ending on the date falling 20 Business Days after such date (the "**Cure Period**"). No default or event of default will occur if during the Cure Period, loans under the Revolving Credit Facility were prepaid or repaid such that the Euro amount of the aggregate loans under the Revolving Facilities Agreement was lower than 40% of the total revolving facility commitments at that time.

Certain of the incurrence covenants under the Revolving Facilities Agreement may be suspended upon the Notes having achieved investment grade status (Baa3/BBB- or better by Moody's Investors Service, Inc. or Standard & Poor's Ratings Group).

The Revolving Facilities Agreement also requires certain members of the Group to observe certain affirmative covenants, including covenants relating to:

- maintenance of authorizations and consents;
- compliance with laws;
- maintenance of *pari passu* ranking of the Revolving Credit Facility;
- maintenance of insurance;

- maintenance of intellectual property;
- maintenance of "guarantor coverage" (see "—Guarantees" above); and
- further assurance with respect to security interests granted in favor of the Revolving Credit Facility.

The Revolving Facilities Agreement also contains information undertakings under which, among other things, the Issuer is required to deliver to the Agent annual financial statements, quarterly financial statements, compliance certificates and annual reports providing for certain further financial information.

Events of Default

The Revolving Facilities Agreement contains events of default, comparable to those of the Notes. In addition, the Revolving Facilities Agreement contains the following events of default:

- breach of the Financial Covenant;
- inaccuracy of a representation or statement when made;
- unlawfulness and/or invalidity of any obligations of any "obligor" (under and as defined in the Revolving Facilities Agreement) under the finance documents or any subordination created under the Intercreditor Agreement;
- unenforceability of the collateral securing the Revolving Credit Facility; and
- repudiation or rescission, of the "Finance Documents" or the "Transaction Security Documents" (both under and as defined in the Revolving Facilities Agreement).

Any acquisitions not prohibited by the Revolving Facilities Agreement, subject to certain conditions, benefits from a 120 day "clean-up" period for any default or event of default in relation to a matter or circumstance existing during such period in respect of such acquisition.

Governing Law

The Revolving Facilities Agreement and any non-contractual obligation arising out of or in connection with it are governed by, and shall be interpreted in accordance with, English law although the incurrence covenants, restrictive covenants, the information undertakings and the events of default corresponding to those relating to the Notes (and included therein), shall be interpreted in accordance with the laws of the State of New York (without prejudice to the fact that the Revolving Facilities Agreement is governed by English law).

Intercreditor Agreement

To establish the relative rights of certain of our creditors under our financing arrangements, the Agent, the Issuer, as debtor, the Security Agent and lenders under the Revolving Credit Facility are, among other, parties to an intercreditor agreement (the "**Intercreditor Agreement**") entered into on 20 July 2018 to which the subsidiaries of the Issuer Guala Closures International B.V., Guala Closures Australia Holdings Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures New Zealand Limited, Guala Closures UK Limited, Guala Closures Ibérica S.A.U. and Guala Closures do Brasil Ltda. will accede as debtors (together the "**Debtors**").

The Trustee, in its capacity as trustee under the Notes, for itself and on behalf of each of the holders of the Notes from time to time, will accede to the Intercreditor Agreement as Senior Secured Notes Trustee (as defined therein) and, pursuant to its accession, the Notes will be designated by the Company as Senior Secured Notes under, and as defined in, the Intercreditor Agreement.

By accepting a Note, the relevant holder thereof shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement and shall be deemed to have authorized the Trustee to enter into the Intercreditor Agreement on its behalf.

The following description is a summary of certain provisions, among others, contained in the Intercreditor Agreement and which relate to the rights and obligations of the holders of the Notes. It does not restate the Intercreditor Agreement in its entirety. As such, you are urged to read the Intercreditor Agreement because it, and not the description that follows, defines certain rights of the holders of the Notes.

Overview

The Intercreditor Agreement sets out, among other things:

- the relative ranking of certain debt of the Issuer and certain of its subsidiaries (together, the "**Group**") in respect of (i) liabilities in respect of the Revolving Credit Facility, (ii) Additional Credit Facility Debt (as defined below), (iii) the Senior Secured Notes Liabilities (as defined below), (iv) Future Pari Passu Debt (as defined below), (v) Super Senior Hedging Liabilities (as defined below), (vi) Pari Passu Hedging Liabilities (as defined below), (vii) Senior Subordinated Debt (as defined below), (viii) Intra-Group Liabilities (as defined below) and (ix) Shareholder Debt Liabilities (as defined below);
- the relative ranking of certain security granted by certain members of the Group;
- when payments can be made in respect of certain indebtedness of the Group;
- when enforcement action (including acceleration and/or demand for payment and certain similar actions) ("**Enforcement Action**") can be taken in respect of certain security granted by certain members of the Group;
- provisions relating to the making of any acceleration or demand for payment in respect of the Notes;
- the terms pursuant to which certain indebtedness will be subordinated upon the occurrence of certain insolvency events;
- the requirement to turnover amounts received from enforcement of certain security and guarantees issued by certain members of the Group;
- when security and guarantee(s) issued by certain members of the Group will be released to permit an enforcement sale;
- the circumstances in which creditors' claims (including the claims of the holders of the Notes against the Issuer) might be required to be transferred to third parties or released to assist in enforcement; and
- the order for applying proceeds from the enforcement of certain security, certain guarantees and other amounts received by the Security Agent.

Incurrence of Additional Indebtedness

The Intercreditor Agreement contains customary provisions regulating certain additional indebtedness permitted to be incurred by members of the Group and which is contemplated to be secured by the documents creating security (the "**Transaction Security**") granted by certain members of the Group (together, the "**Transaction Security Documents**").

Such additional indebtedness may either, with respect to the Transaction Security (and the proceeds thereof): (i) have equivalent rights to the holders of the Notes under the Intercreditor Agreement, in which case it will vote in, and share in the proceeds of, enforcement of the Transaction Security with the same class of creditors as the holders of Notes (such indebtedness, "**Future Pari Passu Debt**" and, the holders of such indebtedness, "**Future Pari Passu Debt Creditors**"); (ii) rank senior to the liabilities in respect of the Notes, in which case it will vote in, and share in the proceeds of, enforcement of the Transaction Security with the lenders under the Revolving Credit Facility (such indebtedness, "**Additional Credit Facility Debt**" and, the lenders of such indebtedness, "**Additional Credit Facility Creditors**"); or (iii) to the extent that it benefits from Transaction Security, rank junior to the liabilities in respect of the Notes, in which case it will share in the proceeds of enforcement of such Transaction Security on a junior basis to the holders of the Notes (such indebtedness, "**Senior Subordinated Debt**", and the holders of such Senior Subordinated Debt, the "**Senior Subordinated Creditors**").

Hedging Transactions

The Intercreditor Agreement contains provisions that permit certain members of the Group to enter into interest rate and/or foreign exchange hedging agreements with certain hedge counterparties, which may also be secured by the Transaction Security.

The hedging agreements may either, with respect to the Transaction Security (and the proceeds thereof): (i) be secured on a senior basis to the liabilities in respect of the Notes, in which case it will vote

in, and share in the proceeds of, enforcement of the Transaction Security with the lenders under the Revolving Credit Facility and the creditors of Additional Credit Facility Debt (such hedging agreements, the "**Super Senior Hedging Agreements**", and, the hedge counterparties in respect thereof, the "**Super Senior Hedging Counterparties**"); or (ii) have equivalent rights to the holders of the Notes under the Intercreditor Agreement, in which case it will vote in, and share in the proceeds of, enforcement of the Transaction Security with the same class of creditors as the holders of Notes of the holders of any Future Pari Passu Debt (such hedging agreements, the "**Pari Passu Hedging Agreements**", and, the hedge counterparties in respect thereof, the "**Pari Passu Hedging Counterparties**" and together with the Super Senior Hedging Counterparties, the "**Hedging Counterparties**").

Intra-Group Debt and Shareholder Debt

Customary subordination provisions are also included in the Intercreditor Agreement in respect of (i) receivables owing from a member of the Group to any direct or indirect shareholder of the Issuer (the "**Shareholder Debt Liabilities**" and, the shareholder creditor in respect of such Shareholder Debt Liabilities, each a "**Shareholder Subordinated Lender**") and (ii) certain intra-Group loans made between certain members of the Group (the "**Intra-Group Liabilities**", and, the lender of such intra-Group loan, an "**Intragroup Lender**"). See "*—Ranking and Priority—Intra Group Liabilities and Shareholder Debt Liabilities*" below.

Security Agent

There is a single security agent (being, as of the Issue Date, the Security Agent) appointed to act at all times on behalf of (i) the lenders under the applicable Revolving Credit Facility (the "**RCF Lenders**"), the Super Senior Hedging Counterparties and Additional Credit Facility Creditors (together, the "**Super Senior Creditors**"), (ii) the holders of the Notes, the Pari Passu Hedging Counterparties and Future Pari Passu Debt Creditors (collectively, the "**Senior Secured Creditors**" and, together with the Super Senior Creditors, the "**Senior Secured Parties**") and (iii) the Senior Subordinated Creditors.

Ranking and Priority

Priority of Indebtedness

The Intercreditor Agreement provides that the liabilities of the Debtors, as the case may be, in respect of the applicable Revolving Credit Facility (the "**RCF Liabilities**"), Additional Credit Facility Debt (the "**Additional Credit Facility Liabilities**"), further to their designation as Senior Secured Notes (under and as defined in the Intercreditor Agreement), the Notes (the "**Senior Secured Notes Liabilities**"), Future Pari Passu Debt (the "**Future Pari Passu Debt Liabilities**"), Senior Subordinated Debt (the "**Senior Subordinated Debt Liabilities**"), the amounts owing to the Super Senior Hedging Counterparties under the Super Senior Hedging Agreements (the "**Super Senior Hedging Liabilities**" and, together with the RCF Liabilities and the Additional Credit Facility Liabilities, the "**Super Senior Liabilities**"), the amounts owing to the Pari Passu Hedging Counterparties under the Pari Passu Hedging Agreements (the "**Pari Passu Hedging Liabilities**" and, together with the RCF Liabilities, the Additional Credit Facility Liabilities, the Senior Secured Notes Liabilities, the Future Pari Passu Debt Liabilities and the Super Senior Hedging Liabilities, the "**Senior Secured Liabilities**"), further to its accession to the Intercreditor Agreement, certain fees, costs and expenses owing to the Trustee (the "**Senior Secured Notes Trustee Amounts**") and any other trustee in respect of Senior Subordinated Debt issued in the form of notes (the "**Senior Notes Trustee Amounts**" and, together with the Senior Secured Notes Trustee Amounts, the "**Notes Trustee Amounts**"), the Intra-Group Liabilities and the Shareholder Debt Liabilities, respectively, rank in the following order:

- *first*, the RCF Liabilities, the Additional Credit Facility Liabilities, the Super Senior Hedging Liabilities, the Senior Secured Notes Liabilities, the Pari Passu Hedging Liabilities, the Future Pari Passu Debt Liabilities and the Notes Trustee Amounts *pari passu* and without any preference between them;
- *second*, the Senior Subordinated Debt Liabilities *pari passu* between themselves and without any preference between them;
- *third*, the Intra-Group Liabilities *pari passu* between themselves and without any preference between them; and
- *fourth*, the Shareholder Debt Liabilities *pari passu* between themselves and without any preference between them.

Priority of Transaction Security

The Intercreditor Agreement provides that the Transaction Security created pursuant to the Transaction Security Documents shall rank and secure the following liabilities in the following order (but only, in each case, to the extent that such Transaction Security is expressed to secure those liabilities):

- *first*, the RCF Liabilities, the Additional Credit Facility Liabilities, the Super Senior Hedging Liabilities, the Senior Secured Notes Liabilities, the Pari Passu Hedging Liabilities and the Future Pari Passu Debt Liabilities *pari passu* and without any preference between them;
- *second*, the Senior Subordinated Debt Liabilities *pari passu* between themselves and without any preference between them.

The proceeds from the enforcement of the Transaction Security are to be applied as described below under the caption "*—Waterfall—Transaction Security*".

Intra-Group Liabilities and Shareholder Debt Liabilities

The Intercreditor Agreement provides that the Intra-Group Liabilities and the Shareholder Debt Liabilities are postponed and subordinated to the liabilities owed by the Debtors to the Super Senior Creditors, the Senior Secured Creditors and the Senior Subordinated Creditors (collectively, the "**Primary Creditors**").

Restrictions on Payments

Super Senior Creditors and Senior Secured Creditors

The Intercreditor Agreement provides that the Debtors may make payments in respect of the RCF Liabilities, the Additional Credit Facility Liabilities, the Senior Secured Notes Liabilities and the Future Pari Passu Debt Liabilities, respectively, at any time in accordance with their respective terms.

Senior Subordinated Creditors

Prior to the date on which the RCF Liabilities, the Super Senior Hedging Liabilities, the Additional Credit Facility Liabilities, the Pari Passu Hedging Liabilities, the Senior Secured Notes Liabilities and the Future Pari Passu Debt Liabilities have been discharged (such liabilities, together, the "**Senior Secured Debt**" and, the date of discharge of the Senior Secured Debt liabilities, the "**Senior Secured Debt Discharge Date**"), the Debtors may not make payments to the Senior Subordinated Creditors in respect of the Senior Subordinated Debt Liabilities without the consent of the Majority Super Senior Creditors (as defined below) and Majority Senior Secured Creditors (as defined below), except for the following:

(1) if:

(a) the payment is of:

(i) any of the principal or interest (including capitalized interest and default interest) amount of the Senior Subordinated Debt Liabilities which is either (A) not prohibited from being paid by the Revolving Facilities Agreement and/or any Additional Credit Facility Debt finance agreement (together, the "Credit Facility Agreements"), the Indenture or any Future Pari Passu Debt finance agreement or (B) is paid on or after the final maturity date of the Senior Subordinated Debt Liabilities (provided that such maturity date is no earlier than that contained in the relevant Senior Subordinated Debt finance documents as of the first date of incurrence of any Senior Subordinated Debt); or

(ii) any other amount in respect of Senior Subordinated Debt Liabilities which is not an amount of principal or capitalized interest and default interest on the Senior Subordinated Debt Liabilities accrued due and payable in cash in accordance with the terms of the relevant Senior Subordinated Debt finance documents, additional amounts payable as a result of the tax gross up provisions relating to the Senior Subordinated Debt Liabilities and amounts in respect of currency indemnities in the relevant Senior Subordinated Debt finance documents;

(b) no notice delivered pursuant to the terms of the Intercreditor Agreement blocking payments in respect of the Senior Subordinated Debt Liabilities (a "**Senior Subordinated Debt Payment Blockage Notice**") is outstanding; and

(c) no payment default under the Credit Facility Agreements is continuing, no payment default of €100,000 or more in respect of the Senior Secured Notes Liabilities is continuing and/or no payment default of €100,000 or more in respect of the Future Pari Passu Debt Liabilities is continuing (a "**Senior Secured Debt Payment Default**");

(2) if the Majority Super Senior Creditors and the Majority Senior Secured Creditors give prior consent to that payment being made;

(3) if permitted pursuant to paragraph (ii) described below under the caption *"—Cure of Payment Block—Senior Subordinated Creditors"*, in the circumstances contemplated in paragraph (i) described below under the caption *"—Cure of Payment Block—Senior Subordinated Creditors"*;

(4) costs, commissions, taxes, consent fees and expenses incurred in respect of (or reasonably incidental to) the Senior Subordinated Debt finance documents;

(5) costs, commissions, taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any refinancing of the Senior Subordinated Debt in compliance with the Intercreditor Agreement, the Revolving Facilities Agreement, any Additional Credit Facility Debt finance agreement, the Senior Secured Notes Indenture and any Future Pari Passu Debt finance agreement;

(6) in respect of any Senior Subordinated Debt issued in the form of notes, certain customary costs and expenses payable to the creditor representative for such Senior Subordinated Debt;

(7) of any consent fee payment (and any indemnities and fees under any consent solicitation agent documentation) in connection with the amendment of Senior Subordinated Debt finance documents which is reasonable and customary for that type of amendment (as determined in good faith by the Issuer);

(8) of amounts in connection with any purchases, repurchases or redemptions of, or similar transactions in respect of, all or a portion of Senior Subordinated Debt permitted under the Credit Facility Agreements, the Senior Secured Notes Indenture and any Future Pari Passu Debt finance agreement; or

(9) of any other amount not exceeding €2,000,000 (or its equivalent) in aggregate in any twelve (12) month period.

On or after the Senior Secured Debt Discharge Date, the Debtors may make payments to the Senior Subordinated Creditors in respect of the Senior Subordinated Debt Liabilities in accordance with the Senior Subordinated Debt finance documents.

Payment Block—Senior Subordinated Debt

Prior to the Senior Secured Debt Discharge Date, if a Senior Secured Debt Payment Default has occurred and is continuing, all payments in respect of the Senior Subordinated Debt Liabilities (other than with the consent of the Majority Super Senior Creditors and the Majority Senior Secured Creditors or other certain very limited exceptions) are suspended.

Prior to the Senior Secured Debt Discharge Date, if an event of default (other than a Senior Secured Debt Payment Default) under the Senior Secured Debt finance documents (a "**Senior Default**") has occurred and is continuing and the creditor representative of the Senior Subordinated Creditors (the "**Senior Subordinated Debt Representative**") has received a Senior Subordinated Debt Payment Blockage Notice from either the Agent, the Trustee or the creditor representative for any Additional Credit Facility Debt or any Future Pari Passu Debt (as the case may be) (the "**Relevant Representative**") within 60 days of the date such Relevant Representative receives notice of the occurrence of such Senior Default, confirming that it is a Senior Default and specifying the relevant Senior Default, all payments in respect of the Senior Subordinated Debt Liabilities (other than those consented to by the Majority Super Senior Creditors and Majority Senior Secured Creditors and certain specified exceptions) are suspended until the earliest of:

(i) the date on which there is a waiver, remedy or cure of such Senior Default;

(ii) the date on which the Senior Default occurs for failure to pay principal at the original scheduled maturity of the Senior Subordinated Debt;

(iii) 179 days after the receipt by the Senior Subordinated Debt Representative of the Senior Subordinated Debt Payment Blockage Notice;

(iv) if a Senior Subordinated Debt Standstill Period (as defined below) is in effect at any time after delivery of the Senior Subordinated Debt Payment Blockage Notice, the date on which the Senior Subordinated Debt Standstill Period expires;

(v) the date on which the relevant Senior Default is no longer continuing and, if the relevant Senior Secured Liabilities have been accelerated, such acceleration has been rescinded (and if such acceleration consisted solely of declaring the relevant debt payable on demand such rescission can be effected by the relevant majority creditors in respect of the relevant debt);

(vi) the date on which the Relevant Representative which issued the Senior Subordinated Debt Payment Blockage Notice (and, if at such time Senior Default is continuing (other than in respect of the debt in respect of which the notice was given), the Relevant Representative in respect of that other debt) notify/ies the Issuer, the Security Agent and the Senior Subordinated Debt Representative that the Senior Subordinated Debt Payment Blockage Notice is cancelled;

(vii) the Senior Secured Debt Discharge Date; and

(viii) the date on which the Security Agent or Senior Subordinated Debt Representative takes any Enforcement Action against a member of the Group which it is permitted to take in accordance with the Intercreditor Agreement.

Unless the Senior Subordinated Debt Representative waives this requirement: (i) no Senior Subordinated Debt Payment Blockage Notice may be served by a Relevant Representative unless 360 days have elapsed since the immediately prior Senior Subordinated Debt Payment Blockage Notice; and (ii) no Senior Subordinated Debt Payment Blockage Notice may be served in respect of a Senior Default more than 60 days after the date that the Relevant Representative received notice of that Senior Default.

The Relevant Representative may only serve one Senior Subordinated Debt Payment Blockage Notice with respect to the same event or set of circumstances. Subject to the immediately preceding paragraph, this shall not affect the right of the Relevant Representatives to issue a Senior Subordinated Debt Payment Blockage Notice in respect of any other event or set of circumstances.

No Senior Subordinated Debt Payment Blockage Notice may be served by a Relevant Representative in respect of a Senior Default which had been notified to each of them at the time at which an earlier Senior Subordinated Debt Payment Blockage Notice was issued.

Cure of Payment Block—Senior Subordinated Creditors

If:

(i) at any time following the issue of a Senior Subordinated Debt Payment Blockage Notice or the occurrence of a Senior Secured Debt Payment Default, that Senior Subordinated Debt Payment Blockage Notice ceases to be outstanding and/or (as the case may be) the Senior Secured Debt Payment Default ceases to be continuing; and

(ii) the relevant Debtor then promptly pays to the Senior Subordinated Creditors an amount equal to any payments which had accrued under any Senior Subordinated Debt finance documents and which would have been payments that it would have otherwise been entitled to make but for that Senior Subordinated Debt Payment Blockage Notice or Senior Secured Debt Payment Default,

then any event of default which may have occurred as a result of that suspension of payments shall be waived and any Senior Subordinated Debt Enforcement Notice (as defined below) which may have been issued as a result of that event of default shall be waived, in each case without any further action being required on the part of the Senior Subordinated Creditors.

Enforcement Action

Permitted enforcement by Senior Subordinated Creditors

Prior to the Senior Secured Debt Discharge Date, neither the Senior Subordinated Debt Representative nor the Senior Subordinated Creditors may take Enforcement Action with respect to the Senior Subordinated Debt Liabilities (if any) or direct the Security Agent to enforce or otherwise require the enforcement of any relevant Transaction Security Document without the prior consent of or as required by an Instructing Group (as defined below), except if:

(1) an event of default has occurred under the Senior Subordinated Debt (a "**Senior Subordinated Debt Event of Default**") resulting from a failure to pay the principal amount of the Senior Subordinated Debt Liabilities at final maturity; or

(2): (a) a Senior Subordinated Debt Event of Default is continuing (the "**Relevant Senior Subordinated Debt Event of Default**");

(b) the Agent, the Trustee and the other creditor representatives of any Future Pari Passu Debt and Additional Credit Facility Debt have received notice of the Relevant Senior Subordinated Debt Event of Default specifying the event or circumstances in relation to the Relevant Senior Debt Event of Default from the Senior Subordinated Debt Representative;

(c) a Senior Subordinated Debt Standstill Period (as defined below) has expired; and

(d) the Relevant Senior Subordinated Debt Event of Default is continuing at the end of the Senior Subordinated Debt Standstill Period,

provided that in the case of paragraph (2) above only, no such enforcement action may be taken if the Security Agent is acting in accordance with the instructions of an Instructing Group to take steps for enforcement and such action might reasonably be likely to adversely affect such enforcement.

Standstill on enforcement by Senior Subordinated Creditors

A "**Senior Subordinated Debt Standstill Period**" means the period starting on the date that the Senior Subordinated Debt Representative serves an enforcement notice on the Agent, the Trustee and the other creditor representatives of any Future Pari Passu Debt and Additional Credit Facility Debt in respect of a Relevant Senior Subordinated Debt Event of Default and ending on the earliest to occur of:

(a) 179 days after such date;

(b) the date on which the Senior Secured Parties take any Enforcement Action (including the enforcement of any Transaction Security permitted to be enforced under the terms of the Intercreditor Agreement), *provided* that the Senior Subordinated Debt Representative and Senior Subordinated Creditors may only take the same Enforcement Action against the same entity as is taken by the Senior Secured Parties and may not take any other action against any other member of the Group (unless taken to preserve or protects as opposed to realize such Transaction Security);

(c) the date on which an insolvency event occurs in respect of a Debtor of the Senior Subordinated Debt against whom Enforcement Action is to be taken (other than as a result of any action taken by any Senior Subordinated Creditors);

(d) the date on which a default under the Senior Subordinated Debt occurs for failure to pay principal at the final stated maturity of the Senior Subordinated Debt;

(e) the expiration of any other Senior Subordinated Debt Standstill Period which was outstanding at the date that the current Senior Subordinated Debt Standstill Period commenced (other than as a result of a cure, waiver or other permitted remedy thereof); and

(f) the date on which the Agent, the Trustee and the other creditor representatives of any Future Pari Passu Debt give their consent to the termination of the relevant Senior Subordinated Debt Standstill Period.

Enforcement of Transaction Security

Enforcement Instructions

The Intercreditor Agreement provides that the Security Agent may refrain from enforcing the security unless instructed otherwise by (i) an Instructing Group, or (ii) if required as set out under the third paragraph of this section, the Majority Senior Subordinated Creditors (as defined below).

Subject to the Transaction Security having become enforceable in accordance with its terms (i) an Instructing Group or (ii) to the extent permitted to enforce or to require the enforcement of the Shared Transaction Security (as defined below) prior to the Senior Secured Debt Discharge Date as described above under the caption "*—Enforcement Action—Permitted enforcement by Senior Subordinated Creditors*", the relevant representative under any Senior Subordinated Debt finance documents, acting on the instructions of the Majority Senior Subordinated Creditors, may give or refrain from giving, instructions to the Security Agent to enforce, or refrain from enforcing, the Transaction Security, or in case of paragraph (ii) above the Shared Transaction Security, as they see fit, provided that any instructions given by the Senior Subordinated Creditors are consistent with the security enforcement principles set forth below under the caption "*—Security Enforcement Principles*".

Prior to the Senior Secured Debt Discharge Date, (i) if an Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the Shared Transaction Security or (ii) in the absence of instructions from an Instructing Group in relation to the Shared Transaction Security, and, in each case, an Instructing Group has not required any Debtor to make a distressed disposal, the Security Agent shall give effect to any instructions to enforce the Transaction Security which the relevant representative under any Senior Subordinated Debt finance documents, acting on the instructions of the Majority Senior Subordinated Creditors are then entitled to give to the Security Agent as described above under the caption "*—Enforcement Action—Permitted enforcement by Senior Subordinated Creditors*".

The "**Shared Transaction Security**" means any Transaction Security which, at the election of the Issuer, is to secure all or any part of the Senior Secured Notes Liabilities and the Senior Subordinated Debt Liabilities.

Composition of the enforcing creditor groups

An "**Instructing Group**", in relation to any instructions with respect to enforcement, shall comprise:

(a) prior to the first date on which all the RCF Liabilities and the Additional Credit Facility Liabilities have been discharged (such date, the "**Credit Facility Discharge Date**"):

  (i) the "**Majority Super Senior Creditors**", comprising, generally, RCF Lenders, Additional Credit Facility Creditors and Super Senior Hedging Counterparties whose credit participations, together, represent more than $66^2/_3$% of the aggregate credit participations of all RCF Lenders, Additional Credit Facility Creditors and Super Senior Hedging Counterparties; and

  (ii) the "**Majority Senior Secured Creditors**", comprising, generally, the holders of the Notes, the Future Pari Passu Debt Creditors and the Pari Passu Hedging Counterparties whose credit participations, together, represent more than 50% of the aggregate credit participations of all holders of the Notes, Future Pari Passu Debt Creditors and Pari Passu Hedging Counterparties

provided that,

  (A) if:

    (1) the Super Senior Liabilities have not been repaid in full in cash within six months of the end of the Consultation Period (as defined below);

    (2) the Security Agent has not commenced any enforcement (or any transaction in lieu) or other Enforcement Action within three months of the end of the Consultation Period (as defined below); or

    (3) at any time (whether before or after the end of a Consultation Period) an insolvency event has occurred with respect to a Relevant Company (as defined below) and the Security Agent has not commenced any enforcement (or any transaction in lieu) or other Enforcement Action at that time with respect to such Relevant Company,

then the Security Agent shall thereafter follow any instructions that are subsequently given by the Majority Super Senior Creditors (in each case provided the same are Qualifying Instructions (as defined below)) to the exclusion of those given by the Majority Senior Secured Creditors (to the extent conflicting with any instructions previously given by the Majority Senior Secured Creditors);

(B) subject to sub-paragraph (A), if, at the end of the Consultation Period, the Security Agent has received conflicting instructions then, in relation to such enforcement, Instructing Group shall mean the Majority Senior Secured Creditors *provided that* such instructions from the Majority Senior Secured Creditors are Qualifying Instructions.

(b) on or after the Credit Facility Discharge Date but prior to the Senior Secured Debt Discharge Date, the Majority Senior Secured Creditors; and,

(c) on or after the Senior Secured Debt Discharge Date but prior to the date of discharge of the Senior Subordinated Debt Liabilities (such date, the "**Senior Subordinated Debt Discharge Date**"), and subject to the restrictions on the enforcement of Transaction Security prior to the Senior Secured Debt Discharge Date as described above under the caption *"—Enforcement Action—Permitted enforcement by Senior Subordinated Creditors"*, the Majority Senior Subordinated Creditors.

The "**Majority Senior Subordinated Creditors**" means, at any time, those Senior Subordinated Creditors whose credit participations at that time aggregate more than 50% of the aggregate credit participations of all Senior Subordinated Creditors.

Consultation

Prior to giving any instructions to the Security Agent to commence enforcement of all or part of the Transaction Security, the creditor representative(s) of the creditors of the group represented in the Instructing Group concerned shall first notify the Security Agent and the creditor representative for each of the other Super Senior Creditors and Senior Secured Creditors that the applicable Transaction Security has become enforceable.

As soon as reasonably practicable after receipt of such a notice instructing the Security Agent to solicit instructions with respect to (i) the enforcement of Transaction Security or (ii) the taking of any other Enforcement Action by the Majority Super Senior Creditors and/or the Majority Senior Secured Creditors, the Security Agent shall distribute such notice to the relevant addressees promptly upon receipt, following which, the creditor representative acting on the instructions of the Majority Super Senior Creditors, the Trustee and the representative of the Future Pari Passu Debt Creditors will consult in good faith with each other and the Security Agent for a period of 10 Business Days from the date such notice is received by such persons (or such shorter period as the relevant parties may agree) (the "**Consultation Period**") with a view to coordinating the instructions to be given by an Instructing Group and agreeing an enforcement strategy.

No such consultation shall be required (and an Instructing Group shall be entitled to give any instructions to the Security Agent to enforce the Transaction Security or take any other Enforcement Action, in each case, provided such instructions comply with the security enforcement principles set forth below under the caption "*—Security Enforcement Principles*" ("**Qualifying Instructions**")), where:

(a) any of the Transaction Security has become enforceable as a result of an insolvency event affecting the Parent, the Issuer, any Debtor (which owed liabilities to any Primary Creditor or the Issuer) a borrower or a guarantor or any subsidiary that is a "Significant Subsidiary" or "Material Company" or a group of subsidiaries that combined would constitute a "Significant Subsidiary" under and as defined in the Revolving Facilities Agreement (each a "**Relevant Company**"); or,

(b) subject to no instructions being given by an Instructing Group in the circumstances referred to in paragraph (A)(3) of the definition of "Instruction Group" set out above, the Majority Super Senior Creditors and/or the Majority Senior Secured Creditors determine in good faith (and notifies each other creditor representative of the other Super Senior Creditors, Senior Secured Creditors and the Security Agent), that to enter into such consultations and thereby delay the commencement of enforcement of the Transaction Security could reasonably be expected to reduce the amount likely to be realized to a level such that (following application thereof in accordance with the payment waterfall described below under the caption "*—Waterfall—*

Transaction Security") the Super Senior Liabilities would not be discharged in full, in which case, any instructions will be limited to those necessary to protect or preserve the interests of the Senior Secured Creditors or, as the case may be, the Super Senior Creditors on behalf of which the relevant Instructing Group is acting and the Security Agent shall act in accordance with the instructions first received.

If following the Consultation Period, the Majority Super Senior Creditors and/or the Majority Senior Secured Creditors have agreed on an enforcement strategy, the Security Agent shall be instructed to implement the same.

Subject to the provisions contained in paragraph (A) of the definition of "Instructing Group" set out above, in the event that conflicting instructions (and for these purposes, the failure to give an instruction (or proposed instructions) as to enforcement shall be deemed to be a conflicting instruction) are received from an Instructing Group as at the end of or following the Consultation Period, the Security Agent shall enforce the Transaction Security and/or refrain from enforcing the Transaction Security and/or take the relevant other Enforcement Action in accordance with the instructions provided by the Majority Senior Secured Creditors, in each case provided such instructions are Qualifying Instructions and the terms of all instructions received by the Majority Super Senior Creditors during the Consultation Period will be deemed to be revoked.

If the Majority Super Senior Creditors or the Majority Senior Secured Creditors (acting reasonably) consider that the Security Agent is enforcing the Transaction Security in a manner which is not consistent with the Security Enforcement Principles, subject to paragraphs (a) and (b) of the third paragraph above, the creditor representatives for the relevant Super Senior Creditors or the Senior Secured Creditors shall give notice to the creditor representatives for the other Super Senior Creditors and the Senior Secured Notes and Future Pari Passu Creditors (as appropriate) after which the creditor representatives for the other Super Senior Creditors and the Senior Secured Notes and the Future Pari Passu Creditors shall consult with the Security Agent for a period of 10 business days (or such lesser period as the relevant creditor representatives may agree) with a view to agreeing the manner of enforcement provided that such creditor representative shall not be obliged to consult more than once in relation to each Enforcement Action.

Security Enforcement Principles

The Intercreditor Agreement provides that enforcement of the Transaction Security must be conducted in accordance with the "**Security Enforcement Principles**", which principles include the following:

(a) It shall be the primary and over-riding aim of any enforcement of the Transaction Security to achieve the "**Security Enforcement Objective**" (being, maximizing, so far as is consistent with a prompt and expeditious realization of value from enforcement of the Transaction Security, and in a manner consistent with the provisions of the Intercreditor Agreement, the recovery of the Super Senior Creditors, the Senior Secured Creditors and the Senior Subordinated Creditors (but only to the extent the relevant Senior Subordinated Debt is to benefit from the Shared Transaction Security));

(b) Without prejudice to the Security Enforcement Objective, the Transaction Security will be enforced such that either:

   (i) all proceeds of Enforcement are received by the Security Agent in cash (or substantially all cash) for distribution in accordance with the payment waterfall described below under the caption "*—Waterfall—Transaction Security*"; or,

   (ii) sufficient proceeds from Enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the payment waterfall described below under the caption "*—Waterfall—Transaction Security*", the Super Senior Liabilities are repaid and discharged in full (unless the Majority Super Senior Creditors agree otherwise);

(c) On:

   (iii) a proposed enforcement of any of the Transaction Security over assets other than shares in a member of the Group, where the aggregate book value of such assets exceeds €5.0 million (or its equivalent); or,

(iv) a proposed enforcement of any of the Transaction Security over some or all of the shares in a member of the Group over which Transaction Security exists,

the Security Agent shall (unless such enforcement is made pursuant to (x) a public or private auction or other competitive sale process in which more than one bidder participates or is invited to participate (including any person invited that is a Primary Creditor at the time of such invitation) which may or may not be conducted through court or other legal proceedings and conducted with the advice of a reputable independent internationally recognized investment bank or international accounting firm or other independent reputable, third-party professional firm which is regularly engaged in providing valuations of businesses or assets similar or comparable to those charged under the Transaction Security to be enforced (a "**Financial Advisor**") (a "**Competitive Process**"), or (y) a process supervised by a court of law which makes a determination as to value, obtain an opinion of a Financial Advisor to opine (the "Financial Advisor's Opinion") as expert:

(x) on the optimal method of enforcing the Transaction Security so as to achieve the Security Enforcement Objective and maximize the recovery from any such Enforcement Action;

(y) that the proceeds received from any such enforcement is fair from a financial point of view after taking into account all relevant circumstances; and,

(z) that such sale is otherwise in accordance with the Security Enforcement Objective.

(d) The Security Agent shall be under no obligation to appoint a Financial Advisor or to seek the advice of a Financial Advisor, unless expressly required to do so by the Intercreditor Agreement.

The Financial Advisor's Opinion (or any equivalent opinion obtained by the Security Agent in relation to any other enforcement of the Transaction Security that such action is fair from a financial point of view after taking into account all relevant circumstances) will be conclusive evidence that the Security Enforcement Objective has been met.

The Security Enforcement Principles may be amended, varied or waived with the prior written consent of the Majority Super Senior Creditors and the Majority Senior Secured Creditors.

Manner of Enforcement

If the Transaction Security is being enforced as set forth above under the caption "*—Enforcement Instructions*," the Security Agent shall enforce the security in such manner (including, without limitation, the selection of any administrator, examiner or equivalent officer of any Debtor to be appointed by the Security Agent) as:

- an Instructing Group; or,
- prior to the Senior Secured Debt Discharge Date, in relation to the Shared Transaction Security, if (i) the Security Agent has, pursuant to the third paragraph under the caption "*—Enforcement of Security*" above, given effect to instructions given by the Majority Senior Subordinated Creditors to enforce the Shared Transaction Security, and (ii) an Instructing Group has not given instructions as to the manner of enforcement of the Shared Transaction Security the Majority Senior Subordinated Creditors),

shall instruct provided any such instructions are consistent with the Security Enforcement Principles.

Turnover

The Intercreditor Agreement also provides that, subject to certain exceptions, if any Primary Creditor receives or recovers the proceeds of any enforcement of any Transaction Security other than as set out below under the caption "*—Waterfall—Transaction Security*", it shall:

- in relation to receipts or recoveries not received or recovered by way of set-off: (i) hold that amount on trust for the Security Agent and promptly pay that amount or an amount equal to that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement, and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that receipt or recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Waterfall

Transaction Security

All amounts received or recovered by the Security Agent in connection with the realization or enforcement of all or any part of the Transaction Security (and, in relation to the Senior Secured Creditors and the Senior Subordinated Creditors only, the realization or enforcement of all or any part of the Shared Transaction Security) or otherwise paid to the Security Agent for application in accordance with the following "payment waterfall" shall, subject to certain exceptions, be paid in the following order of priority:

(i) *first*, in payment of the following amounts in the following order (x) *pari passu* and *pro rata*, of any Notes Trustee Amounts and sums owing to the Security Agent and any receiver or any delegate thereof, then (y) *pari passu* and *pro rata* to each other creditor representative of the Primary Creditors (to the extent not included in sub-paragraph (x) above and excluding any Hedging Counterparty as its own creditor representative), respectively, in respect of their costs and expenses;

(ii) *second*, *pari passu* and *pro rata*, in or towards payment of all costs and expenses incurred by the Super Senior Creditors in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;

(iii) *third*, *pari passu* and *pro rata*, in or towards payment to:

(a) each creditor representative in respect of the Revolving Credit Facility and Additional Credit Facility Debt on its own behalf and on behalf of the arrangers and lenders thereunder; and

(b) the Super Senior Hedging Counterparties,

for application towards the discharge of (I) creditor representative liabilities in respect of the Revolving Credit Facility and Additional Credit Facility Debt, the liabilities of the RCF Lenders and the Additional Credit Facility Creditors and the related liabilities of the arrangers in respect thereof and (II) the Super Senior Hedging Liabilities, on a *pro rata* basis as between the foregoing clauses (I) and (II);

(iv) *fourth*, *pari passu* and *pro rata*, in or towards payment to the Senior Secured Notes Trustee (including the Trustee) on behalf of the holders of the Senior Secured Notes (including the holders of the Notes) and the relevant creditor representative(s) on behalf of the Future Pari Passu Debt Creditors it represents, respectively, for application towards any unpaid costs and expenses incurred by or on behalf of any holders of the Notes and Future Pari Passu Debt Creditors, in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;

(v) *fifth*, in or towards payment to:

(a) the Senior Secured Notes Trustee (including the Trustee) on behalf of the holders of the Senior Secured Notes (including the Notes);

(b) the relevant creditor representative(s) on behalf of the Future Pari Passu Debt Creditors it represents; and

(c) the Pari Passu Hedging Counterparties;

for application towards the discharge of, respectively (I) the Senior Secured Notes Liabilities, (II) the Future Pari Passu Debt Liabilities and (III) the Pari Passu Hedging Liabilities, on a *pari passu* and *pro rata* basis as between the foregoing clauses (I), (II) and (III);

(vi) *sixth*, *pari passu* and *pro rata* in or towards payment to each Senior Subordinated Debt Representative on behalf of the Senior Subordinated Creditors it represents for application towards any unpaid costs and expenses incurred by or on behalf of any Senior Subordinated

Creditors in connection with any realization or enforcement of the Shared Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;

(vii) *seventh*, *pari passu* and *pro rata*, to each Senior Subordinated Debt Representative on behalf of the Senior Subordinated Creditors it represents for application towards the discharge of the Senior Subordinated Debt Liabilities on a *pari passu* and *pro rata* basis; and

(viii) *eighth*, after the date of discharge of the liabilities of all of the Primary Creditors, in payment of the surplus (if any) to the relevant Debtor or such other person as may be entitled thereto.

Equalization

The Intercreditor Agreement contains loss sharing provisions in respect of the Super Senior Liabilities in connection with certain Enforcement Actions.

Disposals

Non-distressed disposals

In circumstances where a disposal of an asset or certain other specified transactions (including, mergers, reorganizations and other transactions) are not being effected pursuant to acceleration of secured debt or enforcement of Transaction Security (such event, a "**Distress Event**", and such disposal effected pursuant to a Distress Event being a "**Distressed Disposal**") and the Issuer certifies for the benefit of the Security Agent that it is not a Distressed Disposal and it is permitted by the terms of the Credit Facility Agreements, the Indenture and any Future Pari Passu Debt finance agreement, respectively, the Intercreditor Agreement provides that the Security Agent shall be authorized and instructed (i) to release the Transaction Security (and in connection with such release, execute any related documents), (ii) if the relevant asset being disposed of consists of shares in the capital of an Debtor, to release the Transaction Security or any other claim in respect of the liabilities secured by the Transaction Security over the assets of that Debtor and the shares in and assets of any of its subsidiaries, (iii) to execute and deliver or enter into any release of the Transaction Security or any claim described in paragraphs (i) and (ii) above and issue any certificates of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable, and (iv) to take any other action on behalf of the relevant secured creditor in connection with such disposal that is permitted under the finance documents constituting the relevant secured debt.

Distressed Disposals

Where a Distressed Disposal of an asset is being effected, the Intercreditor Agreement provides (among other things) that the Security Agent is irrevocably authorized:

(a) to release the Transaction Security, or any other claim over the relevant asset and execute and deliver or enter into any release of that Transaction Security or claim and issue any letter of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable;

(b) if the asset which is disposed of consists of shares in the capital of a Debtor, to release (x) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing and guarantee liabilities to the Super Senior Creditors, Senior Secured Creditors, Senior Subordinated Creditors, Intragroup Lenders and Shareholder Subordinated Lenders (together, the "**Primary Liabilities**") or other liabilities it may have to Shareholder Subordinated Lenders, Intragroup Lenders or Debtors (together, the "**Other Liabilities**"), (y) any Transaction Security granted by that Debtor or any subsidiary of that Debtor over any of its assets, and (z) any other claim of a Shareholder Subordinated Lender, Intragroup Lender, or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor;

(c) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release: (x) that holding company and any subsidiary of that holding company from all or any part of its Primary Liabilities and Other Liabilities, (y) any Transaction Security granted by any subsidiary of that holding company over any of its assets, and (z) any other claim of a Shareholder Subordinated Lender, Intragroup Lender or another Debtor over the assets of any subsidiary of that holding company; and

(d) if the asset which is disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor, to provide for (1) the transfer of liabilities to another Debtor and/or (2) at the discretion of the Security Agent (provided that it is acting in accordance with the Security Enforcement Principles) the disposal, to third parties, of creditor's claims against that Debtor or holding company (which may include claims against the Issuer).

If before the Senior Subordinated Debt Discharge Date, a Distressed Disposal is being effected such that the any guarantees of Senior Subordinated Debt, Senior Subordinated Debt Liabilities or any Shared Transaction Security over assets of a Debtor of Senior Subordinated Debt will be released, it is a further condition to the release that either:

(i) the Senior Subordinated Debt Representative has approved the release on the instructions of the requisite Senior Subordinated Debt Creditors (as determined under the relevant Senior Subordinated Debt finance documents or, if not addressed thereunder, with the approval of at least a majority of such Senior Subordinated Debt); or,

(ii) each of the following conditions are satisfied:

(A) the proceeds of such sale or disposal are in cash (or substantially in cash);

(B) all present or future obligations owed to the relevant secured parties under the Senior Secured Debt finance documents by a member of the Group all of whose shares pledged under the Shared Transaction Security are sold or disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and such obligations are not assumed by the purchaser or one of its affiliates), and Shared Transaction Security in respect of the assets that are sold or disposed of is simultaneously and unconditionally released concurrently with such sale; and

(C) such sale or disposal (including any sale or disposal of any claim) is made:

(I) pursuant to a Competitive Process in which the Senior Creditors shall be entitled to participate as bidder or financier to the potential purchaser and shall be provided equal information rights as any other bidder, subject to applicable securities law (and for the avoidance of doubt in which the Senior Secured Creditors or a representative acting on their behalf are also entitled to participate);

(II) pursuant to any process or proceedings approved or supervised by or on behalf of any court of law which has jurisdiction and where there is a determination of value by or on behalf of such court; or

(III) where a Financial Advisor has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view taking into account all relevant circumstances including the method of enforcement and the circumstances giving rise to such sale, *provided* that the liability of such Financial Advisor in giving such opinion may be limited to the amount of its fees in respect of such engagement.

The net proceeds of a Distressed Disposal (and the net proceeds of any disposal of liabilities) shall be paid to the Security Agent (as the case may be) for application in accordance with the provisions set forth under "—*Waterfall*" above as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of liabilities has occurred, as if the disposal of liabilities had not occurred.

Required Consents

The Intercreditor Agreement provides that, subject to certain exceptions, its terms may be amended or waived only with the consent of the Majority Super Senior Creditors, the Majority Senior Secured Creditors (excluding any Pari Passu Hedging Counterparties), the Majority Senior Subordinated Creditors, the Security Agent and the Issuer (except for amendments of a minor, technical or administrative nature which may be effected by the Security Agent and the Issuer) provided that to the extent an amendment, waiver or consent only affects one class of Secured Party, and such amendment, waiver or consent could not reasonably be expected to materially and adversely affect the interests of the other classes of Secured Party, only written agreement from the creditor representative for that affected class (if applicable, acting on the instructions of the requisite class of creditors under the relevant debt document) shall be required.

An amendment or waiver of the Intercreditor Agreement that has the effect of changing or which relates to, among other matters, the provisions set out under "—Waterfall" above and the order of priority or subordination under the Intercreditor Agreement shall not be made without the consent of (i) each lender under a Credit Facility Agreement, (ii) each Senior Secured Notes Trustee, (iii) (provided that then outstanding Future Pari Passu Debt Liabilities exceed €10,000,000 in aggregate) the representative of the Future Pari Passu Debt Creditors, (iv) each representative of the Subordinated Debt Creditors, (v) each Hedging Counterparty (to the extent that the amendment or waiver would adversely affect the Hedging Counterparty) and (vi) the Issuer, provided that to the extent an amendment, waiver or consent only affects one class of creditors, and such amendment, waiver or consent could not reasonably be expected to materially and adversely affect the interests of the other classes of creditors, only written agreement from the creditor representative for that affected class (if applicable, acting on the instructions of the requisite class of creditors under the relevant debt document) shall be required.

Agreement to Override

The other debt documents (including the Transaction Security Documents and the indenture relating to the Notes) are subject to the Intercreditor Agreement. Unless expressly stated otherwise in the Intercreditor Agreement, in the event of a conflict between the terms of a debt document (including the Transaction Security Documents and the indenture relating to the Notes) and the Intercreditor Agreement the terms of this Intercreditor Agreement shall prevail.

Notwithstanding anything to the contrary in the Intercreditor Agreement, the preceding paragraph as between any creditor and any Debtor or any member of the Group will not cure, postpone, waive or negate in any manner any default or event of default (howsoever described) under any debt document (including the Transaction Security Documents and the indenture relating to the Notes) as provided in the relevant debt document.

Governing law

The Intercreditor Agreement and any non-contractual obligation arising out of or in connection with the Intercreditor Agreement is governed by and shall be construed in accordance with English law.

Yes Bank Facility Agreement

The following is a short summary of the main provisions of the three different facilities agreements entered into by the Issuer, as borrower, and Yes Bank Ltd, as lender, respectively for an amount of €4,065,000, €869,000 and €196,000 (the "**First Yes Bank Facility Agreements**"). The main terms of the First Yes Bank Facilities Agreements are similar and they provide for the following undertaking by the Issuer:

- the Issuer shall communicate the amount of the revenues, EBITDA, indebtedness and the balance sheet results after taxation and furnish the audited financial statements of any guarantor or security provider together with its own audited financial statements;
- the Issuer shall ask for the approval of Yes Bank for the entering into any other facility agreements; and
- Yes Bank Ltd shall be the only bank counterparty to the company.

Banamex Facility Agreement

The following is a short summary of the main provisions of the €845,000 facility agreement entered into by Guala Closures de Mexico S.A. de C.V., as borrower, and Banamex (Mexico), as lender (the "**Banamex Facility Agreement**").

In case the shareholders, defined as "Majority Shareholders", cease to represent, directly or indirectly, the majority of the share capital, the lender will be entitled to accelerate the Banamex Facility Agreement.

In addition, Banamex has the right to early terminate the loan in the following circumstances:

- upon the occurrence of an event or situation that could create adverse conditions, resulting in negative effects on the business operations or on the financial situation of the company and/or in the event that any authority should make a decision that may lead to the aforementioned effects which are not remedied within 30 days from the occurrence;

- cancellation of the “Checking Account” by the company;
- if the company sells, leases, lends, transfers or transmits the transfer of possession, ownership, use of its fixed assets to a third party, except for the sale of fixed assets intended to replace financial assets that occur in compliance with the financial indices required by the contract;
- if the company were to stipulate a loan, guarantee or encumbrance of any kind on its activities;
- if the company were to make dividend payments or any other type of payment relating to the shares or social shares of its share capital if it does not comply with the financial covenants before and after payment;
- if the company does not comply with the terms of the payments established by the contract and the related “Proof Documents”;
- if the company were to allocate the financial resources obtained from the loan in question to objectives other than those provided for in the contract;
- if, for any reason, the company or any other person challenges the validity and applicability of the contract or any document connected to it and, in the event of a challenge by a third party, if that is not resolved within 30 days from its beginning; and
- if the company were not to comply with: (i) the payment of any debt with financial institutions and/or credit relief organizations; (ii) the covenants and any conditions contained in the agreement or instrument relating to such debts, if such a failure resulted in the conclusion of the aforementioned debt; (iii) any contract, civil or commercial, entered into with third parties, essential for the operation and for the financial situation of the company; and (iv) any obligation to Banamex, including those arising from the contract in question, and / or any other member of the Grupo Financiero Banamex, S.A. de C.V. and/or Citigroup.

Leasing Agreement

The Issuer is a party to a leasing agreement, entered into on November 25, 2005 by and between the Issuer, as lessee, and Intesa Leasing S.p.A. and Locat S.p.A., as lessors, in relation to an industrial real estate asset located in Spinetta Marengo (AL) (the “**Leasing Agreement**”).

The Leasing Agreement will expire in 2020 and provides for the payment of the rent with monthly instalments. Interest rate is equal to the aggregate between the three-months Euribor and a margin equal to 1.5%. Last rent is equal to 10% of the construction cost.

The Leasing Agreement provides for an undertaking of the Issuer to promptly inform the landlord in case of any significant information relating to the tenant. Under the Leasing Agreement the landlord is granted with a right to terminate the relevant agreement in the event of, *inter alia*, any change to the legal, economic or financial situation of the tenant, provided that the occurrence of such change was not expected at the time of the lease request.

DESCRIPTION OF THE NOTES

You will find definitions of certain capitalized terms used in this "Description of the Notes" under the heading "Certain Definitions". For purposes of this "Description of the Notes", references to "we", "our", and "us" refer to Guala Closures S.p.A. and its subsidiaries and references to the "Issuer" refer only to Guala Closures S.p.A.

The Issuer will issue €455.0 million aggregate principal amount of Senior Secured Floating Rate Notes due 2024 (the "*Notes*") under an indenture to be dated as of October 3, 2018 (the "*Indenture*"), between, *inter alios*, the Issuer, the Guarantors (as defined below), The Law Debenture Trust Corporation p.l.c., as trustee and legal representative of the holders of the Notes (*mandatario con rappresentanza*) under the Indenture, common representative (*rappresentante comune*) of the holders of the Notes pursuant to articles 2417 and 2418 of the Italian Civil Code (the "*Trustee*"), UniCredit Bank AG, Milan Branch, as security agent (the "*Security Agent*") and representative (*rappresentante*) pursuant to article 2414-*bis*, 3rd paragraph of the Italian Civil Code (the "*Security Representative*") and Deutsche Bank AG, London Branch, as paying agent. The Indenture will not be qualified under, incorporate or include, or be subject to, any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

The proceeds of the offering of the Notes sold on the Issue Date will be used by the Issuer to refinance the secured bridge facility incurred on August 1, 2018 by the Issuer and to pay costs and expenses incurred in connection with the Refinancing Transactions as set forth in this Offering Memorandum under the caption "*Use of Proceeds*".

On the earlier of (a) November 30, 2018 and (b) the date on which the Revolving Credit Facility receives the benefit of such guarantees, the Notes will guaranteed by each Initial Guarantor (as defined herein). The Guarantees will be joint and several obligations of the Guarantors.

The Indenture will be unlimited in aggregate principal amount, of which €455.0 million aggregate principal amount of Notes will be issued in this Offering. We may, subject to applicable law, issue an unlimited principal amount of additional Notes having identical terms and conditions as the Notes (the "*Additional Notes*"); *provided* that if the Additional Notes are not fungible with the Notes for U.S. federal income tax purposes in the reasonable judgment of the Issuer, the Additional Notes will be issued with a separate ISIN code or common code, as applicable, from the Notes. We will only be permitted to issue Additional Notes in compliance with the covenants contained in the Indenture, including the covenants restricting the Incurrence of Indebtedness and the Incurrence of Liens (as described below under "*Certain Covenants—Limitation on Indebtedness*" and "*Certain Covenants—Limitation on Liens*"). Except as otherwise provided for in the Indenture, the Notes issued in this offering and, if issued, any Additional Notes will be treated as a single class for all purposes under the Indenture, including, without limitation, with respect to waivers, amendments, redemptions and offers to purchase. Unless otherwise excluded, in this "*Description of the Notes*," references to the "*Notes*" include the Notes and any Additional Notes that are actually issued.

The Indenture will be subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreements (as defined below). The terms of the Intercreditor Agreement are important to understanding the terms and ranking of the Liens on the Collateral securing the Notes. See "*Description of Other Indebtedness—Intercreditor Agreement*" for a description of the material terms of the Intercreditor Agreement. This "*Description of the Notes*" is intended to be an overview of the material provisions of the Notes, the Indenture and the Security Documents. Since this description of the terms of the Notes is only a summary, you should refer to the Notes, the Indenture and the Security Documents for complete descriptions of the obligations of the Issuer and your rights. Copies of the Indenture are available from us upon request.

The registered Holder of a Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Notes have not been, and will not be, registered under the Securities Act and are subject to certain transfer restrictions.

General

The Notes

The Notes will, upon issuance:

- be general senior obligations of the Issuer;

- be secured as set forth under "*—Security*", on *pari passu* basis with the interests granted in favor of the Revolving Credit Facility, except that Holders of the Notes will receive proceeds from enforcement of the Collateral and certain distressed disposals only after any obligations secured on a super-priority basis, including obligations under the Revolving Credit Facility and certain Hedging Obligations, have been repaid in full;
- rank *pari passu* in right of payment with any existing and future Indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including obligations under the Revolving Credit Facility;
- rank senior in right of payment to any existing and future Indebtedness of the Issuer that is expressly subordinated to the Notes;
- be effectively subordinated to any existing or future Indebtedness or obligation (including obligations to trade creditors) of the Issuer and its Subsidiaries that is secured by property or assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness;
- be structurally subordinated to any existing or future Indebtedness of the Subsidiaries of the Issuer that are not Guarantors, including obligations owned to trade creditors; and
- be guaranteed on a senior secured basis by the Guarantors, subject to the limitations described herein and in "*Risk Factors—Risks related to the Notes and Note Guarantees Generally—The Note Guarantees of the Guarantors may be limited by applicable laws or subject to certain limitations or defenses that may adversely affect their validity and enforceability*" and "*Limitations on Validity and Enforceability of the Note Guarantees and the Security Interests and Certain Insolvency Law Considerations*".

The Guarantees

Each Guarantee of a Guarantor will, upon issuance:

- be a general senior obligation of the applicable Guarantor;
- rank *pari passu* with the interests granted in favor of the Revolving Credit Facility, except that Holders of the Notes will receive proceeds from enforcement of the Collateral and certain distressed disposals only after any obligations secured on a super-priority basis, including obligations under the Revolving Credit Facility and certain Hedging Obligations, have been repaid in full;
- rank *pari passu* in right of payment with any existing and future Indebtedness of the applicable Guarantor that is not subordinated in right of payment to the applicable Guarantee, including obligations under the Revolving Credit Facility;
- rank senior in right of payment to any existing and future Indebtedness of such Guarantor that is expressly subordinated in right of payment to a Guarantor's Guarantee;
- rank senior in right of payment to any existing or future Indebtedness of the applicable Guarantor that is expressly subordinated in right of payment to the applicable Guarantee;
- be effectively subordinated to any existing or future Indebtedness or obligation of the applicable Guarantor that is secured by property or assets that do not secure the Guarantee, to the extent of the value of the property and assets securing such Indebtedness or obligation, to the extent of the value of the property and assets securing such Indebtedness;
- be structurally subordinated to any existing and future Indebtedness of Subsidiaries of such Guarantor that do not Guarantee the Notes; and
- be subject to the limitations described herein and in "*Risk Factors—Risks related to the Notes and Note Guarantees Generally—The Note Guarantees of the Guarantors may be limited by applicable laws or subject to certain limitations or defenses that may adversely affect their validity and enforceability*" and "*Limitations on Validity and Enforceability of the Note Guarantees and the Security Interests and Certain Insolvency Law Considerations*".

Principal and Maturity

The Issuer will issue €455.0 million in aggregate principal amount of Notes on the Issue Date (the "*Initial Notes*"). The Notes will mature on April 15, 2024. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

Interest

Interest on the Notes will accrue at a rate per annum (the "*Applicable Rate*"), reset quarterly, equal to the sum of (i) three-month EURIBOR (and if that rate is less than zero, EURIBOR shall be deemed to be zero) plus (ii) 3.50%, as determined by the calculation agent (the "*Calculation Agent*"), who shall initially be Deutsche Bank AG, London Branch. Interest on the Notes will:

- accrue from the Issue Date or, if interest has already been paid, from the date it was most recently paid;
- be payable in cash quarterly in arrears on January 15, April 15, July 15 and October 15, commencing on January 15, 2019;
- be payable to the holder of record of such Notes on the Business Day immediately preceding the related interest payment date; and
- be computed on the basis of a 360-day year and the actual number of days elapsed.

Set forth below is a summary of certain of the provisions from the Indenture relating to the calculation of interest on the Notes.

"*Determination Date*" with respect to an Interest Period, means the day that is two TARGET Settlement Days preceding the first day of such Interest Period.

"*EURIBOR*" with respect to an Interest Period, means the rate (expressed as a percentage per annum) for deposits in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date that appears on Reuters Page EURIBOR01 as of 11:00 a.m. Brussels time, on the Determination Date; *provided, however*, that EURIBOR shall never be less than 0%. If Reuters Page EURIBOR01 does not include such a rate or is unavailable on a Determination Date, the Issuer will request the principal London or Frankfurt office of each of four major banks in the euro-zone inter-bank market, as selected by the Issuer, to provide such bank's offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m., Brussels time, on such Determination Date, to prime banks in the euro-zone inter-bank market for deposits in a Representative Amount in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such offered quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the Issuer will request each of three major banks in London or Frankfurt, as selected by the Issuer, to provide such bank's rate (expressed as a percentage per annum), as of approximately 11:00 a.m., London time, on such Determination Date, for loans in a Representative Amount in euro to leading European banks for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such rates are so provided, the rate for the Interest Period will be the arithmetic mean of such rates. If fewer than such rates are so provided then the rate for the Interest Period will be the rate in effect with respect to the immediately preceding Interest Period.

"*euro-zone*" means the region comprised of member states of the European Union that adopt the euro.

"*Interest Period*" means the period commencing on and including an interest payment date and ending on and including the day immediately preceding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date and end on and include January 15, 2019.

"*Representative Amount*" means the greater of (i) €1,000,000 and (ii) an amount that is representative for a single transaction in the relevant market at the relevant time.

"*Reuters Page EURIBOR01*" means the display page so designated on Reuters (or such other page as may replace that page on that service, or, if no such page is available, Bloomberg page "EBF" or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor).

"*TARGET Settlement Day*" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

The Calculation Agent shall, as soon as practicable after 11:00 a.m. (Brussels time) on each Determination Date, determine the Applicable Rate and calculate the aggregate amount of interest payable in respect of the following Interest Period (the "*Interest Amount*"). The Interest Amount shall be calculated by applying the Applicable Rate to either: (a) the aggregate principal amount of Notes represented by the global note; or (b) while the Notes are in definitive form, the aggregate principal amount of each Note outstanding at the commencement of the Interest Period; multiplying each such amount by the actual amounts of days in the Interest Period concerned divided by 360. All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (*e.g.*, 4.876545% (or .04876545) being rounded to 4.87655% (or .0487655). The determination of the Applicable Rate and the Interest Amount by the Calculation Agent shall, in the absence of willful default, bad faith or manifest error, be final and binding on all parties. In no event will the rate of interest on the Notes be higher than the maximum rate permitted by applicable law, *provided, however*, that the Calculation Agent shall not be responsible for verifying that the rate of interest on the Notes is permitted under any applicable law.

The rights of Holders to receive the payments of interest on such Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Methods of Receiving Payments on the Notes

Principal, interest and premium, if any, on the Global Notes (as defined below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to the Notes represented by one or more Global Note registered in the name of a nominee of and held by a common depositary for Euroclear and Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, interest and premium, Additional Amounts if any, on any certificated securities ("*Definitive Registered Notes*") will be payable at the specified office or agency of one or more Paying Agents maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid by check mailed to the person entitled thereto as shown on the register for the Definitive Registered Notes. See "*—Paying Agent and Registrar for the Notes*".

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more Paying Agents for the Notes. The initial Paying Agent will be Deutsche Bank AG, London Branch (the "*Paying Agent*").

The Issuer will also maintain a registrar (the "*Registrar*") and a transfer agent (the "*Transfer Agent*"). The initial Registrar and Transfer Agent will be Deutsche Bank Luxembourg S.A. The Registrar will maintain a register reflecting ownership of the Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of the Notes on behalf of the Issuer.

The Issuer may change any Paying Agents, Registrars or Transfer Agents for the Notes without prior notice to the Holders of such Notes. However, for so long as Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notice of any change of Paying Agent, Registrar or Transfer Agent in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Such notice of the change in a Paying Agent, Registrar or Transfer Agent may also be published on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*), to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes.

Guarantees

On the earlier of (a) November 30, 2018 and (b) the date on which the Revolving Credit Facility receives the benefit of such guarantees, the Notes will be guaranteed, jointly and severally on a senior

basis, by Guala Closures Australia Pty Ltd, Guala Closures Australia Holdings Pty Ltd, Guala Closures International B.V., Guala Closures Ibérica, S.A.U., Guala Closures New Zealand Limited, Guala Closures U.K. Limited and Guala Closures do Brasil Ltda. (the "*Initial Guarantors*").

The obligations of the Guarantors will be contractually limited under the applicable Guarantees to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. For a description of such contractual limitations, see "*Risk Factors—Risks related to the Notes and the Note Guarantees Generally—The insolvency and administrative laws of Italy and other applicable jurisdictions may not be as favorable to you as the insolvency laws of the United States or those of another jurisdiction with which you are familiar; other limitations on the Note Guarantees, including fraudulent conveyance statutes, may adversely affect their validity and enforceability*", "*—The granting of the security interests in the Collateral may create hardening periods for such security interests in accordance with the law applicable in certain jurisdictions*" and "*Limitations on Validity and Enforceability of the Note Guarantees and the Security Interests and Certain Insolvency Law Considerations*".

As of and for the twelve months ended June 30, 2018, and on a *pro forma* basis after giving effect to the Transactions, the Issuer and the Guarantors represented 40%, 22% and 77% of the Group's *pro forma* net revenue, *pro forma* Adjusted EBITDA and total assets, respectively. As of June 30, 2018, on a *pro forma* basis after giving effect to the Transactions, the Issuer and its consolidated subsidiaries would have had €485.7 million principal amount of indebtedness (including the €16.7 million fair value of the Ukrainian put option but excluding liabilities related to the Market Warrants), of which €455.0 million is represented by the Notes and there would have been no drawings under the Revolving Credit Facility.

Although the Issuer is an operating company, a significant amount of its revenue and EBITDA are generated by, and a significant amount of its assets comprise, the contribution of its Subsidiaries for which it acts as holding company and conducts its operations outside of Italy through its Subsidiaries. Claims of creditors of non-Guarantor Subsidiaries, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries, and claims of preferred and minority stockholders (if any) of those Subsidiaries generally will have priority with respect to the assets and earnings of those Subsidiaries over the claims of creditors of the Issuer and the Guarantors, including Holders of the Notes. The Notes and each Guarantee therefore will be effectively subordinated to creditors (including trade creditors) and preferred and minority stockholders (if any) of Subsidiaries of the Issuer (other than the Guarantors). After giving *pro forma* effect to the Transactions, as of June 30, 2018, the Subsidiaries of the Issuer that will not guarantee the Notes would have had €20.5 million of financial indebtedness outstanding. Although the Indenture will limit the incurrence of Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "*—Certain Covenants—Limitation on Indebtedness*".

In addition, as described below under "*—Certain Covenants—Additional Guarantees*" and subject to the Intercreditor Agreement and the Agreed Security Principles, each Restricted Subsidiary that guarantees the Revolving Credit Facility, Public Debt or certain other indebtedness shall also enter into a supplemental indenture as a Guarantor of the Notes and accede to the Intercreditor Agreement.

The Agreed Security Principles apply to the granting of guarantees and security in favor of obligations under the Revolving Credit Facility and the Notes. The Agreed Security Principles include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory or other legal limitations or requirements, financial assistance, corporate benefit, fraudulent preference, "thin capitalization" rules, retention of title claims and similar principles.

Each Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of foreign or state law, or as otherwise required under the Agreed Security Principles to comply with corporate benefit, financial assistance and other laws. By virtue of this limitation, a Guarantor's obligation under its Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee. See "*Risk Factors—Risks related to the Notes and Note Guarantees Generally—The Note Guarantees of the Guarantors may be limited by applicable laws or subject to certain limitations or defenses that may adversely affect their validity and enforceability*" and "*Limitations on Validity and Enforceability of the Note Guarantees and the Security Interests and Certain Insolvency Law Considerations*".

The Guarantee of a Guarantor will terminate and release:

(1) upon a sale or other disposition (including by way of consolidation or merger) of the Capital Stock of the relevant Guarantor (whether by direct sale or sale of a holding company) or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture;

(2) upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;

(3) upon payment in full of principal, interest and other obligations under the Notes or defeasance or discharge of the Notes, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";

(4) with respect to a Guarantor that is not a Significant Subsidiary, so long as no Event of Default has occurred and is continuing, to the extent that such Guarantor (i) is unconditionally released and discharged from its liability with respect to the Revolving Credit Facility and (ii) does not guarantee any other Credit Facility or Public Debt;

(5) in accordance with an enforcement action pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement;

(6) as described under "*—Amendments and Waivers*";

(7) as described in the first paragraph of the covenant described below under "*—Certain Covenants—Additional Guarantees*"; or

(8) pursuant to a Permitted Reorganization or as a result of a transaction permitted by "*—Certain Covenants—Merger and Consolidation—The Guarantors*".

Upon the request of, and at the expense of the Issuer, the Trustee shall take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Guarantee in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by Trustee without the consent of the Holders or any other action or consent on the part of the Trustee.

Transfer and Exchange

The Notes will be issued in the form of several registered notes in global form without interest coupons, as follows:

- Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "*144A Global Notes*"). The 144A Global Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.
- Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "*Regulation S Global Notes*" and, together with the 144A Global Notes, the "*Global Notes*"). The Regulation S Global Note will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("*Book-Entry Interests*") will be limited to persons that have accounts with Euroclear and Clearstream or persons that may hold interests through such participants.

Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under the section "*Transfer Restrictions*" in the Offering Memorandum. In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear and Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Notes (the "*144A Book-Entry Interests*") may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes (the

"*Regulation S Book-Entry Interests*") denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Prior to 40 days after the Issue Date of the Notes, ownership of Regulation S Book-Entry Interests will be limited to persons that have accounts with Euroclear or Clearstream or persons who hold interests through Euroclear or Clearstream, and any sale or transfer of such interest to US persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A under the Securities Act. Subject to the foregoing, Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under the section "*Transfer Restrictions*" in the Offering Memorandum and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 principal amount, and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under the section "*Transfer Restrictions*" in the Offering Memorandum.

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer or exchange of any Definitive Registered Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee, the Paying Agent, the Transfer Agent and the Registrar will be entitled to treat the Holder of a Notes as the owner of it for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

As of the Issue Date, all of the Issuer's Subsidiaries will be "Restricted Subsidiaries" for purposes of the Indenture. However, under the circumstances described below under "*—Certain Definitions—Unrestricted Subsidiary*", the Issuer will be permitted to designate certain of its Subsidiaries as "*Unrestricted Subsidiaries*". The Issuer's Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Security

General

On the earlier of (a) November 30, 2018 and (b) the date on which the Revolving Credit Facility receives the benefit of such security, the Notes will be secured, subject to certain perfection requirements and any Permitted Collateral Liens, by security interests granted on an equal and ratable first-priority basis over the following property, rights and assets: (i) over the entire issued share capital of each of Guala Closures Australia Holding Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures International B.V., Guala Closures New Zealand Limited and Guala Closures U.K. Limited; (ii) the issued share capital of Guala Closures DGS Poland S.A. and of Guala Closures Ukraine LLC that is owned by the Group; and (iii) the assignment by way of security (or pledge) over certain receivables by and between the Issuer and its Restricted Subsidiaries or between Restricted Subsidiaries under any intercompany loan in a principal amount of greater than €10.0 million and with a final maturity date in excess of 12 months.

Subject to certain conditions, including compliance with the covenants described under "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Covenants—Liens*", the Issuer and its Restricted Subsidiaries are permitted to grant security over the Collateral in connection with future issuances of Indebtedness or Indebtedness of the Restricted Subsidiaries, including any Additional Notes issued by the Issuer as permitted under the Indenture and the Intercreditor Agreement. See "*Risk Factors—Risks related to the Notes and the Notes Guarantees Generally*".

The abovementioned security interests and any other security interests that may in the future be granted to secure obligations under the Notes, any Guarantee and the Indenture are collectively referred to herein as the "*Collateral*". All Collateral will be subject to the operation of the Agreed Security Principles and any Permitted Collateral Liens.

Notwithstanding the foregoing and the provisions of the covenant described below under "*—Certain Covenants—Additional Guarantees*", certain property, rights and assets (other than the Collateral described in the first and second paragraphs of this section) may not be pledged, and any pledge over property, rights and assets may be limited (or the Liens not perfected), in accordance with the Agreed Security Principles. The following is a summary of certain terms of the Agreed Security Principles:

- general statutory limitations, financial assistance, corporate benefit, fraudulent preference, tax restrictions or costs, retention of title claims and similar principles may limit the ability of a member of the Group to provide a security interest or may require that the security interest be limited by an amount or otherwise;
- a key factor in determining whether or not a security interest shall be taken or the extent of its perfection is the applicable cost (including but not limited to adverse effects on interest deductibility and stamp duty, notarization and registration fees) which shall not be disproportionate to the benefit of obtaining such security interest;
- the maximum granted or secured amount may be limited to minimize stamp duty, notarization, registration or other applicable fees, taxes and duties where the benefit of increasing the granted or secured amount is disproportionate to the level of such fee, taxes and duties;
- where there is material incremental cost involved in creating security interests over all assets owed by a person in a particular category (e.g. real estate), only the material assets in that category shall be subject to transaction security;
- in certain jurisdictions it may be either impossible or impractical to create security over certain categories of assets in which event security will not be taken over such assets;
- any assets subject to third party arrangements which may prevent those assets from being charged will be excluded from any relevant security document provided that such third party arrangements are permitted under the Indenture;
- the Issuer and its Restricted Subsidiaries will not be required to enter into security documents if the same would conflict with the fiduciary duties of the directors (or future officers) of such Person or contravene any legal prohibition or would result in (or in a material risk of) personal or criminal liability on the part of any director (or other officer) of any such Person provided that the relevant person shall use reasonable endeavors to overcome any such obstacle;

- the granting of security or the perfection of the security granted will not be required if it would restrict the ability of the Issuer or Restricted Subsidiary to conduct its operations and business in the ordinary course as otherwise permitted by the Indenture;
- "parallel debt" provisions will be used where necessary;
- any member of the Group which is not a subsidiary not being (directly or indirectly) a wholly-owned subsidiary of the Issuer shall not be required to become an Additional Guarantor nor shall it be required to grant security over its assets; and
- no security will be granted over the shares of the Issuer.

As described above, all of the Collateral will also secure the liabilities under the Revolving Credit Facility as well as certain Hedging Obligations and any Additional Notes and may also secure certain future indebtedness; *provided*, *however*, that the lenders under the Revolving Credit Facility and counterparties to certain Hedging Obligations will receive the proceeds from the enforcement of the Collateral in priority to the holders of the Notes and any Additional Notes. See "*—Priority*" below. See also, "*Risk Factors—Risks related to the Notes and the Note Guarantees Generally—Creditors under the Revolving Credit Facility, certain hedging obligations and certain debt that we incur in the future may be entitled to be repaid with the proceeds of the Collateral securing the Notes in priority to the Notes*". The proceeds from the enforcement of the Collateral may not be sufficient to satisfy the obligations owed to the holders of the Notes.

No appraisals of the Collateral have been made in connection with this Offering of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk Factors—Risks related to the Notes and the Note Guarantees Generally—The Collateral may not be sufficient to satisfy the obligations under the Notes*".

Priority

The relative priority with regard to the security interest in the Collateral that is created by the Security Documents (the "*Security Interest*") as between (a) the lenders under the Revolving Credit Facility, (b) the counterparties under certain Hedging Obligations, (c) the Trustee, the Security Agent and the Holders of the Notes under the Indenture, respectively, is established by the terms of the Intercreditor Agreement, the Indenture, the Security Documents and the security documents relating to the Revolving Credit Facility and such Hedging Obligations which provide, among other things, that the obligations under the Notes will receive proceeds on enforcement of security over the Collateral only after the claims of the Revolving Credit Facility and certain Hedging Obligations and any future Indebtedness permitted to be secured on a super priority basis in accordance with the terms of the Indenture and the Intercreditor Agreement are satisfied.

See "*Description of Other Indebtedness—Intercreditor Agreement*". In addition, pursuant to the Intercreditor Agreements or Additional Intercreditor Agreements entered into after the Issue Date, the Collateral may be pledged to secure other Indebtedness. See "*—Release of Liens*", "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Definitions—Permitted Collateral Liens*".

Security Documents

Under the Security Documents, security will be granted over the Collateral to secure the payment when due of the Issuer's payment obligations under the Notes and the Indenture. The Security Documents will be entered into among, *inter alios*, the relevant security provider, the Security Agent and additionally in its role as Security Representative and (other than for future Security Documents governed by Italian law, if any) as beneficiary of parallel debt under the Intercreditor Agreement, the Trustee acting for itself and in its capacity as Trustee under the Indenture and additionally as common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code.

The Indenture will provide and the Intercreditor Agreement provides that, to the extent permitted by the applicable laws, only the Security Agent (including in its role as Security Representative) will have the right to enforce the Security Documents on behalf of the Trustee and the Holders. As a consequence of such contractual provisions, holders of the Notes will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Security Agent (including in its role as Security Representative) or the Trustee (as applicable) under the Indenture, who will (subject to the provisions of

the Indenture and the Intercreditor Agreement) provide instructions to the Security Agent for the Collateral. Under the Intercreditor Agreement, the Security Agent will also act on behalf of the lenders under the Revolving Credit Facility, the counterparties under certain hedging agreements and certain other future indebtedness in relation to the Security Interests in favor of such parties.

The Indenture will provide that, subject to the terms thereof and of the Intercreditor Agreement, the Notes and the Indenture, as applicable, will be secured by Security Interests in the Collateral until all obligations under the Notes and the Indenture have been discharged. See "*Risk Factors—Risks related to the Notes and Note Guarantees Generally*". The validity and enforceability of the Security Interests will be subject to, *inter alia*, the limitations described in "*Risk Factors—Risks related to the Notes and Note Guarantees Generally*" and "*Limitations on Validity and Enforceability of the Note Guarantees and the Security Interests and Certain Insolvency Law Considerations*".

The Security Documents will provide that the rights under the Security Documents and the Indenture must be exercised by the Security Agent (including in its role as Security Representative). The Holders may only act through the Trustee, who will instruct the Security Agent in accordance with the terms of the Indenture and the Intercreditor Agreement. In performing its role as Security Agent under the Indenture, the Security Agent shall be entitled to require and rely absolutely on such evidence as it deems necessary, including Officer's Certificates and Opinions of Counsel addressed to it.

In the event that the Issuer or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interest created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interest or the terms of the Intercreditor Agreement was successful, the Holders may not be able to recover any amounts under the Security Documents. See "*Risk Factors—Risks related to the Notes and Note Guarantees Generally*".

Enforcement of Security Interest

The Security Documents will provide that the rights under the Security Documents must be exercised by the Security Agent. Since the Holders are not a party to the Security Documents, Holders may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The Holders may only act through the Trustee, who will instruct the Security Agent (including in its role as Security Representative) subject to and in accordance with the terms of the Indenture and the Intercreditor Agreement.

The creditors under the Revolving Credit Facility, the holders of Notes, the counterparties to certain Hedging Obligations secured by the Collateral and the Trustee have, and by accepting a Note, each Holder will be deemed to have, appointed the Security Agent to act as its agent under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Security Documents. Furthermore, each Holder will have deemed to have appointed the Security Agent pursuant to article 1704 (*mandato con rappresentanza*) of the Italian Civil Code to act on its behalf. The creditors under the Revolving Credit Facility, the Holders of Notes, the counterparties to certain Hedging Obligations secured by the Collateral and the Trustee have, and by accepting a Note, each Holder will be deemed to have, authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Security Documents, together with any other incidental rights, power and discretions; and (ii) execute each Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf.

Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be Bound

The Indenture will provide that the Issuer (to the extent not already a party) and the Trustee will be authorized (without any further consent of the holders of the Notes) to accede to the Intercreditor Agreement to give effect to the provisions described in the section entitled "*Description of Other Indebtedness—Intercreditor Agreement*".

The Indenture will also provide that each holder of the Notes, by accepting such Note, will be deemed to have:

(1) appointed and authorized the Security Agent and the Trustee to give effect to the provisions in the Intercreditor Agreement and any Additional Intercreditor Agreements;

(2) agreed to be bound by the provisions of the Intercreditor Agreement and the Security Documents;

(3) agreed to, and accepted, the appointment of The Law Debenture Trust Corporation p.l.c. as common representative (*rappresentate comune*) of the Holders pursuant to articles 2417 and 2418 of the Italian Civil Code;

(4) agreed to, and accepted, the appointment of UniCredit Bank AG, Milan Branch as representative (*rappresentante*) of the Holders for the purposes of Article 2414-*bis*, third paragraph of the Italian Civil Code;

(5) agreed and acknowledged that the Security Agent will administer the Collateral in accordance with the Intercreditor Agreement; and

(6) appointed the Security Agent and the Trustee to act on its behalf to enter into and comply with the provisions of the Intercreditor Agreement.

Please see the sections entitled "*Risk Factors—Risks related to the Notes and Note Guarantees Generally—Holders of the Notes may not control certain decisions regarding the Collateral*" and "*Description of Other Indebtedness—Intercreditor Agreement*".

Similar provisions to those described above may be included in any Additional Intercreditor Agreement (as defined below) entered into in compliance with the covenant described under "*—Certain Covenants—Additional Intercreditor Agreements*".

Release of Liens

The Issuer, its Subsidiaries and any provider of Collateral will be entitled to the release of the Security Interest in respect of the Collateral under any one or more of the following circumstances:

(1) in connection with any sale or other disposition of Collateral to (a) a Person that is not the Issuer or a Restricted Subsidiary (but excluding any transaction subject to "*—Certain Covenants—Merger and Consolidation*"), if such sale or other disposition does not violate the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" or is otherwise permitted in accordance with the Indenture or (b) any Restricted Subsidiary *provided* that this clause 1(b) shall not be relied upon in the case of a transfer of capital stock or of accounts receivable to a Restricted Subsidiary (except to a Receivables Subsidiary) unless the relevant property and assets remain subject to, or otherwise become subject to a Lien in favor of the Notes following such sale or disposal;

(2) in the case of a Guarantor that is released from its Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) as described under "*—Amendments and Waivers*";

(4) upon payment in full of principal, interest and all other obligations on the Notes or defeasance or discharge of the Notes, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";

(5) if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and Capital Stock, of such Unrestricted Subsidiary;

(6) pursuant to a Permitted Reorganization or in the case of a merger, consolidation or other transfer of assets in compliance with the covenant described below under "*—Certain Covenants—Merger and Consolidation*"; or

(7) as otherwise permitted in accordance with the Indenture.

In addition, the Security Interest created by the Security Documents will be released (a) in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement and (b) as may be permitted by the covenant described under "*—Certain Covenants—Impairment of Security Interest*".

At the request of and at the expense of the Issuer, the Security Agent and the Trustee (if required) will take all necessary action required to effectuate any release of Collateral securing the Notes and the Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Security Document. Each of the releases set forth above shall be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee.

Optional Redemption

Except as described below and except as described under "*Redemption for Taxation Reasons*", the Notes are not redeemable until October 15, 2019. On and after October 15, 2019, the Issuer may redeem all or, from time to time, part of the Notes upon not less than 10 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), and Additional Amounts (as defined below), if any, if redeemed during the twelve-month period beginning on October 15 of the year indicated below:

Year	Redemption Price
2019	101.000%
2020 and thereafter	100.000%

In addition, prior to October 15, 2019, the Issuer may redeem all or, from time to time, a part of the Notes upon not less than 10 nor more than 60 days' notice at a redemption price equal to 100% of the principal amount of the Notes, plus the Applicable Premium and accrued and unpaid interest to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and Additional Amounts, if any.

Notwithstanding the foregoing, in connection with any tender offer for the Notes, if Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not withdrawn by Holders of the Notes, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' prior notice to the Holders of the Notes, given not more than 30 days following such purchase date, to redeem all Notes that remain outstanding following such purchase at a price equal to the price paid to each other Holder in such tender offer (other than any incentive payment for early tenders and provided that such price is not less than 100% of the principal amount), plus, to the extent not included in the tender offer payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to, but not including, the redemption date. In determining whether the Holders of at least 90% of the aggregate principal amount of the then outstanding Notes have validly tendered and not withdrawn Notes in a tender offer or other offer to purchase for all of the Notes, as applicable, Notes owned by an Affiliate of the Issuer or by funds controlled or managed by any Affiliate of the Issuer, or any successor thereof, shall be deemed to be outstanding for the purposes of such tender offer or other offer, as applicable.

Notwithstanding anything else in the Indenture of the Notes, redemption notices may be given more than 60 days prior to a redemption date if the notice is in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

Any such redemption may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent. If such redemption is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed; *provided* that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

If a redemption date is not a Business Day, payment may be made on the next succeeding days that is a Business Day, and no interest shall accrue on any amount that would have been otherwise payable on such redemption date if it were a Business Day for the intervening period.

General

We may repurchase the Notes at any time and from time to time in the open market or otherwise.

Notice of redemption will be provided as set forth under "—*Selection and Notice*" below.

If the Issuer effects an optional redemption of Notes, it will, for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

In connection with any redemption of Notes, any such redemption may, at the Issuer's discretion, be subject to one or more conditions precedent.

Sinking Fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Redemption at Maturity

On April 15, 2024, the Issuer will redeem the Notes, that have not been previously redeemed or purchased and canceled at 100% of their principal amount plus accrued and unpaid interest thereon and Additional Amounts, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Selection and Notice

If fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of less than €100,000 in principal amount may be redeemed in part. If the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through Euroclear or Clearstream, or Euroclear or Clearstream prescribes no method of selection, the Notes will be selected on a *pro rata* basis by use of a pool factor; *provided, however*, that no Note of €100,000 in aggregate principal amount or less shall be redeemed in part and only Notes in integral multiples of €1,000 will be redeemed. Neither the Paying Agent nor the Registrar will be liable for any selections made in accordance with this paragraph.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer shall publish notice of redemption in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and in addition to such publication, not less than 10 nor more than 60 days prior to the redemption date, mail such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar. While in global form, notices to Holders may be delivered via Euroclear and Clearstream in lieu of notice via registered mail. Such notice of redemption may also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) in lieu of publication in the *Luxemburger Wort* so long as the rules of the Luxembourg Stock Exchange are complied with.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered Note, a new Definitive Registered Note in principal amount equal to the unredeemed portion of any Definitive Registered Note redeemed in part will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice, Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

Redemption for Taxation Reasons

The Issuer may redeem the Notes in whole, but not in part, at any time upon giving not less than 30 nor more than 60 days' prior notice to the Holders of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "*Tax Redemption Date*") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (as defined below under "*Withholding Taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuer determines in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any amendment to, or change in an official application or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice) (each of the foregoing in clauses (1) and (2), a "*Change in Tax Law*"),

a Payor (as defined below) is, or on the next interest payment date in respect of Notes would be, required to pay Additional Amounts with respect to such Notes (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor who can make such payment without the obligation to pay Additional Amounts) and such obligation cannot be avoided by taking reasonable measures available to the Payor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable). Such Change in Tax Law must be announced and become effective on or after the Issue Date (or if the applicable Relevant Tax Jurisdiction became a Relevant Tax Jurisdiction on a date after the Issue Date, such later date). The foregoing provisions shall apply *mutatis mutandis* to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a change or amendments occurring after the time such successor Person becomes a party to the Indenture.

Notice of redemption for taxation reasons will be published in accordance with the procedures described under "*Selection and Notice*". Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 60 days prior to the earliest date on which the Payor would be obligated to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and (b) an opinion of an independent tax counsel of recognized standing to the effect that the Issuer has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

Withholding Taxes

All payments made by or on behalf of the Issuer or any Guarantor (each, a "*Payor*") under or with respect to the Notes or any Guarantee, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) Italy or any political subdivision or Governmental Authority thereof or therein having power to tax;

(2) any jurisdiction from or through which payment on any such Note or any Guarantee is made by or on behalf of a Payor, or any political subdivision or governmental authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which a Payor is incorporated, organized, engaged in business for tax purposes, or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a "*Relevant Taxing Jurisdiction*"),

will at any time be required by law to be made from any payments made by or on behalf of the Payor or the Paying Agent under or with respect to any Note or any Guarantee, including, without limitation, payments of principal, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments, after such withholding, or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received in respect of such payments in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder (or between a fiduciary, settlor, beneficiary, partner,

member or shareholder of, or possessor of power over the relevant Holder, if the relevant Holder is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including, without limitation, being resident for tax purposes, or being a citizen or resident or national of, or carrying on a business for tax purposes, or maintaining a permanent establishment in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership, holding or sale of such Note or the receipt of any payment or the exercise or enforcement of rights under such Note, the Indenture or a Guarantee;

(2) any Tax that is imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of the Payor addressed to the Holder, after reasonable notice (at least 60 days before any such withholding would be payable), to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Tax but, only to the extent the Holder or beneficial owner is legally entitled to provide such certification or documentation;

(3) any Taxes, to the extent that such Taxes were imposed as a result of the presentation of the Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the Holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(4) any Taxes that are payable otherwise than by deduction or withholding from a payment made under or with respect to the Notes or any Guarantee;

(5) any estate, inheritance, gift, sales, transfer, personal property or similar tax, assessment or other governmental charge;

(6) any Taxes imposed in connection with a Note presented for payment by or on behalf of a Holder or beneficial owner who would have been able to avoid such Tax by presenting the relevant Note to, or otherwise accepting payment from, another Paying Agent in a member state of the European Union; or

(7) any Taxes to the extent such Taxes are for or on account of *imposta sostitutiva* (pursuant to Italian Legislative Decree No. 239 of April 1, 1996, as amended or supplemented from time to time ("*Decree No. 239*") and any related implementing regulations, or pursuant to Italian Legislative Decree No. 461 of November 21, 1997, as amended or supplemented from time to time *("Decree No. 461")* and any related implementing regulations; *provided* that:

    (i) Additional Amounts shall be payable in circumstances where the procedures required under Decree No. 239 or under Decree No. 461 in order to benefit from an exemption from *imposta sostitutiva* have not been complied with due solely to the actions or omissions of the Payor or their agents; and

    (ii) for the avoidance of doubt, (i) no Additional Amounts shall be payable with respect to Taxes to the extent such Taxes result from payment to a non-Italian resident legal entity or a non-Italian resident individual which is subject to *imposta sostitutiva* by reason of non being resident in a country which allows for a satisfactory exchange of information with Italy ("White List"); and (ii) no Additional Amounts shall be payable with respect to Taxes to the extent such Taxes are for or on account of *imposta sostitutiva* if the Holder becomes subject to *imposta sostitutiva* after the Issue Date by reason of any change in Decree No. 239 or Decree No. 461 or any change in the White List (including the approval of the ministerial Decree to be issued under Art. 11, (4)(c) of Decree No. 239, as subsequently amended or superseded, of a new list of countries which allow for a satisfactory exchange of information with Italy, whereby such Holders country of residence does not appear on the new list;

(8) any Taxes that are imposed or withheld pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "*Code*"), as of the Issue Date (or any amended or successor version of such sections that is substantively comparable and not materially more onerous to comply with), any regulations promulgated thereunder, any official interpretations

thereof, any similar law or regulation adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to Section 1471(b)(1) of the Code; or

(9) any combination of the items (1) through (8) above.

In addition, no Additional Amounts shall be paid with respect to a Holder who is a fiduciary or a partnership or any person other than the beneficial owner of the Notes, to the extent that the beneficiary or settler with respect to such fiduciary, the member of such partnership or the beneficial owner would not have been entitled to Additional Amounts had such beneficiary, settler, member or beneficial owner held such Notes directly.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies, or if, notwithstanding the Payor's reasonable efforts to obtain such tax receipts, such tax receipts are not available, certified copies of other reasonable evidence of such payments as soon as reasonably practicable to the Trustee. Such copies shall be made available to the Holders upon request and will be made available at the offices of the Paying Agent.

If any Payor is obligated to pay Additional Amounts under or with respect to any payment made on any Note or any Guarantee, at least 45 days prior to the date of such payment, the Payor will deliver to the Trustee an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 30 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Notes or this "*Description of the Notes*" there is mentioned, in any context:

(1) the payment of principal;

(2) purchase prices in connection with a redemption of Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes or any Guarantee,

such reference shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay (and will indemnify the Holder or beneficial owner for) any present or future stamp, issue, registration, transfer, court or documentary taxes, or similar charges or levies (including any related interest, penalties or additions to tax) or any other excise, property or similar taxes or similar charges or levies (including any related interest, penalties or additions to tax) that arise in a Relevant Taxing Jurisdiction from the execution, delivery or registration of any Notes, any Guarantee, the Indenture, or any other document or instrument in relation thereto including the Collateral and the Security Documents (other than in each case, (A) in connection with a transfer of the Notes after this Offering (B) to the extent that such stamp, issue, registration, transfer, court or documentary taxes, or any other excise, property or similar taxes or similar charges or levies becomes payable upon a voluntary registration made by the Holder if such registration is not required by any applicable law or not necessary to enforce the rights or obligations of any Holder in relation to the Notes, any Guarantees, the Indenture, or any other document or instrument in relation thereto)) or the receipt of any payments with respect thereto or any such taxes or similar charges or levies (including any related interest, penalties or additions to tax) imposed by any jurisdiction as a result of, or in connection with, the enforcement of the Notes or any Guarantee or any other document or instrument in relation thereto including the Collateral and the Security Documents (limited, solely in the case of any such taxes or similar charges or levies attributable to the receipt of any payments with respect thereto, to any such taxes imposed in a Relevant Taxing Jurisdiction that are not excluded under clauses (1) through (3) and (5) through (8) or any combination thereof).

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture or any transfer by a Holder or beneficial owner of its Notes, and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is incorporated, organized, engaged in business for tax purposes or otherwise resident for tax purposes, or any jurisdiction from or through which any payment under, or with respect to the Notes is made by or on behalf of such Payor, or any political subdivision or taxing authority or agency thereof or therein.

Change of Control

If a Change of Control occurs, subject to the terms of the covenant described under this heading "*Change of Control*", each Holder will have the right to require the Issuer to repurchase all or any part (in integral multiples of €1,000 and provided that Notes of €100,000 or less may only be repurchased in whole and not in part) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided*, *however*, that the Issuer shall not be obligated to repurchase the Notes as described under this heading, "*Change of Control*", in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes of such series as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the "*Change of Control Offer*") to each Holder of Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase all or any part (in integral multiples of €1,000 and provided that Notes of €100,000 or less may only be repurchased in whole and not in part) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) and Additional Amounts, if any (the "*Change of Control Payment*");

(2) stating the repurchase date (which shall be no earlier than 10 days nor later than 60 days from the date such notice is mailed) and the record date (the "*Change of Control Payment Date*");

(3) stating that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date unless the Change of Control Payment is not paid, and that any Notes or any part thereof not tendered will continue to accrue interest;

(4) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(5) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(6) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portion thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions of the Notes being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee (or an authenticating agent) will, at the cost of the Issuer, promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder of Definitive Registered Notes a new Definitive Registered Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer will publish notices relating to the Change of Control Offer in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or to the extent and in the manner permitted by such rules, post such notices on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place providing for the Change of Control at the time the Change of Control Offer is made.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of the conflict.

The Issuer's ability to repurchase Notes issued by it pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would require a mandatory prepayment of Indebtedness under the Revolving Credit Facility. In addition, certain events that may constitute a change of control under the Revolving Credit Facility and require a mandatory prepayment of Indebtedness under such agreement may not constitute a Change of Control under the Indenture. Future Indebtedness of the Issuer or its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under, or require a repurchase of, such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the Issuer's ability to pay cash to the Holders upon a repurchase may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See "*Risk Factors—Risks related to the Notes and Note Guarantees Generally—We may not be able to obtain enough funds necessary to finance an offer to repurchase your Notes upon the occurrence of certain events constituting a "change of control" (as defined in the Indenture) as required by the Indenture*".

If Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Issuer, or any third party making a Change of Control Offer in lieu of the Issuer as described above, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right, upon not less than 10 days' nor more than 60 days' notice (*provided* that such notice is given not more than 30 days

following such purchases pursuant to the Change of Control Offer described above) to redeem all Notes that remain outstanding following such purchase at a redemption price in cash equal to the applicable Change of Control Payment plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest, if any, to, but not including, the date of redemption.

The definition of "Change of Control" includes a disposition of all or substantially all of the property and assets of the Issuer and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding principal amount of the Notes.

Certain Covenants

Limitation on Indebtedness

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Issuer and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if on the date of such Incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof), (1) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would have been at least 2.00 to 1.00; and (2) to the extent that the Indebtedness is Senior Secured Indebtedness, the Consolidated Senior Secured Net Leverage Ratio for the Issuer and its Restricted Subsidiaries would have been no greater than 4.25 to 1.00.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness ("*Permitted Debt*"):

(1) Indebtedness Incurred by the Issuer and the Guarantors pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding the greater of (a) €110.0 million and (b) 100% of Consolidated EBITDA, *plus* (c) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(2) (a) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary, so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture; or

(b) without limiting the covenant described under "*—Limitation on Liens*", Indebtedness arising by reason of any Lien granted by or applicable to any Person securing Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary; *provided, however*, that:

(a) in the case of Indebtedness owing to and held by any Restricted Subsidiary that is not a Guarantor (except in respect of intercompany current liabilities incurred in the ordinary course of business in connection with cash management positions of the Issuer and its Restricted Subsidiaries), such Indebtedness shall be unsecured and expressly subordinated in right of payment to the prior payment in full in cash of all obligations with respect to the Notes, in the case of the Issuer, and the respective Guarantee, in the case of a Guarantor to the extent required by the Intercreditor Agreement; and

(b) (i) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer; and (ii) any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary of the Issuer, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) by the Issuer or such Restricted Subsidiary, as the case may be;

(4) (a) Indebtedness represented by the Notes (other than any Additional Notes) outstanding on the Issue Date, the related Guarantees, and any related "parallel debt" obligations under the Intercreditor Agreement and the Security Documents, (b) any Indebtedness (other than Indebtedness Incurred under the Revolving Credit Facility and Indebtedness described in clause (3) of this paragraph) outstanding on the Issue Date, (c) [*Reserved*]; (d) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4) or clauses (5) and (13) of this paragraph or Incurred pursuant to the first paragraph of this covenant, (e) Management Advances and (f) [*Reserved*];

(5) Indebtedness of any Person (a) outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary or (b) Incurred to provide all or a portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which any Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary; *provided*, *however*, with respect to this clause (5), that at the time of such acquisition or other transaction (x) the Issuer would have been able to Incur €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio in the first paragraph of this covenant after giving *pro forma* effect to the relevant acquisition and the Incurrence of such Indebtedness pursuant to this clause (5) or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such acquisition or other transaction;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements not for speculative purposes (as determined in good faith by the Board of Directors or an Officer of the Issuer);

(7) Indebtedness consisting of (a) Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in a Similar Business or (b) Indebtedness otherwise incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time outstanding the greater of €25.0 million and 23% of Consolidated EBITDA;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any governmental requirement, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement, *provided*, *however*, that upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 30 days following such drawing, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary treasury and/or cash management services, including treasury, depository, overdraft, credit card processing, credit or debit card, purchase card, electronic funds transfer, the collection of cheques and direct debits, cash pooling and other cash management arrangements, in each case, in the ordinary course of business;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar

obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that, in the case of a disposition, the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Indebtedness is extinguished within five Business Days of Incurrence;

(b) customer deposits and advance payments received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business;

(c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries; and

(d) Indebtedness incurred by a Restricted Subsidiary in connection with bankers' acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case incurred or undertaken in the ordinary course of business;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed the greater of €50.0 million and 46% of Consolidated EBITDA;

(12) Indebtedness Incurred by a Receivables Subsidiary in a Qualified Receivables Financing;

(13) Indebtedness of the Issuer and the Guarantors in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (13) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock, Excluded Contribution or the Management Share Capital Increase) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Excluded Contribution or the Management Share Capital Increase) of the Issuer, in each case, subsequent to the Issue Date; *provided, however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (10) of the fourth paragraph of the covenant described below under "*Certain Covenants—Limitation on Restricted Payments*" to the extent the Issuer and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (13) to the extent the Issuer or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1), (6) and (10) of the fourth paragraph of the covenant described below under "*—Certain Covenants—Limitation on Restricted Payments*" in reliance thereon;

(14) customer deposits and advance payments received in the ordinary course of business from customers for goods and services purchased in the ordinary course of business;

(15) Indebtedness in connection with Investments in Associates not exceeding, at any time outstanding, €10.0 million; and

(16) Indebtedness under local Credit Facilities in an aggregate principal amount not to exceed, at any one time outstanding, €20.0 million.

Notwithstanding the foregoing, the aggregate principal amount of Indebtedness Incurred by Restricted Subsidiaries of the Issuer that are not Guarantors pursuant to the first paragraph of this covenant at any time outstanding shall not at any time exceed the greater of €40.0 million and 37% of Consolidated EBITDA.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant;

(2) all Indebtedness outstanding on the Issue Date under the Revolving Credit Facility shall be deemed initially Incurred under clause (1) of the second paragraph of this covenant and not the first paragraph or clause (4)(b) of the second paragraph of this covenant, and may not be reclassified;

(3) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(4) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to the first paragraph above or pursuant to clause (1), (7), (11) or (16) of the second paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(5) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(7) for the purposes of determining "Consolidated EBITDA" (x) *pro forma* effect shall be given to Consolidated EBITDA on the same basis as for calculating the Consolidated Net Leverage Ratio for the Issuer and its Restricted Subsidiaries and (y) in relation to clause (1) of the second paragraph of this covenant, Consolidated EBITDA shall be measured on the most recent date on which new commitments are obtained (in the case of revolving facilities) or the date on which new Indebtedness is Incurred (in the case of term facilities) and for the period of the most recent four consecutive fiscal quarters ending prior to such date for which such internal consolidated financial statements of the Issuer are available; and

(8) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "*—Limitation on Indebtedness*". Except as otherwise specified, the amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under this "*—Limitation on Indebtedness*", the Issuer shall be in Default of this covenant).

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent of the principal amount of Indebtedness denominated in another

currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or, at the option of the Issuer, first committed, in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the amount set forth in clause (2) of the definition of Refinancing Indebtedness; (b) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if any such Indebtedness that is denominated in a different currency is subject to a Currency Agreement (with respect to the euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in euro will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Neither the Issuer nor any Guarantor will incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Guarantee, if any, on substantially identical terms; *provided, however,* that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured with different collateral or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment ordering provisions affecting different tranches of Indebtedness.

No Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured on a first or junior Lien basis.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) except:

   (i) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer or in Subordinated Shareholder Funding; and

   (ii) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or another Restricted Subsidiary on no more than a *pro rata* basis, measured by value);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary (other than in exchange for Capital Stock of the Issuer (other than Disqualified Stock));

(3) make any principal payment on or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to the scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance

or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*"));

(4) make any payment (other than by capitalization of interest) on or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding); or

(5) make any Restricted Investment in any Person,

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) are referred to herein as a "*Restricted Payment*"), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default or Event of Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Issuer is not able to Incur an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" after giving effect, on a *pro forma* basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (5), (10), (11) and (18) of the third succeeding paragraph, but excluding all other Restricted Payments permitted by the third succeeding paragraph) would exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the fiscal quarter commencing prior to the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Issuer are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the second succeeding paragraph) of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock) of the Issuer subsequent to the Issue Date (other than (w) Subordinated Shareholder Funding or Capital Stock in each case sold to a Subsidiary of the Issuer, (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the third succeeding paragraph and (z) Excluded Contributions or the Merger Share Exchange);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the second succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the second succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary upon such conversion or exchange) but excluding (w) Disqualified Stock or Indebtedness issued or sold to a Subsidiary of the Issuer, (x) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds

in reliance on clause (6) of the third succeeding paragraph, and (y) Excluded Contributions, the Merger Share Exchange or the Management Share Capital Increase;

(iv) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the second succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) from the disposition of any Unrestricted Subsidiary or the disposition or repayment of any Investment constituting a Restricted Payment made after the Issue Date;

(v) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or all of the assets of such Unrestricted Subsidiary are transferred to the Issuer or a Restricted Subsidiary, or the Unrestricted Subsidiary is merged or consolidated into the Issuer or a Restricted Subsidiary, 100% of such amount received in cash and the fair market value of any property or marketable securities received by the Issuer or any Restricted Subsidiary in respect of such redesignation, merger, consolidation or transfer of assets, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to clause (11) of the definition of "Permitted Investment"; and

(vi) 100% of any dividends or distributions received by the Issuer or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary,

The fair market value of property or assets (other than cash) covered by the preceding sentence shall be the fair market value thereof as determined in good faith by an officer of the Issuer, or, if such fair market value exceeds €10.0 million, by the Board of Directors.

The foregoing provisions will not prohibit any of the following (collectively, "*Permitted Payments*"):

(1) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of the Issuer) of, Capital Stock of the Issuer (other than Disqualified Stock), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or through an Excluded Contribution of the Issuer, the Management Share Capital Increase; *provided*, *however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock or Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the first paragraph of this covenant and clause (6) of this paragraph and shall not be considered Excluded Contributions or Net Cash Proceeds from a Public Equity Offering for purposes of the "Optional Redemption" provisions of the Indenture;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Issuer or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Issuer or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above, and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(a) (i) from Net Available Cash to the extent permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*" below, but only if the Issuer shall have first complied with the terms described under "*—Limitation on Sales of Assets and Subsidiary Stock*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to

purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

(b) following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if the Issuer shall have first complied with the terms described under "*—Change of Control*" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;

(5) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Issuer or any Restricted Subsidiary (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer or any Restricted Subsidiary (including any options, warrants or other rights in respect thereof excluding the Management Share Capital Increase), in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (1) €2.0 million in any calendar year, *plus* (2) amounts not to exceed the Net Cash Proceeds received during such 12-month period by the Issuer or its Restricted Subsidiaries from, or as a contribution to the equity (in each case under this clause (2), other than through the issuance of Disqualified Stock) of the Issuer from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds have not otherwise been designated as Excluded Contributions and are not included in any calculation under clause (c)(ii) of the first paragraph describing this covenant or clause (i) of this paragraph;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "*—Limitation on Indebtedness*";

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) to the extent specified in clauses (2), (3) and (5) of the second paragraph under "*—Limitation on Affiliate Transactions*";

(10) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Issuer of dividends on the common stock or common equity interests of the Issuer in an amount not to exceed in any twelve month period an amount equal to 7% of the Market Capitalization; *provided* that, after giving *pro forma* effect to such dividends, the Consolidated Net Leverage Ratio shall be equal to or less than 4.00 to 1.0;

(11) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), Restricted Payments in an aggregate amount outstanding at any time not to exceed the greater of €50.0 million and 46% of Consolidated EBITDA;

(12) payments by the Issuer to holders of Capital Stock of the Issuer in lieu of the issuance of fractional shares of such Capital Stock, *provided*, *however*, that any such payment shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors or an Officer of the Issuer);

(13) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause (13);

(14) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing;

(15) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary to the holders of its Capital Stock (other than the Issuer or any Restricted Subsidiary) on a no more than *pro rata* basis;

(16) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(17) advances or loans to (a) any future, present or former officer, director, employee or consultant of the Issuer or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Equity Interests of the Issuer (other than Disqualified Stock), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Equity Interests of the Issuer (other than Disqualified Stock); *provided* that the total aggregate amount of Restricted Payments made under this clause (17) does not exceed €2.0 million in any calendar year; and

(18) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), any Restricted Payment; *provided* that the Consolidated Net Leverage Ratio for the Issuer and its Restricted Subsidiaries on a *pro forma* basis after giving effect to any such Restricted Payment does not exceed 3.25 to 1.00.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Issuer acting in good faith.

Limitation on Liens

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "*Initial Lien*"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if, subject to the Agreed Security Principles, the Notes and the Indenture (or a Guarantee of the Notes in the case of Liens of a Guarantor) are directly secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under "*—Security—Release of Liens*".

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits;

(B) make any loans or advances to the Issuer or any Restricted Subsidiary; or

(C) sell, lease or transfer any of its property or assets to the Issuer or any Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Revolving Credit Facility) or (b) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date (including the Indenture, the Notes, the Intercreditor Agreement, the Security Documents or any related security documents);

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Company (as defined under "*—Merger and Consolidation*"), any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Company;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an "*Initial Agreement*") or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Board of Directors or an Officer of the Issuer);

(4) any encumbrance or restriction:

    (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

    (b) contained in mortgages, charges, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, charges, pledges or other security agreements; or

    (c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired, or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the distribution or transfer of the assets or Capital Stock of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or

disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "*—Limitation on Indebtedness*" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders of the Notes than (i) the encumbrances and restrictions contained in the Revolving Credit Facility, together with the security documents associated therewith, and the Intercreditor Agreement, in each case, as in effect on the Issue Date or (ii) as is customary in comparable financings (as determined in good faith by the Board of Directors or an Officer of the Issuer) or (b) constituting an Additional Intercreditor Agreement;

(12) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of the Board of Directors or an Officer of the Issuer, are necessary or advisable to effect such Qualified Receivables Financing; and

(13) any encumbrance or restriction existing by reason of any lien permitted under "*—Limitation on Liens*".

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any Restricted Subsidiary to, consummate any Asset Disposition unless:

(1) the consideration the Issuer or such Restricted Subsidiary receives for such Asset Disposition is not less than the fair market value of the assets sold (as determined by the Issuer's Board of Directors); and

(2) at least 75% of the consideration the Issuer or such Restricted Subsidiary receives in respect of such Asset Disposition consists of:

   (i) cash (including any Net Cash Proceeds received from the conversion within 180 days of such Asset Disposition of securities, notes or other obligations received in consideration of such Asset Disposition);

   (ii) Cash Equivalents;

   (iii) the assumption by the purchaser of (x) any liabilities recorded on the Issuer's or such Restricted Subsidiary's balance sheet or the notes thereto (or, if incurred since the date of the latest balance sheet, that would be recorded on the next balance sheet) (other than Subordinated Debt), as a result of which neither the Issuer nor any of the Restricted Subsidiaries remains obligated in respect of such liabilities or (y) Indebtedness of a Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, if the Issuer and each other Restricted Subsidiary is released from any guarantee of such Indebtedness as a result of such Asset Disposition;

   (iv) Replacement Assets;

   (v) any Capital Stock or assets of the kind referred to in clause (D) or (F) in the second paragraph of this covenant;

   (vi) consideration consisting of Indebtedness of the Issuer or any Guarantor received from Persons who are not the Issuer or any Restricted Subsidiary, but only to the extent that such Debt (i) has been extinguished by the Issuer or the applicable Guarantor and (ii) is not Subordinated Indebtedness of the Issuer or such Guarantor;

(vii) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary, having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at any one time outstanding, not to exceed the greater of €15.0 million and 14% of Consolidated EBITDA at the time of the receipt of such Designated Non-Cash Consideration (with the fair market value of each issue of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); or

(viii) a combination of the consideration specified in clauses (i) through (vii) of this clause (2).

If the Issuer or any Restricted Subsidiary consummates an Asset Disposition, the Net Cash Proceeds of the Asset Disposition, within 360 days (or 540 days in the circumstances described in clause (H) below) of the later of (i) the date of the consummation of such Asset Disposition and (ii) the receipt of such Net Cash Proceeds, may be used by the Issuer or such Restricted Subsidiary to:

(A) (i) prepay, repay, purchase or redeem any Indebtedness incurred under clause (1) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*" or any Refinancing Indebtedness in respect thereof; (ii) unless included in (A)(i), prepay, repay, purchase or redeem Notes or Indebtedness that is secured by a Lien on the Collateral that is not subordinated in right of payment to the Notes at a price of no more than 100% of the principal amount of the Notes or such applicable Indebtedness, plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption; or (iii) prepay, repay, purchase or redeem any Indebtedness of a Restricted Subsidiary that is not a Guarantor or any Indebtedness that is secured on assets which do not constitute Collateral (in each case other than Subordinated Indebtedness of the Issuer or a Guarantor or Indebtedness owed to the Issuer or any Restricted Subsidiary); *provided* that the Issuer shall prepay, repay, purchase or redeem Public Debt (other than the Notes) pursuant to clause (ii) only if the Issuer makes (at such time or in compliance with this covenant) an offer to Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Notes equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum total aggregate principal amount of the Notes outstanding plus the total aggregate principal amount outstanding of such Indebtedness (other than the Notes);

(B) purchase any series of Notes pursuant to an offer to all Holders of such Notes at a purchase price in cash equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on the record date to receive interest due on the interest payment date);

(C) invest in any Replacement Assets;

(D) acquire all or substantially all of the assets of, or any Capital Stock of, another Similar Business, if, after giving effect to any such acquisition of Capital Stock, the Similar Business is or becomes a Restricted Subsidiary;

(E) make a capital expenditure;

(F) acquire other assets (other than Capital Stock and cash or Cash Equivalents) that are used or useful in a Similar Business;

(G) consummate any combination of the foregoing; or

(H) enter into a binding commitment to apply the Net Cash Proceeds pursuant to clause (A), (C), (D), (E) or (F) of this paragraph or a combination thereof, *provided* that, a binding commitment shall be treated as a permitted application of the Net Cash Proceeds from the date of such commitment until the earlier of (x) the date on which such investment is consummated, (y) the 180th day following the expiration of the aforementioned 365 day period, if the investment has not been consummated by that date.

The amount of such Net Cash Proceeds not so used as set forth in this paragraph constitutes "*Excess Proceeds*". Pending the final application of any such Net Cash Proceeds, the Issuer may temporarily reduce revolving credit borrowings or otherwise invest such Net Cash Proceeds in any manner that is not prohibited by the terms of the Indenture.

On the 361st day (or the 541st day if a binding commitment as described in clause (H) is entered into) after an Asset Disposition, or such earlier time if the Issuer elects, if the aggregate amount of Excess

Proceeds exceeds €20.0 million, the Issuer will be required within 10 Business Days thereof to make an offer ("*Asset Disposition Offer*") to all Holders and, to the extent the Issuer elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Indebtedness, as applicable, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof in the case of the Notes.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be repaid or purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such principal amounts into their Euro Equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer upon converting such portion of the Net Available Cash into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "*Asset Disposition Offer Period*"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "*Asset Disposition Purchase Date*"), the Issuer will purchase the principal amount of Notes and, to the extent it elects, Pari Passu Indebtedness required to be repaid or purchased by it pursuant to this covenant (the "*Asset Disposition Offer Amount*") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Issuer will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note (or amend the applicable Global Note), and the Trustee (or an authenticating agent), upon delivery of an Officer's Certificate from the Issuer, will authenticate and mail or deliver (or cause to be transferred by book-entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a principal amount with a minimum denomination of €100,000. Any Note not so accepted will be promptly mailed or delivered (or transferred by book-entry) by the Issuer to the Holder thereof.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict

with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (any such transaction or series of related transactions being an "*Affiliate Transaction*") involving aggregate value in excess of €5.0 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's-length dealings with a Person who is not such an Affiliate;

(2) in the event such Affiliate Transaction involves an aggregate value in excess of €10.0 million, the terms of such transaction or series of related transactions have been approved by a resolution of the majority of the disinterested members of the Board of Directors of the Issuer resolving that such transaction complies with clause (1) above; and

(3) in the event such Affiliate Transaction involves an aggregate consideration in excess of €20.0 million, the Issuer has received a written opinion (a "*Fairness Opinion*") from an Independent Financial Advisor that such Affiliate Transaction is fair, from a financial standpoint, to the Issuer and its Restricted Subsidiaries or that the terms are not materially less favorable than those that could reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "*—Limitation on Restricted Payments*", any Permitted Payments or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b), (2), (11) and (17) of the definition thereof);

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Issuer, in each case in the ordinary course of business;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any transaction between or among the Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries or any Receivables Subsidiary;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer, any Restricted Subsidiary (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) (i) the Transactions, (ii) the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction pursuant to or contemplated by, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date or described in "*Related Party Transactions*" in the Offering Memorandum, as these agreements and instruments may be amended, modified, supplemented, extended,

renewed, replaced or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect, and (iii) the entry into and performance of any registration rights or other listing agreement;

(7) [*Reserved*];

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an Officer of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary or any Affiliate of the Issuer or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock) of the Issuer or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable;

(11) [*Reserved*]; and

(12) any transaction effected as part of a Qualified Receivables Financing.

Reports

So long as any Notes are outstanding, the Issuer will furnish to the Trustee the following reports:

(1) within 120 days after the end of the Issuer's fiscal year beginning with the fiscal year ended December 31, 2018, annual reports containing, to the extent applicable: (i) an operating and financial review of the audited financial statements, including a discussion of the results of operation, financial condition, consolidated EBITDA and liquidity and capital resources; (ii) unaudited *pro forma* income statement and balance sheet information of the Issuer (which, for the avoidance of doubt, shall not include provision of a full income statement or balance sheet to the extent not reasonably available, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (other than the Transactions and unless such *pro forma* financial information has been provided in a previous report pursuant to Clause (2) or (3) below); *provided further* that if such *pro forma* financial information is not reasonably available, the Issuer will provide, in the case of a material acquisition, acquired company financials; (iii) the audited consolidated balance sheet of the Issuer as at the end of the most recent fiscal year and audited consolidated income statements and statements of cash flow of the Issuer for the most recent fiscal year, including appropriate footnotes to such financial statements, for and as at the end of such fiscal years and the report of the independent auditors on the financial statements; (iv) a description of the business, management and shareholders of the Issuer, all material affiliate transactions; and a description of all material debt instruments; and (v) a description of material operational risk factors and material subsequent events;

(2) within 60 days following the end of the first and third fiscal quarters in each fiscal year of the Issuer beginning with the fiscal quarter ended September 30, 2018, and within 75 days for the second fiscal quarter in each fiscal year beginning with the fiscal quarter ended June 30, 2019, quarterly financial statements of the Issuer containing the following information: (i) the Issuer's unaudited condensed consolidated balance sheet as at the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year to date period ending on the unaudited condensed balance sheet date and the comparable prior period, together with condensed footnote disclosure; (ii) unaudited *pro forma* income statement and

balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such quarterly report relates (other than the Transactions and unless such *pro forma* financial information has been provided in a previous report pursuant to Clause (1) or (3) hereof) (*provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Issuer will provide, in the case of a material acquisition, acquired company financials); (iii) an operating and financial review of the unaudited financial statements, including a discussion of the consolidated financial condition, results of operations, consolidated EBITDA and material changes in liquidity and capital resources of the Issuer; (iv) a discussion of material changes in material debt instruments since the most recent report; and (v) material subsequent events and any material changes to the risk factors disclosed in the most recent annual report; and

(3) promptly after the occurrence of a material event that the Issuer announces publicly or any acquisition, disposition or restructuring, merger or similar transaction that is material to the Issuer and the Restricted Subsidiaries, taken as a whole, or a senior executive officer or director changes at the Issuer or a change in auditors of the Issuer, a report containing a description of such event;

provided, however, the reports set forth in sub-paragraphs (1), (2) and (3) above will not be required to: (i) include separate financial statements for any Restricted Subsidiaries of the Company or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in the Offering Memorandum or (ii) contain any reconciliation to U.S. generally accepted accounting principles.

In addition, the Issuer shall furnish to the Holders and to prospective investors, upon the request of such parties, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act for so long as the Notes are not freely transferable under the Exchange Act by persons who are not "affiliates" under the Securities Act.

The Issuer shall also make available to Holders and prospective holders of the Notes copies of all reports furnished to the Trustee on the Issuer's website and if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market thereof and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, by posting such reports on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

All financial statement information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented, except as may otherwise be described in such information; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, (x) in the event of a change in IFRS, present earlier periods on a basis that applied to such periods and (y) to the extent consolidated financial information or comparable prior period financial information of the Issuer does not exist or is not meaningful, the comparable prior period financial information of Guala Closures S.p.A. (pre-merger) may be provided in lieu thereof.

At any time that any of the Issuer's subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Issuer, then the quarterly and annual financial information required by the first paragraph of this "*Reports*" covenant will include (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer or (ii) stand-alone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries, together with an unaudited reconciliation to the financial information of the Issuer and its subsidiaries, which reconciliation shall include the following items: revenues, consolidated EBITDA, net income, cash, total assets, total debt, shareholder equity, capital expenditures and interest expense.

For the purposes of this covenant, IFRS shall be deemed to be IFRS as in effect from time to time, without giving effect to the proviso in the definition thereof.

All reports provided pursuant to this "*Reports*" covenant shall be made in the English language.

In the event that (i) the Issuer becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the

reports required by Section 13(a) with the SEC or (ii) the Issuer elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Issuer) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of U.S. GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d). Upon complying with the foregoing requirement, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs.

Merger and Consolidation

The Issuer

The Issuer will not consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose of all or substantially all the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, in one transaction or a series of related transactions to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "*Successor Issuer*") will be a Person organized and existing under the laws of any member state of the European Union, or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Issuer (if not the Issuer) will expressly assume (in each case subject to any limitation contemplated by the Agreed Security Principles), (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and (b) all obligations of the Issuer under the Intercreditor Agreement and the Security Documents, as applicable;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or any Subsidiary of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Successor Issuer would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such transaction; and

(4) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Issuer (in each case, in form and substance reasonably satisfactory to the Trustee), *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

Any Indebtedness that becomes an obligation of the Issuer or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under "*—Limitation on Indebtedness*".

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Indenture or the Notes.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the second paragraph of this "*Merger and Consolidation*" covenant) shall not apply to (i) any transactions which constitute an Asset Disposition if the Issuer has complied with the covenant described under "*—Limitation on Sales of Assets and Subsidiary Stock*" or (ii) the creation of a new Subsidiary as a Restricted Subsidiary.

The Guarantors

No Guarantor (other than a Guarantor whose guarantee is to be released in accordance with the terms of the Indenture or the Intercreditor Agreement) may:

(1) consolidate with or merge with or into any Person (whether or not such Guarantor is the surviving corporation);

(2) sell, assign, convey, transfer, lease or otherwise dispose of, all or substantially all of the assets of such Guarantor and its Restricted Subsidiaries taken as a whole, in one transaction or a series of related transactions, to any Person; or

(3) permit any Person to merge with or into it unless:

 (A) the other Person is the Issuer, the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor;

 (B) (1) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Guarantee and the Indenture (pursuant to a supplemental indenture executed and delivered in a form reasonably satisfactory to the Trustee); and (2) immediately after giving effect to the transaction, no Default or Event of Default shall have occurred and is continuing; or

 (C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of a Guarantor or the sale or disposition of all or substantially all the assets of a Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture,

provided, however, that the prohibition in clauses (1), (2) and (3) of this paragraph shall not apply to the extent that compliance with clauses (A) and (B)(1) could give rise to or result in: (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws rules or regulations (or analogous restriction) of any applicable jurisdiction; (2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses.

The provisions set forth in this "*Merger and Consolidation*" covenant shall not restrict (and shall not apply to): (i) any Restricted Subsidiary that is not a Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Issuer, a Guarantor or any other Restricted Subsidiary that is not a Guarantor; (ii) a Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer or another Guarantor; (iii) the Issuer or any Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity; *provided*, *however*, that clauses (1), (2) and (4) under the heading "*—The Issuer*" or clauses (3)(A) and (3)(B) under the heading "*—The Guarantors*", as the case may be, shall apply to any such transaction; and (iv) a Permitted Reorganization.

Lines of Business

The Issuer will not, and will not permit any Restricted Subsidiary to, engage in any business other than a Similar Business, except to such extent as would not be material to the Issuer and its Restricted Subsidiaries, taken as a whole.

Impairment of Security Interest

The Issuer shall not, and shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interest

with respect to the Collateral (it being understood, subject to the proviso below, that (x) the Incurrence of Permitted Collateral Liens and (y) the implementation of any Permitted Reorganization shall under no circumstances be deemed to materially impair the Security Interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Issuer shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral, except that (i) the Issuer and its Restricted Subsidiaries may Incur Permitted Collateral Liens and the Collateral may be discharged and released and retaken, if applicable, in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement or any Additional Intercreditor Agreement, (ii) the Issuer and its Restricted Subsidiaries may effect a Permitted Reorganization and (iii) the applicable Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced, from time to time to cure any ambiguity, mistake, omission, defect or inconsistency therein; *provided*, *however*, that in the case of clause (i) above, except with respect to any discharge or release in accordance with the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement, the Incurrence of Permitted Collateral Liens or any action expressly permitted by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement, the Security Documents may not be amended, extended, renewed, restated, supplemented, released and retaken, if applicable, or otherwise modified or replaced, unless contemporaneously with any such action, the Issuer delivers to the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the Issuer and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (2) a certificate from the Board of Directors of the relevant Person which confirms the solvency of the person granting such Security Interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, or (3) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, modified or replaced are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement.

In the event that the Issuer complies with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "*Suspension Event*"), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (the "*Reversion Date*"), the provisions of the Indenture summarized under the following captions will not apply to the Notes:

(1) "*—Limitation on Restricted Payments*";

(2) "*—Limitation on Indebtedness*";

(3) "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*";

(4) "*—Limitation on Affiliate Transactions*";

(5) "*—Limitation on Sales of Assets and Subsidiary Stock*"; and

(6) the provisions of clause (3) of the first paragraph of the covenant described under "*—Merger and Consolidation—the Issuer*".

and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries.

Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer or any of its Restricted Subsidiaries properly taken during the

continuance of the Suspension Event, and no action taken prior to the Reversion Date will constitute a Default or Event of Default. The "*Limitation on Restricted Payments*" covenant will be interpreted as if it has been in effect since the date of the Indenture but not during the continuance of the Suspension Event. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*". In addition, the Indenture will also permit, without causing a Default or Event of Default, the Issuer or any of the Restricted Subsidiaries to honor any contractual commitments or take actions in the future after any date on which the Notes cease to have an Investment Grade Status as long as the contractual commitments were entered into during the Suspension Event and not in anticipation of the Notes no longer having an Investment Grade Status. The Issuer shall notify the Trustee that the conditions set forth in the first paragraph under this caption has been satisfied, *provided* that, no such notification shall be a condition for the suspension of the covenants described under this caption to be effective. The Trustee shall not be obligated to notify Holders of such event. There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Issuer, in connection with the Incurrence by the Issuer or its Restricted Subsidiaries of any Indebtedness permitted pursuant to the covenant described under "*—Limitation on Indebtedness*", the Issuer, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement (an "*Additional Intercreditor Agreement*") or a restatement, amendment or other modification of the existing Intercreditor Agreement on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including containing substantially the same terms with respect to release of Guarantees and priority and release of the Security Interest; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, as applicable, adversely affect the rights, duties, liabilities or immunities of the Trustee or Security Agent under the Indenture or the Intercreditor Agreement.

The Indenture also will provide that, at the direction of the Issuer and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Issuer or any Restricted Subsidiary that is subject to any such agreement (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes), (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes, (6) implement any Permitted Collateral Liens, (7) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof or (8) make any other change to any such agreement that does not adversely affect the Holders in any material respect. The Issuer shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "*—Amendments and Waivers*" or as permitted by the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, and the Issuer may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture shall also provide that, in relation to any Intercreditor Agreement or Additional Intercreditor Agreement, the Trustee (and Security Agent, if applicable) shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided*, *however*, that such transaction would comply with the covenant described under "*—Limitation on Restricted Payments*".

The Indenture also will provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional

Intercreditor Agreement, (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have directed the Trustee and the Security Agent to enter into any such Additional Intercreditor Agreement. A copy of the Intercreditor Agreement or any Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at our offices or at the offices of the listing agent.

Additional Guarantees

Notwithstanding anything to the contrary in this covenant, no Restricted Subsidiary shall Guarantee the Indebtedness outstanding under the Revolving Credit Facility, any Credit Facility or any other Public Debt, in each case of the Issuer or a Guarantor unless such Restricted Subsidiary is or becomes a Guarantor on the date on which the Guarantee is incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture pursuant to which such Restricted Subsidiary will provide a Guarantee, which Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's guarantee of such other Indebtedness; *provided*, however, that such Restricted Subsidiary shall not be obligated to become such a Guarantor to the extent and for so long as the Incurrence of such Guarantee is contrary to the Agreed Security Principles or could give rise to or result in: (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws rules or regulations (or analogous restriction) of any applicable jurisdiction; (2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses. At the option of the Issuer, any Guarantee may contain limitations on Guarantor liability to the extent reasonably necessary.

Additional Guarantees granted pursuant to this provision shall be released as set forth under "*—Releases of the Guarantees*". A Guarantee of an additional Guarantor may also be released at the option of the Issuer if at the date of such release either (i) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture if such Guarantor had not been designated as a Guarantor, or (ii) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. The Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Guarantee in accordance with these provisions, subject to customary protections and indemnifications.

The validity and enforceability of the Guarantees and the Security Interests and the liability of each Guarantor will be subject to the limitations as described and set out in "*Limitations on Validity and Enforceability of the Note Guarantees and the Security Interests and Certain Insolvency Law Considerations*" in the Offering Memorandum.

Maintenance of Listing

The Issuer will use its commercially reasonable efforts to maintain the listing of the Notes on the Euro MTF market for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it will not maintain such listing, it will obtain prior to the delisting of the Notes from the Euro MTF market, and thereafter use its commercially reasonable efforts to maintain, a listing of such Notes on another recognized stock exchange.

Payments for Consent

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms of the provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Issuer and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, to exclude holders of Notes in any jurisdiction where

(A)(i) the solicitation of such consent, waiver or amendment, including in connection with an offer to purchase for cash, or (ii) the payment of the consideration therefor would require the Issuer or any of its Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which the Issuer in its sole discretion determines (acting in good faith) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction); or (B) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Financial Calculations for Limited Condition Acquisitions.

When calculating the availability under any basket or ratio under the Indenture, in each case in connection with a Limited Condition Acquisition, the date of determination of such basket or ratio and of any Default or Event of Default shall, at the option of the Issuer, be the date the definitive agreements for such Limited Condition Acquisition are entered into and such baskets or ratios shall be calculated on a *pro forma* basis after giving effect to such Limited Condition Acquisition and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable reference period for purposes of determining the ability to consummate any such Limited Condition Acquisition (and not for purposes of any subsequent availability of any basket or ratio). For the avoidance of doubt, (x) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in Consolidated EBITDA of the Issuer or the target company) subsequent to such date of determination and at or prior to the consummation of the relevant Limited Condition Acquisition, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the Limited Condition Acquisition and the related transactions are permitted hereunder and (y) such baskets or ratios shall not be tested at the time of consummation of such Limited Condition Acquisition or related transactions; *provided further* that if the Issuer elects to have such determinations occur at the time of entry into such definitive agreement, any such transactions (including any Incurrence of Indebtedness and the use of proceeds thereof) shall be deemed to have occurred on the date the definitive agreements are entered and outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture after the date of such agreement and before the consummation of such Limited Condition Acquisition.

Grant of the Guarantees and the Collateral.

The Issuer shall ensure that on the earlier of (a) November 30, 2018 and (b) the date on which the Revolving Credit Facility receives the benefit of such guarantees and security, the Notes will be Guaranteed by Guarantees granted by each of the Initial Guarantors pursuant to one or more supplemental indentures and secured by security interests granted pursuant to Security Documents on an equal and ratable first-priority basis over the following property, rights and assets: (i) over the entire issued share capital of each of Guala Closures Australia Holding Pty Ltd, Guala Closures Australia Pty Ltd, Guala Closures International B.V., Guala Closures New Zealand Limited and Guala Closures U.K. Limited; (ii) the issued share capital of Guala Closures DGS Poland S.A. and of Guala Closures Ukraine LLC that is owned by the Group; and (iii) the assignment by way of security (or pledge) over certain receivables by and between the Issuer and its Restricted Subsidiaries or between Restricted Subsidiaries under any intercompany loan in a principal amount of greater than €10.0 million and with a final maturity date in excess of 12 months.

The Issuer shall ensure that each of the supplemental indentures and Security Documents required to grant the Guarantees and create security interests in the Collateral shall be entered into as appropriate and cause the relevant entity to deliver such agreements, instruments, certificates and opinions of counsel that may be required in connection therewith be delivered to the Trustee and the Security Agent.

Events of Default

Each of the following is an "Event of Default" under the Indenture:

(1) default in any payment of interest or Additional Amounts on any Note issued under the Indenture when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Issuer or any Guarantor to comply with the provisions described under the caption "*—Certain Covenants—Consolidation and Merger*";

(4) failure by the Issuer or any of its Restricted Subsidiaries to comply for 30 days after written notice by the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes with the provisions described under the caption "*—Change of Control*" (other than the failure to purchase Notes which will constitute an Event of Default under clause (2) above);

(5) failure by the Issuer or any of its Restricted Subsidiaries to comply for 30 days after written notice by the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes with its other agreements contained in the Indenture (other than a default in performance, or breach, of a covenant or agreement which is specifically addressed in clauses (1), (2), (3) or (4) above) or the Notes;

(6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Issuer or any of its Restricted Subsidiaries) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default:

    (a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("*payment default*"); or

    (b) results in the acceleration of such Indebtedness prior to its maturity (the "*cross acceleration provision*"),

    and, in each case, either (i) the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €20.0 million or more or (ii) to the extent any such Indebtedness is incurred pursuant to clause (1) or (6) of the second paragraph of the "*—Limitation on Indebtedness*" covenant and secured by Collateral that is granted the benefit of super senior priority rights on the proceeds of enforcement of Collateral under the Intercreditor Agreement, upon any instruction by an instructing group to commence enforcement of the Collateral in accordance with the terms thereof;

(7) certain events of bankruptcy, insolvency or court protection of the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries), would constitute a Significant Subsidiary (the "*bankruptcy provisions*");

(8) failure by the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of €20.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "*judgment default provision*");

(9) any security interest under the Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture and except through the gross negligence or willful misconduct of the Trustee or Security Agent) with respect to Collateral having a fair market value in excess of €10.0 million for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents or any such security interest created thereunder shall be declared invalid or unenforceable or the Issuer or any Restricted Subsidiary shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days;

(10) any Guarantee of the Issuer or a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Guarantee and such Default continues for 10 days; and

(11) failure to comply with the covenant "—*Grant of the Collateral and Guarantees*" within the period specified therein and such Default continues for 30 days.

However, a default under clauses (5), (6) or (8) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of 25% in principal amount of the outstanding Notes under the Indenture notify the Issuer of the default and, with respect to clauses (5), (6) or (8) the Issuer does not cure such default within the time specified in clauses (5), (6) or (8), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (7) above) occurs and is continuing, the Trustee by notice to the Issuer or the Holders of at least 25% in principal amount of the outstanding Notes under the Indenture by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on all the Notes under the Indenture to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (6) under "Events of Default" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (6) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (7) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of a majority in principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium, interest or Additional Amounts, if any) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 25% in principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee security and/or indemnity satisfactory (including by way of prefunding) to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the offer of security and/or indemnity (including by way of prefunding); and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee.

The Indenture will provide that, in the event an Event of Default has occurred and is continuing of which a responsible officer of the Trustee has received written notice, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security (including by way of prefunding) satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action. The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed of such occurrence in writing by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as the Trustee determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "*Initial Default*") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Indenture will provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured (including by way of prefunding) to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Amendments and Waivers

Subject to certain exceptions, the Notes Documents may be amended, supplemented or otherwise modified with the consent of Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). However, without the consent of Holders holding not less than 75% of the then outstanding principal amount of the Notes affected, then outstanding, an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder:

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note;

(4) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed, in each case as described above under "*—Optional Redemption*";

(5) make any Note payable in money other than that stated in the Note;

(6) impair the right of any Holder to institute suit for the enforcement of any such payment on or with respect to such Holder's Notes;

(7) make any change in the provision of the Indenture described under "*—Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Issuer or the applicable Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release any security interests granted for the benefit of the Holders in the Collateral other than in accordance with the terms of the Intercreditor Agreement, any applicable Additional Intercreditor Agreement, the Indenture or the applicable Security Documents;

(9) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any, on the Notes (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration);

(10) release any Guarantor from any of its obligations under its Guarantee or the Indenture, except in accordance with the terms of the Indenture, the Intercreditor Agreement any applicable Additional Intercreditor Agreement;

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Trustee, the Security Agent and the other parties thereto, as applicable, may amend or supplement any Notes Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or any Restricted Subsidiary under any Notes Document;

(3) add to the covenants or provide for a Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(4) make any change that would provide additional rights or benefits to the Trustee or the Holders or that does not adversely affect the rights or benefits to the Trustee or any of the Holders in any material respect under the Notes Documents;

(5) make such provisions as necessary (as determined in good faith by the Board of Directors or an Officer of the Issuer) for the issuance of Additional Notes;

(6) to provide for any Restricted Subsidiary to provide a Guarantee in accordance with the covenants described under "*Certain Covenants—Limitation on Indebtedness*" or "*Certain Covenants—Additional Guarantees*", to add Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is provided for under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(7) to conform the text of the Indenture, the Security Documents or the Notes to any provision of this "*Description of the Notes*" to the extent that such provision in this "*Description of the Notes*" was intended to be a verbatim recitation of a provision of the Indenture, the Security Documents or the Notes;

(8) to evidence and provide for the acceptance and appointment under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor Trustee or Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee or Security Agent to any Notes Document;

(9) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of the Holders or parties to the Revolving Credit Facility, in any property which is required by the Security Documents or the Revolving Credit Facility (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent

necessary to grant a security interest in the Collateral for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement and the covenant described under "*—Certain Covenants—Impairment of Security Interest*" is complied with; or

(10) as provided in "*—Certain Covenants—Additional Intercreditor Agreements*".

In formulating its decision on such matters, the Trustee shall be entitled to require and rely absolutely on such evidence as it deems necessary, including Officer's Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Notes Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer will publish notice of any amendment, supplement and waiver in Luxembourg in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Such notice of any amendment, supplement and waiver may also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Acts by Holders

In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, the Notes owned by the Issuer or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding.

Meeting of Holders of Notes

All meetings of Holders of the Notes will be held in accordance with Italian applicable laws and regulations.

In addition to and without prejudice to the provisions described above under the caption "*—Amendments and Waivers*", in accordance with the provisions set forth under the Italian Civil Code, the Indenture will include provisions for the convening of meetings of the Holders of the Notes to consider any matter affecting their interests, including, without limitation, the modification or abrogation by extraordinary resolution of any provisions of the Notes or the Indenture. A meeting may be convened either (i) by the Board of Directors of the Issuer, (ii) by the Noteholders' Representative (as defined below) or (iii) upon request by holders of at least 5.0% of the aggregate principal amount of the outstanding Notes.

In accordance with the Italian Civil Code, the vote required to pass a resolution by a meeting of the Holders of Notes (including any adjourned meeting) will be (i) on any matter other than the matters described under Article 2415, paragraph 1, item 2 of the Italian Civil Code (as indicated below), one or more persons that hold or represent Holders of at least two-thirds of the aggregate principal amount of the Notes so present or represented at such meeting. Any meeting of the Holders of Notes will be validly held if there are one or more persons present that hold or represent Holders of more than one-fifth of the aggregate principal amount of the outstanding Notes; *provided*, however, that the Issuer's bylaws may provide for a higher quorum (to the extent permitted under Italian law). Certain proposals, as set out under Article 2415 paragraph 1, item 2, and paragraph 3 of the Italian Civil Code (namely, the amendment of the economic terms and conditions of the Notes) may only be approved by an extraordinary resolution passed at a meeting of Holders of the Notes (including any adjourned meeting) by one or more persons present that hold or represent holders of not less than one-half of the aggregate principal amount of the outstanding Notes.

With respect to the matters set forth in the second paragraph under "*—Amendments and Waivers*", and to the extent permitted under Italian law, the Indenture will contractually increase the percentage of the aggregate principal amount of Notes otherwise required by Article 2415 of the Italian Civil Code to pass an extraordinary resolution with respect to such matters from 50% to 75% of the aggregate principal amount of the outstanding Notes. See "*Risk Factors—Risks related to the Notes and Note Guarantees Generally—The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all noteholders with the vote of either 75% or 50% of the outstanding Notes*". Any resolution duly passed at

any such meeting shall be binding on all the holders of the Notes, whether or not such holder was present at such meeting or voted to approve such resolution. To the extent provided by the Italian Civil Code, the resolutions passed by a meeting of Holders of the Notes can be challenged by Holders pursuant to Articles 2377 and 2379 of the Italian Civil Code.

The Indenture will provide that the provisions described under this "*—Meeting of Holders of Notes*" will be in addition to, and not in substitution of, the provisions described under the caption "*—Amendments and Waivers*". As such and notwithstanding the foregoing, any amendment, supplement and/or waiver, in addition to complying with the provisions described under this "*—Meeting of Holders of Notes*" must also comply with the other provisions described under "*—Amendments and Waivers*".

Security Representative and Noteholders' Representative

Pursuant to the terms of the Indenture, the execution of the Indenture and the issuance and purchase of the Notes on the Issue Date shall be deemed to constitute the authorization and agreement on behalf of the holders of the Notes of the initial appointment as of the Issue Date of UniCredit Bank AG, Milan Branch, as representative (*rappresentante*) pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code (the "*Security Representative*") in order to create and grant in its favor security interests and guarantees securing and guaranteeing the Notes and entitle it to exercise in the name and on behalf of the Holders of the Notes all their rights (including any rights before any court and judicial proceedings) relating to such security interests and guarantees. Pursuant to the terms of the Indenture each holder of the Notes from time to time, by accepting a Note, shall be deemed to have agreed to, and accepted, the appointment of UniCredit Bank AG, Milan Branch as Security Representative.

Moreover, a representative of the Holders of the Notes (*rappresentante comune*) (the "*Noteholders' Representative*") may be appointed pursuant to Articles 2415 and 2417 of the Italian Civil Code by the Holders of the Notes in order to represent the interests of the Holders of the Notes pursuant to Article 2418 of the Italian Civil Code as well as to give effect to resolutions passed at a meeting of the Holders of the Notes. If the Noteholders' Representative is not appointed by a meeting of the Holders of the Notes, the Noteholders' Representative shall be appointed by a decree of the Court where the Issuer has its registered office upon request by one or more Holders of the Notes or upon request by the directors of the Issuer. The Noteholders' Representative remains appointed for a maximum period of three years but may be subsequently reappointed thereafter.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer and the Guarantors under the Notes and the Indenture ("*legal defeasance*") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate its and the Guarantors' obligations under the covenants described under "*Certain Covenants*" (other than clauses (1) and (2) of "*—Certain Covenants—Merger and Consolidation*") and "*Change of Control*" and the default provisions relating to such covenants described under "Events of Default" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to the Issuer and Significant Subsidiaries, the judgment default provision, the guarantee provision and the security default provision described under "Events of Default" above ("*covenant defeasance*").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (5), (6) (with respect only to the Significant Subsidiaries), (7), (8) or (9) under "*Events of Default*" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "defeasance trust") with the Trustee (or another entity designated by the Trustee for this purpose) cash in

euros or euro-denominated European Government Obligations or a combination thereof for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States to the effect that the beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;

(4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940, as amended; and

(5) the Issuer delivers to the Trustee all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement and any Additional Intercreditor Agreement and the Security Documents will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes, and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Paying Agent for cancellation; or (b) all Notes not previously delivered to the Paying Agent for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Paying Agent in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (or another entity designated by the Trustee for this purpose), money or euro-denominated European Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously delivered to the Paying Agent for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; (4) the Issuer has delivered irrevocable instructions to the Trustee to apply the funds deposited towards the payment of the Notes at maturity or on the redemption date, as the case may be; and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "*Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer or any of their respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer or any Guarantor under the Notes Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

The Law Debenture Trust Corporation p.l.c. is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default of which a responsible officer of the Trustee has received written notice, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default of which a responsible officer of the Trustee is aware, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Note, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a bona fide Holder for not less than 6 months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, taxes expenses incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

For so long as any of the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices of the Issuer with respect to the Notes will be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or if, in the opinion of the Issuer such publication is not practicable, in an English language newspaper having general circulation in Europe. In addition, for so long as any Notes are represented by Global Notes, all notices to Holders of the Notes will be delivered by or on behalf of the Issuer to Euroclear and Clearstream. Such notices may also be published on the website of the Luxembourg Stock Exchange *(www.bourse.lu*) in lieu of publication in the *Luxemburger Wort* so long as the rules of the Luxembourg Stock Exchange allow.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it. For so long as any Notes are represented by Global Notes, notices to Holders of the Notes may be delivered via Euroclear and Clearstream in lieu of notice via registered mail.

Prescription

Claims against the Issuer and the Guarantors for the payment of principal, or premium, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer and the Guarantors for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of Euro-Denominated Restrictions

The euro is the sole currency of account and payment for all sums payable by the Issuer and the Guarantors, if any, under or in connection with the Notes and the Guarantees, if any, including damages.

Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note, the Issuer and the Guarantors, if any, will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors, if any, will indemnify the recipient or the Trustee on a joint or several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be *prima facie* evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any Guarantee, or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the Euro Equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF Market thereof.

Enforceability of Judgments

Since substantially all the assets of the Issuer are located outside the United States, any judgment obtained in the United States against the Issuer, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes, the Issuer will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

Governing Law

The Indenture and the Notes, and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement and the rights and duties of the parties thereunder are governed by and construed in accordance with the laws of England and Wales.

Certain Definitions

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary.

Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Agreed Security Principles*" means the agreed security principles appended to the Revolving Credit Facility, as of the date of the Offering Memorandum, as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer.

"*Applicable Premium*" means, with respect to any Note the greater of:

(a) 1% of the principal amount of such Note; and

(b) the excess (to the extent positive) of:

(A) the present value at such redemption date of (1) the redemption price of such Note at October 15, 2019 (such redemption price (expressed in percentage of principal amount) being set forth in the table under the heading "*Optional Redemption*" (excluding accrued and unpaid interest)), *plus* (2) all required interest payments due on such Note to and including October 15, 2019 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date *plus* 50 basis points and assuming that the rate of interest on the Note for the period from the redemption date through October 15, 2019 will equal the rate of interest on the Notes in effect on the date on which the applicable notice of redemption is given; over

(B) the outstanding principal amount of such Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate.

For the avoidance of doubt, calculation of Applicable Premium shall not be an obligation or duty of the Trustee, the Calculation Agent, or any Paying Agent, Transfer Agent or Registrar.

"*Asset Disposition*" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Issuer or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory, trading stock, security equipment or other equipment or assets in the ordinary course of business;

(4) a disposition of obsolete, damaged, retired, surplus or worn out equipment or assets or equipment, facilities or other assets that are no longer useful in the conduct of the business of the Issuer and its Restricted Subsidiaries and any transfer, termination, unwinding or other disposition of hedging instruments or arrangements not for speculative purposes;

(5) transactions permitted under "*—Certain Covenants—Merger and Consolidation*" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the

Board of Directors or the issuance of directors' qualifying shares and shares issued to individuals as required by applicable law;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Board of Directors or an Officer of the Issuer) of less than €10.0 million;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "*—Certain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*", asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) the granting of Liens not prohibited by the covenant described above under the caption "*—Certain Covenants—Limitation on Liens*";

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by the Issuer or a Restricted Subsidiary upon the foreclosure of a Lien granted in favor of the Issuer or any Restricted Subsidiary;

(11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) sales or dispositions of receivables in connection with any Qualified Receivables Financing or any factoring transaction or in the ordinary course of business;

(15) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(16) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(17) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(18) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary, an issuance or sale by a Restricted Subsidiary of Preferred Stock that is permitted by the covenant described above under "*—Limitation on Indebtedness*" or an issuance of Capital Stock by the Issuer pursuant to an equity incentive or compensation plan approved by the Board of Directors;

(19) sales, transfers or other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements; *provided* that any cash or Cash Equivalents received in such sale, transfer or disposition is applied in accordance with the "*—Limitation on Sales of Assets and Subsidiary Stock*" covenant;

(20) any disposition with respect to property built, owned or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture; and

(21) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person) related to such assets.

"*Associate*" means (i) any Person engaged in a Similar Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Issuer or any Restricted Subsidiary.

"*Board of Directors*" means (1) with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of the Indenture requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval). The obligations of the "Board of Directors of the Issuer" under the Indenture may be exercised by the Board of Directors of a Restricted Subsidiary pursuant to a delegation of powers of the Board of Directors of the Issuer.

"*Bund Rate*" means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (*Bunds* or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected in good faith by the Board of Directors or an Officer of the Issuer) most nearly equal to the period from the redemption date to October 15, 2019; *provided, however*, that if the period from the redemption date to October 15, 2019 is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to October 15, 2019 is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in Milan, Italy or London, United Kingdom are authorized or required by law to close and, with respect to payments to be made under the Indenture, other than any day which is not a TARGET Settlement Day.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligations*" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS (as in effect on the Issue Date for purposes of determining whether a lease is a capitalized lease). The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to be capitalized on a balance sheet (excluding any notes thereto) prepared in accordance with IFRS, and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a Permissible Jurisdiction, Switzerland or Norway or, in each case, any agency or instrumentality thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof (a "*Deposit*") or cash in credit balance or deposit which are freely transferable or convertible within 90 days issued or held by any lender party to the Revolving Credit Facility or by any bank or trust company (a) if at any time since January 1, 2010 the Issuer or any of its Subsidiaries held Deposits with such bank or trust company (or any branch or subsidiary thereof),

(b) whose commercial paper is rated at least "A-3" or the equivalent thereof by S&P or at least "P-3" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (c) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250 million;

(3) [*Reserved*];

(4) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(5) commercial paper rated at the time of acquisition thereof at least "A-3" or the equivalent thereof by S&P or "P-3" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(6) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, a Permissible Jurisdiction, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(7) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(8) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(9) interests in investment funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (8) of this definition; and

(10) for purposes of clause (2) of the definition of "Asset Disposition", the marketable securities portfolio owned by the Issuer and its Subsidiaries on the Issue Date.

"*Change of Control*" means the occurrence of any of the following:

(1) the Issuer becoming aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer, *provided* that for the purposes of this clause, any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) shall not be included in any Voting Stock of which any "person" or "group of related persons" is the "beneficial owner" (as so defined) unless that person or group is not an Affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders.

"*Clearstream*" means Clearstream Banking, S.A. as currently in effect or any successor securities clearing agency.

"*Closing Date*" means July 31, 2018.

"*Collateral*" means any and all assets from time to time in which a security interest has been or will be granted on the Issue Date or thereafter pursuant to any Security Document to secure the obligations under the Indenture, the Notes and/or any Guarantee.

"*Commodity Hedging Agreements*" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"*Consolidated EBITDA*" for the period of the four most recent fiscal quarters ending prior to the relevant date of measurement for which internal consolidated financial statements are available, means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense;

(2) Consolidated Income Taxes;

(3) depreciation, amortization (including, without limitation, amortization of intangibles and deferred financing fees) and other non-cash charges and expenses (including without limitation write downs and impairment of property, plant, equipment and intangibles and other assets and the impact of purchase accounting on the Issuer and its Restricted Subsidiaries for such period) of the Issuer and its Restricted Subsidiaries (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period) for such period;

(4) any expenses, charges or other costs related to any issuance of Capital Stock, listing of Capital Stock, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business and any expenses, charges or other costs related to deferred or contingent payments), disposition, recapitalization or the Incurrence, issuance, redemption or refinancing of any Indebtedness permitted by the Indenture or any amendment, waiver, consent or modification to any document governing any such Indebtedness (whether or not successful) (including any such fees, expenses or charges related to the Transactions), in each case, as determined in good faith by the Board of Directors or an Officer of the Issuer;

(5) any foreign currency losses of the Issuer and its Restricted Subsidiaries (less any foreign currency such gains);

(6) any minority interest expense consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates, associated company or undertaking, except to the extent of dividends declared or paid on, or other cash payments in respect of, equity interests held by such parties;

(7) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*";

(8) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges expected to be paid in any future period) or other items classified by the Issuer as special, extraordinary, exceptional, unusual or nonrecurring items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash expected to be paid in any future period);

(9) the proceeds of any business interruption insurance received or that become receivable during such period to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance proceeds were included in computing Consolidated Net Income;

(10) payments received or that become receivable with respect to, expenses that are covered by the indemnification provisions in any agreement entered into by such Person in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income; and

(11) any Receivables Fees and discounts on the sale of accounts receivables in connection with any Qualified Receivables Financing representing, in the Issuer's reasonable determination, the implied interest component of such discount for such period.

"*Consolidated Income Taxes*" means taxes or other payments, including deferred Taxes, based on income, profits or capital of any of the Issuer and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any governmental authority.

"*Consolidated Interest Expense*" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Issuer and its Restricted Subsidiaries, whether paid or accrued, plus or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of original issue discount but excluding amortization of debt issuance costs, fees and expenses and the expensing of any finance costs;

(3) non-cash interest expense;

(4) costs associated with Hedging Obligations (excluding amortization of fees or any non-cash interest expense attributable to the movement in mark-to-market valuation of such obligations);

(5) the product of (a) all dividends or other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a subsidiary of the Issuer, multiplied by (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Issuer;

(6) the consolidated interest expense that was capitalized during such period; and

(7) interest actually paid by the Issuer or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person,

minus (i) accretion or accrual of discounted liabilities other than Indebtedness, (ii) any expense resulting from the discounting of any Indebtedness in connection with the application of purchase accounting in connection with any acquisition, and (iii) any Additional Amounts with respect to the Notes included in interest expense under IFRS or other similar tax gross up on any Indebtedness included in interest expense under IFRS. Consolidated Interest Expense shall not include any interest expenses relating to Subordinated Shareholder Funding.

"*Consolidated Net Income*" means, for any period, the net income (loss) of the Issuer and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided, however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment, as reasonably determined by an Officer (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*", any net income (loss) of any Restricted Subsidiary (other than a Guarantor) if such Subsidiary is subject to restrictions on the payment of dividends or the making of distributions by such Restricted Subsidiary to the Issuer by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, (c) contractual restrictions in effect on the Issue Date with respect to a Restricted Subsidiary (including pursuant to the Revolving Credit Facility and the Intercreditor Agreement), and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the Holders than such restrictions in effect on the Issue Date, and (d) restrictions specified in clause (11) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*"), except that the Issuer's equity in the net income of any such Restricted

Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Issuer or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Issuer);

(4) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs (including costs related to the Transactions or any investments), acquisition costs, business optimization, system establishment, software or information technology implementation or development, costs related to governmental investigations and curtailments or modifications to pension or post-retirement benefits schemes, litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events), each as determined in good faith by an Officer or the Board of Directors of the Issuer;

(5) the cumulative effect of a change in accounting principles;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards, any non-cash deemed finance charges in respect of any pension liabilities or other provisions, any non-cash net after tax gains or losses attributable to the termination or modification of any employee pension benefit plan and any charge or expense relating to any payment made to holders of equity based securities or rights in respect of any dividend sharing provisions of such securities or rights to the extent such payment was made pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*";

(7) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness or Hedging Obligations and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations or other financial instruments or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency translation gains or losses;

(10) any one-time non-cash charges or any amortization or depreciation, in each case to the extent related any acquisition of, merger or consolidation with, another Person or business or resulting from any reorganization or restructuring or incurrence of Indebtedness involving the Issuer or its Restricted Subsidiaries;

(11) any goodwill or other intangible asset impairment charge or write-off or write-down; and

(12) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

"*Consolidated Net Leverage*" means the sum of the aggregate outstanding Indebtedness of the Issuer and its Restricted Subsidiaries (excluding Hedging Obligations) *less* cash and Cash Equivalents of the Issuer and its Restricted Subsidiaries, as of the relevant date of calculation on a consolidated basis on the basis of IFRS.

"*Consolidated Net Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available. In the event that the Issuer or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness subsequent to the commencement of the period for which the

Consolidated Net Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Net Leverage Ratio is made (the "*Calculation Date*"), then the Consolidated Net Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer) to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable reference period; *provided*, *however*, that (other than in connection with making any Restricted Payment pursuant to clause (18) of the of the fourth paragraph under the covenant described above under "*—Limitation on Restricted Payments*") the *pro forma* calculation shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph under "*—Limitation on Indebtedness*" or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under "*—Limitation on Indebtedness*.

In addition, for purposes of calculating the Consolidated Net Leverage Ratio:

(1) acquisitions and Investments (each, a "*Purchase*") that have been made by the Issuer or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the Issuer or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the reference period; *provided* that, if definitive documentation has been entered into with respect to a Purchase that is part of the transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect to such Purchase (including reasonably anticipated expense and cost savings and synergies) as if such Purchase had occurred on the first day of such period, even if the Purchase has not yet been consummated as of the date of determination;

(2) the Consolidated EBITDA (whether positive or negative) attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period (taking into account anticipated expense and cost reduction synergies resulting from any such disposal, as determined in good faith by a responsible accounting or financial officer of the Issuer);

(3) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the Issuer or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such reference period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such reference period; and

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness), and if any Indebtedness is not denominated in the Issuer's functional currency, that Indebtedness for purposes of the calculation of Consolidated Net Leverage shall be determined in accordance with IFRS.

For the purposes of the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense and Consolidated Net Income, calculations will be determined in accordance with the terms set forth above.

"*Consolidated Senior Secured Net Leverage*" means the sum of the aggregate outstanding Senior Secured Indebtedness of the Issuer and its Restricted Subsidiaries (excluding Hedging Obligations) *less* cash and Cash Equivalents of the Issuer and its Restricted Subsidiaries, as of the relevant date of calculation on a consolidated basis on the basis of IFRS.

"*Consolidated Senior Secured Net Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Senior Secured Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available, in each case, calculated with such *pro forma* and other adjustments as are consistent with the *pro forma* provisions set forth in the definition of Consolidated Net Leverage Ratio.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

 (a) for the purchase or payment of any such primary obligation; or

 (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Credit Facility*" means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, arrangements, instruments or indentures (including the Revolving Credit Facility or commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), notes, letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the original Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Agreement*" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by the Board of Directors or an Officer of the Issuer) of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, *less* the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash

Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*".

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, in each case on or prior to the date that is 90 days after the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a change of control or an asset disposition will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "*—Certain Covenants—Restricted Payments*". For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value to be determined as set forth herein. Only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock.

"*Equity Offering*" means (x) a sale of Capital Stock of the Issuer or a Restricted Subsidiary (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions and other than offerings to the Issuer or any Restricted Subsidiary), or (y) the sale of Capital Stock or other securities by any Person (other than to the Issuer or a Restricted Subsidiary), the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or through an Excluded Contribution) of the Issuer or any of its Restricted Subsidiaries.

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term "*Escrowed Proceeds*" shall include any interest earned on the amounts held in escrow.

"*Euro Equivalent*" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Issuer or the Trustee, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in *The Financial Times* in the "Currency Rates" section (or, if *The Financial Times* is no longer published, or if such information is no longer available in *The Financial Times*, such source as may be selected in good faith by the Board of Directors or an Officer of the Issuer) on the date of such determination.

"*Euroclear*" means Euroclear Bank SA/NV or any successor securities clearing agency.

"*European Government Obligations*" means any security that is (1) a direct obligation of any country that is a member of the European Monetary Union on the date of the Indenture, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"*European Union*" means all members of the European Union as of January 1, 2004. For the avoidance of doubt, all references to a "member" of the European Union shall include the United Kingdom.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means Net Cash Proceeds or property or assets received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock) of the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Funding of the Issuer, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer.

"*fair market value*" wherever such term is used in this "Description of the Notes" or the Indenture (except in relation to an enforcement action pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement and except as otherwise specifically provided in this "Description of the Notes" or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Issuer setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"*Fixed Charge Coverage Ratio*" means, as of any date of determination, the ratio of (x) the aggregate amount of Consolidated EBITDA of such Person for the period of the four most recent fiscal quarters prior to the date of such determination for which internal consolidated financial statements are available to (y) the Fixed Charges of such Person for such four fiscal quarters.

In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases, retires, extinguishes or otherwise discharges any Indebtedness (other than Indebtedness incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of reasonably anticipated expense and cost reductions and synergies, to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance, retirement, extinguishment or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided, however*, that (other than for the purposes of the calculation of the Fixed Charge Coverage Ratio under clause (5) of the second paragraph of the covenant under "*—Certain Covenants—Limitation on Indebtedness*") the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph of the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*" or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph of the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*".

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions or Investments (each, a "*Purchase*") that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated expense and cost reductions and synergies, as if they had occurred on the first day of the four-quarter reference period; *provided* that, if definitive documentation has been entered into with respect to a Purchase that is part of the transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect to such Purchase (including reasonably anticipated expense and cost savings and synergies) as if such Purchase had occurred on the first day of such period, even if the Purchase has not yet been consummated as of the date of determination;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period;

(6) if any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness); and

(7) Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with IFRS.

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the Consolidated Interest Expense of such Person for such period; plus

(2) all dividends, whether paid or accrued and whether or not in cash, on or in respect of all Disqualified Stock of the Issuer or any series of Preferred Stock of any Restricted Subsidiary, other than dividends on Equity Interests payable to the Issuer or a Restricted Subsidiary.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, *however*, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Guarantor*" means (i) the Initial Guarantors and (ii) any other Restricted Subsidiary that Guarantees the Notes from time to time.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

"*Holder*" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the respective nominee of Euroclear or Clearstream, as applicable.

"*Holding Company*" means, in relation to any Person, any other Person in respect of which it is a Subsidiary.

"*IFRS*" means International Financial Reporting Standards (formerly International Accounting Standards) endorsed from time to time by the European Union or any variation thereof with which the Issuer or its Restricted Subsidiaries are, or may be, required to comply. Except as otherwise set forth in the

Indenture, all ratios and calculations contained in the Indenture shall be computed in accordance with IFRS; *provided* that at any date after the Issue Date the Issuer may make an irrevocable election to establish that "IFRS" shall mean, except as otherwise specified herein, IFRS as in effect on a date that is on or prior to the date of such election. Notwithstanding the foregoing, the impact of IFRS 16 Leases and any successor standard thereto shall be disregarded with respect to all ratios, calculations and determinations based upon IFRS to be calculated or made, as the case may be, pursuant to the Indenture and (without limitation) any lease, concession or license of property that would be considered an operating lease under IFRS as of the Issue Date and any guarantee given by the Issuer or any Restricted Subsidiary in the ordinary course of business or consistent with past practice solely in connection with, and in respect of, the obligations of the Issuer or any Restricted Subsidiary under any such operating lease shall be accounted for in accordance with IFRS as in effect on the Issue Date (as determined in good faith by a responsible accounting or financial officer of the Issuer).

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables or other obligations not constituting Indebtedness and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Board of Directors or an Officer of the Issuer) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "Indebtedness" shall not include (i) Subordinated Shareholder Funding, (ii) any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date, (iii) prepayments of deposits received from clients or customers

in the ordinary course of business, (iv) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business, or (v) any asset retirement obligations.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7) or (8) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(1) Contingent Obligations Incurred in the ordinary course of business, obligations under or in respect of Qualified Receivables Financings and accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due;

(2) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; or

(3) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided*, *however*, that such firm or appraiser is not an Affiliate of the Issuer.

"*ISIN*" means international securities identification number as assigned in accordance with International Organization for Standardization (ISO)-6166.

"*Intercreditor Agreement*" means the Intercreditor Agreement dated July 20, 2018, by and among, *inter alios*, the Issuer, UniCredit Bank AG, Milan Branch, as agent under the Revolving Credit Facility and the Security Agent to which the Trustee will accede on the Issue Date, as amended and/or restated from time to time.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of IFRS; *provided*, *however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the fifth paragraph of the covenant described above under the caption "*—Certain Covenants—Limitation on Restricted Payments*".

For purposes of "*—Certain Covenants—Limitation on Restricted Payments*":

(1) "Investment" will include the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors or an Officer of the Issuer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a Permissible Jurisdiction, Switzerland or Norway or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "BBB –" or higher from S&P or "Baa3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries;

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution; and

(5) any investment in repurchase obligations with respect to any securities of the type described in clauses (1), (2) and (3) above which are collateralized at par or over.

"*Investment Grade Status*" shall occur when all of the Notes receive both of the following:

(1) a rating of "BBB –" or higher from S&P; and

(2) a rating of "Baa3" or higher from Moody's,

or the equivalent of such rating by either such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"*Issue Date*" means October 3, 2018.

"*Issuer*" means Guala Closures S.p.A. or any other Successor Issuer in accordance with the Indenture.

"*Italian Civil Code*" means the Italian civil code, enacted by Royal Decree No. 262 of March 16, 1942, as subsequently amended and supplemented.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*Limited Condition Acquisition*" means any acquisition, including by way of merger, amalgamation or consolidation, by the Issuer or one or more of its Restricted Subsidiaries the consummation of which is not conditioned upon the availability of, or on obtaining, third-party financing; *provided* that Consolidated EBITDA, other than for purposes of calculating any ratios in connection with the Limited Condition Acquisition and the related transactions, shall not include any Consolidated EBITDA of or attributable to the target company or assets involved in any such Limited Condition Acquisition unless and until the closing of such Limited Condition Acquisition shall have actually occurred.

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of the Issuer or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Issuer, its Subsidiaries with (in the case of this sub-clause (b)) the approval of the Board of Directors;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) (in the case of this clause (3)) not exceeding €5.0 million in the aggregate outstanding at any time.

"*Management Investors*" means (i) members of the management team of the Issuer or its Subsidiaries as of the Closing Date who invested directly or indirectly in the Issuer as part of the Management Share Capital Increase and (ii) any entity that may hold shares transferred by departing members of the management team of the Issuer or its Subsidiaries for future redistribution to one or more members of the management team of the Issuer or its Subsidiaries.

"*Management Share Capital Increase*" means the issuance of Class B shares of Capital Stock of Guala Closures S.p.A. (pre-merger) to certain Management Investors in the amount of €25.0 million which occurred on the Closing Date.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the Issuer on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Merger Share Exchange*" means the issuance of Capital Stock of the Issuer in exchange for Capital Stock of Guala Closure S.p.A. prior to the merger of Guala Closures S.p.A. with and into Space4 S.p.A. that occurred on August 5, 2018 pursuant to which holders of Capital Stock of Space4 S.p.A. received newly-issued shares of Guala Closures S.p.A. and holders of Capital Stock of Guala Closure S.p.A. received shares of the merged entity.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Section 3(a)(62) under the Exchange Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any Tax Sharing Agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than the Issuer or any Subsidiary) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

"*Net Cash Proceeds*", with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale or incurrence of Indebtedness net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions).

"*Notes Documents*" means the Notes (including Additional Notes issued from time to time), the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"*Offering Memorandum*" means this Offering Memorandum in relation to the Notes.

"*Officer*" means, with respect to any Person, (1) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person. The obligations of an "Officer of the Issuer" may be exercised by the Officer of any Restricted Subsidiary or the Issuer who has been delegated such authority by the Board of Directors of the Issuer.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

"*Pari Passu Indebtedness*" means Indebtedness of the Issuer or any Guarantor which does not constitute Subordinated Indebtedness.

"*Paying Agent*" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer, which shall include the Paying Agent.

"*Permissible Jurisdiction*" means any member state of the European Union.

"*Permitted Collateral Liens*" means Liens on the Collateral:

(a) that are described in one or more of clauses (2), (3), (4), (5), (8), (9), (11), (12), (18), (20) and (23) of the definition of "Permitted Liens" and, in each case, arising by law or that would not materially interfere with the ability of the Security Agent to enforce the Security Interest in the Collateral;

(b) to secure:

(i) the Initial Notes and related Guarantees;

(ii) Indebtedness permitted to be Incurred under the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(iii) Indebtedness described under clause (1) of "*—Permitted Debt*", which Indebtedness may have super senior priority status not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement (or equivalent provisions in any Additional Intercreditor Agreement) (and for the avoidance of doubt, subject to customary exemptions for fees, costs, expenses or other similar amounts, including as contemplated by the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement)(such ranking, "*super senior priority status*");

(iv) Indebtedness described under clause (2) of "*—Permitted Debt*", to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens;

(v) Indebtedness described under paragraphs (b) and (d) of clause (4) of "*—Permitted Debt*";

(vi) Indebtedness described under clause (5)(b) of "*—Permitted Debt*" Incurred by the Issuer or a Guarantor, *provided* that, at the time of the acquisition or other transaction pursuant to which such Indebtedness is Incurred and after giving *pro forma* effect to the Incurrence of such Indebtedness and the application of the proceeds thereof, (a) the Issuer would have been able to Incur €1.00 of Senior Secured Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Consolidated Senior Secured Net Leverage Ratio would have been no greater than it was prior to giving *pro forma* effect to such acquisition or transaction, the Incurrence of such Indebtedness and the application of the proceeds thereof;

(vii) Indebtedness described under clause (6) of "*—Permitted Debt*" Incurred by the Issuer or a Guarantor which Indebtedness may have super senior priority status not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement;

(viii) Indebtedness Incurred by the Issuer or any Guarantor described under clauses (7) (covering only the assets acquired with or financed by such indebtedness), (11), and (13) of "*—Permitted Debt*";

(ix) Indebtedness on a basis junior in right of payment and realization of enforcement proceeds to the Notes;

(x) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (i) to (ix); and

(c) Incurred in the ordinary course of business of the Issuer or any of its Restricted Subsidiaries with respect to obligations that in total do not exceed €20.0 million at any one time outstanding and that (i) are not Incurred in connection with the borrowing of money) and (ii) do not in the aggregate materially detract from the value of the property or materially impair the use thereof or the operation of the Issuer's or such Restricted Subsidiary's business,

provided, that each of the secured parties to any such Indebtedness (acting directly or through its respective creditor representative) will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement; *provided*, *further* that subject to the Agreed Security Principles (but without regard to any Agreed Security Principles limiting the types of assets that may be pledged to secure the Notes and the related Guarantees under the Indenture), all property and assets (including, without limitation, the Collateral) of the Issuer or any Restricted Subsidiary securing such Indebtedness (including any Guarantees thereof) or Refinancing Indebtedness secure the Notes and related Guarantees and the Indenture on a senior or *pari passu* basis (including by application of payment order, turnover or equalization provisions substantially consistent with the corresponding provisions set forth in the Intercreditor Agreement or any Additional Intercreditor Agreement), except to the extent provided in clauses (b)(iii) and (b)(vii) above.

"*Permitted Holders*" means, collectively, (1) the Management Investors, (2) any Related Person of any Persons specified in clause (1), and (3) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of the Issuer, acting in such capacity. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will, thereafter, constitute an additional Permitted Holder.

"*Permitted Investment*" means (in each case, by the Issuer or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person that is engaged in a Similar Business (including the Capital Stock of any such Person) and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person is engaged in a Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business, including Investments in connection with any Qualified Receivables Financing;

(5) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances and any advances or loans not to exceed €5.0 million at any one time outstanding to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Capital Stock (other than Disqualified Stock) of the Issuer;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a

result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary* Stock";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date, and any extension, modification or renewal of any such Investment; *provided* that the amount of the Investment may be increased (a) as required by the terms of the Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*—Certain Covenants—Limitation on Indebtedness*";

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of €50.0 million and 46% of Consolidated EBITDA; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*", such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "*—Certain Covenants—Limitation on Liens*";

(13) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock) or Subordinated Shareholder Funding as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*" (except those described in clauses (1), (3), (8) and (9) of that paragraph);

(15) Guarantees not prohibited by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business;

(16) [*Reserved*];

(17) Investments in Associates in an aggregate amount when taken together with all other Investments made pursuant to this clause (17) that are at any time outstanding not to exceed the greater of €50.0 million and 46% of Consolidated EBITDA; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the Indenture, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause; and

(18) Investments in loans under the Revolving Credit Facility, the Notes and any Additional Notes and any other Indebtedness of the Issuer and its Restricted Subsidiaries.

"*Permitted Liens*" means, with respect to any Person:

(1) [*Reserved*];

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed

money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmens' and repairmen's or other similar Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(5) Liens in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries;

(7) Liens on assets or property of the Issuer or any Restricted Subsidiary (other than Collateral) securing Hedging Obligations permitted under the Indenture relating to Indebtedness permitted to be Incurred under the Indenture and which is secured by a Lien on the same assets or property that secures such Indebtedness;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under clause (7) of the second paragraph of the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*" and (b) any such Lien may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary); *provided, however*, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); *provided*, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Indebtedness or other obligations of such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary;

(16) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interest, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of, or assets owned by, any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing;

(22) [*Reserved*];

(23) Liens arising under general business conditions in the ordinary course of business, including without limitation the general business conditions of any bank or financial institution with whom the Issuer or any of its Restricted Subsidiaries maintains a banking relationship in the ordinary course of business (including arising by reason of any treasury and/or cash management, cash pooling, netting or set-off arrangement or other trading activities);

(24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(25) Liens securing Indebtedness or other obligations of a Receivables Subsidiary;

(26) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(27) any security granted over the marketable securities portfolio described in clause (10) of the definition of "Cash Equivalents" in connection with the disposal thereof to a third party;

(28) (a) Liens created for the benefit of or to secure, directly or indirectly, the Notes, (b) Liens pursuant to the Intercreditor Agreement and the senior security documents entered into pursuant to the Revolving Credit Facility, (c) Liens in respect of property and assets securing Credit Facilities if the recovery in respect of such Liens is subject to loss-sharing or sharing of recoveries as among the Holders of the Notes and the creditors of such Indebtedness pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement, (d) Liens securing

Indebtedness under clause (11) and (16) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and (e) Liens pursuant to a "special privilege" securing Indebtedness under clause (1) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(29) [*Reserved*];

(30) Liens provided that the maximum amount of Indebtedness secured in the aggregate at any one time pursuant to this clause (30) does not exceed €20.0 million;

(31) Liens on (a) Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or (b) on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in escrow accounts or similar arrangement to be applied for such purpose; and

(32) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures.

"*Permitted Reorganization*" means any amalgamation, merger, demerger, reorganization, reconstruction, consolidation, sale, combination, liquidation, dissolution, winding-up or corporate reconstruction or disposal or transfer of assets or Capital Stock (a "*Reorganization*") involving any of the Restricted Subsidiaries of the Issuer that is made on a solvent basis, provided that (a) any payments or assets distributed in such Reorganization remain within the Issuer and its Restricted Subsidiaries, (b) if any Capital Stock or assets form part of the Collateral, substantially equivalent Liens must be granted over such Capital Stock or assets of the recipient such that they from part of the Collateral, and (c) the Issuer will provide to the Trustee and the Security Agent an Officer's Certificate confirming that no Default is continuing or would arise from such Reorganization.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Preferred Stock*", as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Public Offering*" means any offering of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the Securities Act to professional market investors or similar persons).

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Qualified Receivables Financing*" means any Receivables Financing of a Receivables Subsidiary that meets the following conditions: (1) the Board of Directors or an Officer of the Issuer shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the Receivables Subsidiary, (2) all sales of accounts receivable and related assets to the Receivables Subsidiary are made at fair market value (as determined in good faith by the Board of Directors or an Officer of the Issuer), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Board of Directors or an Officer of the Issuer) and may include Standard Securitization Undertakings.

"*Rating Agencies*" means Moody's and S&P or, in the event Moody's or S&P no longer assigns a rating to the Notes, any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by the Issuer as a replacement agency.

"*Receivables Assets*" means any assets that are or will be the subject of a Qualified Receivables Financing.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

"*Receivables Financing*" means any transaction or series of transactions that may be entered into by the Issuer or any of its Subsidiaries pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary (in the case of a transfer by the Issuer or any of its Subsidiaries), or (b) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Issuer or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Issuer or any such Subsidiary in connection with such accounts receivable.

"*Receivables Repurchase Obligation*" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Receivables Subsidiary*" means a Subsidiary of the Issuer (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Issuer in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Issuer or any other Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Issuer or any other Restricted Subsidiary, (iii) is recourse to or obligates the Issuer or any other Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Issuer or any other Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Issuer nor any other Restricted Subsidiary has any contract, agreement, arrangement or understanding other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and

(3) to which neither the Issuer nor any other Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"*refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge

mechanism) and the terms "refinances", "refinanced" and "refinancing" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final stated maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final stated maturity of the Indebtedness being refinanced or, if shorter, the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith);

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes, such Refinancing Indebtedness is subordinated to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, *however*, that Refinancing Indebtedness shall not include Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"*Related Person*" with respect to any Permitted Holder, means:

(1) any controlling equity holder, majority (or more) owned Subsidiary or partner or member of such Person; or

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Replacement Assets*" means non-current properties and assets that replace the properties and assets that were the subject of an Asset Disposition or non-current properties and assets that will be used in the Issuer's business or in that of the Restricted Subsidiaries or any and all businesses that in the good faith judgment of the Board of Directors or any Officer of the Issuer are reasonably related.

"*Representative*" means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"*Revolving Credit Facility*" means the revolving credit facility established pursuant to the revolving facilities agreement dated July 20, 2018, among, *inter alios*, the Issuer, the lenders (as named therein), UniCredit Bank AG, Milan Branch, as agent and as security agent, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

“*S&P*” means S&P Global Ratings (formerly Standard & Poor’s Ratings Services) or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

“*SEC*” means the U.S. Securities and Exchange Commission.

“*Securities Act*” means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

“*Security Documents*” means the security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the security interests in the Collateral as contemplated by the Indenture.

“*Senior Secured Indebtedness*” means, with respect to any Person as of any date of determination, any Indebtedness for borrowed money that is secured by a Lien (except for (a) Liens on the Collateral ranking junior to the Liens securing the Notes and (b) Liens securing Indebtedness Incurred under clauses (12) and (15) of the second paragraph of the covenant described under “*—Certain Covenants—Limitation on Indebtedness*”).

“*Significant Subsidiary*” means any Restricted Subsidiary that meets any of the following conditions:

(1) the Issuer’s and its Restricted Subsidiaries’ investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year (*pro forma* for the Transactions until December 31, 2018);

(2) the Issuer’s and its Restricted Subsidiaries’ proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year (*pro forma* for the Transactions until December 31, 2018); or

(3) the Issuer’s and its Restricted Subsidiaries’ proportionate share of the Consolidated EBITDA of the Restricted Subsidiary exceeds 10% of the Consolidated EBITDA of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year (*pro forma* for the Transactions until December 31, 2018).

“*Similar Business*” means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any Associates on the Issue Date and (b) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

“*Standard Securitization Undertakings*” means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which the Issuer has determined in good faith to be customary in a Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

“*Stated Maturity*” means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations, including those described in “*—Change of Control*” and the covenant under “*—Limitation on Sales of Assets and Subsidiary Stock*”, to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

“*Subordinated Indebtedness*” means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes or any Guarantee of the Notes pursuant to a written agreement, including any Subordinated Shareholder Funding.

“*Subordinated Shareholder Funding*” means, collectively, any funds provided to the Issuer by any direct or indirect shareholder of the Issuer, any Affiliate of any direct or indirect shareholder of the Issuer or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than

Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, *however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition) or the making of any such payment prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts or the making of any such payment prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes or the payment of any amount as a result of any such action or provision or the exercise of any rights or enforcement action, in each case, prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and

(5) pursuant to its terms or to the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders than those contained in the Intercreditor Agreement as in effect on the Issue Date with respect to the "Shareholder Liabilities" (as defined therein); *provided, further,* that any lender of Subordinated Shareholder Funding that is a natural person shall accede to the Intercreditor Agreement or any Additional Intercreditor Agreement via a corporation, partnership, joint-stock company, limited liability company or other entity with legal personality.

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

   (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

   (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest and penalties with respect thereto) that are imposed by any government or other taxing authority.

"*Temporary Cash Investments*" means any of the following:

(1) any investment in:

   (a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) a Permissible Jurisdiction, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or

(b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any lender under the Revolving Credit Facility;

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above; or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, a Permissible Jurisdiction or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB-" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"*Total Assets*" means the consolidated total assets of the Issuer and its Restricted Subsidiaries as shown on the balance sheet of such Person prepared on the basis of IFRS (and may give *pro forma* effect to any acquisition on the same basis as described in the definition of "Consolidated Net Leverage Ratio").

"*Transactions*" shall have the meaning assigned to such term in this Offering Memorandum under the caption "*Summary—The Transactions*".

"*U.S. GAAP*" means generally accepted accounting principles in the United States of America as in effect from time to time.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Issuer in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Issuer in such Subsidiary complies with "*—Certain Covenants—Limitation on Restricted Payments*".

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Issuer could Incur at least €1.00 of additional Indebtedness under the Fixed Charge Coverage Ratio first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

BOOK-ENTRY, DELIVERY AND FORM

General

Notes sold within the United States to QIBs in reliance on Rule 144A (the "**Rule 144A Notes**") under the U.S. Securities Act will be represented by one or more global notes in registered form without interest coupons attached (collectively, the "**Rule 144A Global Notes**"). The Rule 144A Global Notes will be deposited with, or on behalf of, a common depositary (the "**Common Depositary**") for the accounts of Euroclear Bank SA/NV, as operator of the Euroclear system ("**Euroclear**"), and Clearstream Banking, S.A. ("**Clearstream**") and registered in the name of the nominee of the Common Depositary.

Notes sold outside the United States in reliance on Regulation S (the "**Regulation S Notes**") under the U.S. Securities Act will be represented by one or more global notes in registered form without interest coupons attached (collectively, the "**Regulation S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"). The Regulation S Global Notes will be deposited with, or on behalf of, the Common Depositary and registered in the name of the nominee of the Common Depositary.

Except as set forth below, the Notes will be issued in registered, global form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. Notes will be issued at the closing of this offering only against payment in immediately available funds.

Ownership of interests in the Rule 144A Global Notes (the "**Restricted Book-Entry Interests**") and in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**" and, together with the Restricted Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream, or persons that hold interests through such participants or otherwise in accordance with applicable transfer restrictions set out in the Indenture governing the Notes and any applicable securities laws of any state of the United States or any other jurisdiction. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of certificated Notes.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in book-entry form by Euroclear and Clearstream and their respective participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, the Common Depositary for Euroclear and/or Clearstream (or its nominee), as applicable, will be considered the sole holders of Global Notes for all purposes under the Indenture. In addition, participants in Euroclear and/or Clearstream must rely on the procedures of Euroclear and/or Clearstream, as the case may be, and indirect participants must rely on the procedures of Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Indenture.

None of the Issuer, the Trustee, any Paying Agent, Registrar, Transfer Agent nor any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream (or their respective nominee), as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The Common Depositary will surrender such Global Note to the Registrar for a cancellation or, in the case of a partial redemption, the Common Depositary will request the Registrar or Trustee to mark down, endorse and return the applicable Global Note to reflect the reduction in the principal amount of such Global Note as a result of such partial redemption. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are

to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate; *provided, however, that* no Book-Entry Interest of less than €100,000 in principal amount may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional interest, if any) to the Common Depositary or its nominee for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their customary procedures. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of the Notes—Withholding Taxes*". If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Notes—Withholding Taxes*", the Issuer will pay additional amounts as may be necessary in order that the net amounts received after such deduction or withholding will equal the net amounts that would have been otherwise received absent such withholding or deduction. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer, the Trustee, the Paying Agent, the Transfer Agent and the Registrar will treat the registered holders of the Global Notes (*i.e.*, the Common Depositary for Euroclear or Clearstream (or its nominee)) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, the Paying Agent, the Transfer Agent, the Registrar nor any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or
- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency of Payment for the Global Notes

Except as may otherwise be agreed between Euroclear and/or Clearstream and any holder, the principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in euros.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. None of the Issuer, the Trustee, the Paying Agent, the Transfer Agent, the Registrar, the Initial Purchasers nor any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for definitive registered Notes in certificated form (the "**Definitive Registered Notes**"), and to distribute such Definitive Registered Notes to its participants.

Transfers

Transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of Euroclear and Clearstream and their respective direct or indirect participants, which rules and procedures may change from time to time.

The Global Notes will bear a legend to the effect set forth in "*Transfer Restrictions*". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers as discussed in "*Transfer Restrictions*".

Transfers of Restricted Book-Entry Interests to persons wishing to take delivery of Restricted Book-Entry Interests will at all times be subject to the transfer restrictions contained in the legend appearing on the face of the Rule 144A Global Note, as set forth in "*Transfer Restrictions*".

Restricted Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A or any other exemption (if available) under the U.S. Securities Act.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Restricted Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

The Notes represented by the Global Notes are expected to be listed on the Euro MTF Market. Transfers of interests in the Global Notes between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures, which rules and operating procedures may change from time to time.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Trustee, the Paying Agent or any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive Definitive Registered Notes if:

- Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue as depositary for the Global Notes, and the Issuer fails to appoint a successor;
- Euroclear or Clearstream so requests following an event of default under the Indenture; or
- the owner of a Book-Entry Interest requests such exchange in writing delivered through either Euroclear or Clearstream, as applicable, following an event of default under the Indenture.

Euroclear has advised the Issuer that upon request by an owner of a Book-Entry Interest, its current procedure is to request that the Issuer issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend set forth in "*Transfer Restrictions*", unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, the Issuer, the Trustee, the Paying Agent, the Transfer Agent and the Registrar will be entitled to treat the registered holder of any Global Note as the absolute owner thereof.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Note by surrendering it to the Registrar. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred, and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; *provided that* no Definitive Registered Note in a denomination less than €100,000 and in integral multiples of €1,000, in excess thereof, will be issued. The Issuer will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes. Holders of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of a Transfer Agent, the Issuer will issue and the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and the Issuer's requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both the Trustee and the Issuer to protect the Issuer, the Trustee or the Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for the expenses of replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer in its discretion may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only in accordance with the Indenture and, if required, only after the transferor first delivers to the Transfer Agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Transfer Restrictions*".

So long as the Notes are listed on the Official List of and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish a notice of any issuance of Definitive Registered Notes in a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Payment of principal, any repurchase price, premium and interest on Definitive Registered Notes will be payable at the office of the Paying Agent in London.

CERTAIN TAX CONSIDERATIONS

The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in the European Union, Italy and the United States and does not purport to address the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

Prospective purchasers of the Notes are advised to consult with their own tax advisors as to the tax consequences of a purchase of Notes including, without limitation, the consequences of receipt of interest and premium paid (if any), and the sale or redemption of the Notes or any interest therein.

The summaries set forth below are based upon, as applicable, European Union, Italian or United States law as in effect on the date of this Offering Memorandum and are subject to any change in such law that may take effect after such date, also on a retroactive basis. References in this section to holders of the Notes include the beneficial owners of the Notes. Terms defined under each subsection related to European Union, Italian and United States tax law below only have such meanings as defined therein for such respective section. The statements regarding the Italian and United States laws and practices set forth below assume that the Notes will be issued, and the transfers thereof will be made, in accordance with the Indenture.

Certain Italian tax considerations

The statements herein regarding Italian taxation are based on the laws and published practice of the Italian tax authorities in effect in Italy as of the date of this Offering Memorandum and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following is a summary only of the material Italian tax consequences of the purchase, ownership and disposal of the Notes for Italian resident and non-Italian resident beneficial owners, although it is not intended to be, nor should it be constructed to be, legal or tax advice. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Neither the Issuer nor any other entity belonging to the Group will update this summary to reflect changes in law or in the interpretation thereof and, if any such change occurs, the information in this summary could be superseded.

Tax treatment of interest

Italian Legislative Decree No. 239 of April 1, 1996 ("**Decree No. 239**") sets forth the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price, hereinafter collectively referred to as "Interest") deriving from Notes falling within the category of bonds (*obbligazioni*) and similar securities (pursuant to Article 44 of Presidential Decree No. 917 of December 22, 1986, as amended and supplemented ("**Decree No. 917**")), issued, *inter alia*, by:

(a) companies resident of Italy for tax purposes whose shares are listed on a regulated market or on a multilateral trading platform of EU Member States or States party to the European Economic Area Agreement ("**EEA State**") allowing a satisfactory exchange of information with the Italian tax authorities as included in (i) the decree of the ministry of Economy and Finance of September 4, 1996 as subsequently amended and supplemented or (ii) once effective, any other decree that will be issued in the future under Article 11(4)(c) of Decree No. 239 (any of such decrees, the "**White List**"); or

(b) companies resident of Italy for tax purposes whose shares are not listed, issuing notes traded (negoziati) upon their issuance on the aforementioned regulated markets or platforms; or

(c) if not traded on the aforementioned markets or multilateral trading platforms, when such notes are held by "qualified investors" pursuant to article 100 of the Italian Legislative Decree No. 58 of February 24, 1998.

For these purposes, securities similar to bonds (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation for the Issuer to actually pay, at maturity (or at any earlier redemption), an amount not lower than their nominal/face value/principal and that do not provide any right of direct or indirect participation in, or control on, the management of the Issuer or of the business in connection with which they are issued.

Italian-resident Noteholders

Noteholders not engaged in an entrepreneurial activity

Where an Italian-resident beneficial owner of the Notes (an "**Noteholder**") is:

- an individual not engaged in an entrepreneurial activity to which the Notes are connected;
- a non-commercial partnership (*società semplice*) or a professional association;
- a non-commercial private or public institution (other than Italian undertakings for collective investment); or
- an investor exempt from Italian corporate income taxation,

then interest derived from the Notes, and accrued during the relevant holding period, is subject to a tax withheld at source (imposta sostitutiva), levied at a rate of 26%, unless the relevant Noteholder holds the Notes in a discretionary investment portfolio managed by an authorized intermediary and has validly opted for the application of the risparmio gestito regime under Article 7 of Legislative Decree No. 461 of November 21, 1997 ("**Decree No. 461**") (see also "*—Tax treatment of capital gains—Discretionary investment portfolio regime (Risparmio Gestito Regime)*" below).

Subject to certain conditions (including a minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes (being financial instruments issued by an Italian resident corporation) may be exempt from any income taxation (including the 26% imposta sostitutiva) if the Noteholders are Italian resident individuals not engaged in entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of June 30, 1994 and Legislative Decree No. 103 of February 10, 1996 and the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of December 11, 2016 ("**Finance Act 2017**"), as subsequently amended and supplemented.

Noteholders engaged in an entrepreneurial activity

In the event that the Italian-resident Noteholders mentioned above are engaged in an entrepreneurial activity to which the Notes are connected, the imposta sostitutiva applies as a provisional tax. Interest will be included in the relevant beneficial owner's Italian income tax return and will be subject to Italian ordinary income taxation and the imposta sostitutiva may be recovered as a deduction from Italian income tax due.

Where a Noteholder is an Italian-resident company or similar commercial entity, or a permanent establishment in Italy of a non-Italian resident company to which the Notes are effectively connected, and the Notes are deposited with an authorized intermediary, Interest from the Notes will not be subject to the imposta sostitutiva. Interest must, however, be included in the relevant Noteholder's income tax return and is therefore subject to general Italian corporate income taxation (*i.e.,* IRES and, if applicable, any relevant additional surcharge) and, in certain circumstances, depending on the status of the Noteholder and also to the Italian regional tax on productive activities ("**IRAP**").

Effective as of the fiscal year following the fiscal year that was current on December 31, 2015, Article 1(550) of Finance Act 2017 added paragraph 6-bis to Article 1 of Law Decree No. 201 of December 6, 2011, converted into Law No. 214 of December 22, 2011. Under this new rule, the base upon which the "Aiuto alla Crescita Economica" benefit set forth in Article 1 of Law Decree No. 201 of December 6, 2011 (ACE Benefit) is computed is reduced by an amount equal to the positive difference (if any) between (i) the aggregate book value of securities (*titoli e valori mobiliari*), including the Notes, other than shares reported in the taxpayer's financial statements for the relevant fiscal year and (ii) the aggregate book value of securities (*titoli e valori mobiliari*) other than shares reported in the taxpayer's financial statements of the fiscal year that was current on December 31, 2010. Only Italian resident persons carrying on an entrepreneurial activity (and in particular Italian resident corporations) and Italian permanent establishments of non-Italian resident persons can enjoy the ACE Benefit. The new restrictive rule enacted by Finance Act 2017 applies only to taxpayers different from those carrying out financial and insurance activities falling into section K of the ATECO classification of economic activities, other than non-financial holding companies.

Real estate investment funds and real estate SICAFs

Payments of Interest deriving from the Notes made to Italian resident real estate investment funds and real estate closed-ended investment companies (*società di investimento a capitale fisso*, or "**SICAFs**"),

provided that the Notes, together with the coupons relating thereto, are timely deposited directly or indirectly with an Italian authorized financial intermediary (or permanent establishment in Italy of non-Italian resident intermediary) are subject neither to imposta sostitutiva nor to any other income tax at the level of the real estate investment fund or the real estate SICAF. However, a withholding or substitute tax of 26% will apply, in certain circumstances, to income realized by unitholders or shareholders in the event of distributions, redemption or sale of the units or shares. Moreover, subject to certain conditions, income realized by Italian real estate investment funds or real estate SICAFs is attributed pro rata to the Italian resident unitholders or shareholders irrespective of any actual distribution on a tax transparency basis.

Funds, SICAVs and non-real estate SICAFs

If an Italian resident Noteholder is a non-real estate open-ended or a closed-ended collective investment fund ("**Fund**") or an open-ended investment company (*società di investimento a capitale variabile*, or "**SICAVs**") or a non-real estate SICAF established in Italy and either (i) the Fund, the SICAV or the non-real estate SICAF or (ii) their manager is subject to the supervision of a regulatory authority and the Notes are deposited with an authorized intermediary, interest accrued during the holding period on the Notes will not be subject to imposta sostitutiva, but must be included in the management results of the Fund, the SICAV or the non-real estate SICAF. The Fund, the non-real estate SICAF or the SICAV are subject neither to imposta sostitutiva nor to any other income tax at their level, but a withholding tax of 26% will be levied, in certain circumstances, by the Fund, the non-real estate SICAF or the SICAV on proceeds distributed in favor of their unitholders or shareholders.

Pension funds

If an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of Italian Legislative Decree No. 252 of December 5, 2005) and the Notes are deposited with an authorized intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to imposta sostitutiva, but must be included in the results of the relevant portfolio accrued at the end of the tax period (which will be subject to a 20% substitute tax). Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes may be excluded from the taxable base of the 20% substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Finance Act 2017, as subsequently amended and supplemented.

Application of the imposta sostitutiva

Pursuant to Decree No. 239, the imposta sostitutiva is applied by banks, brokerage companies (*società di intermediazione mobiliare*, or "**SIM**"), fiduciary companies, società di gestione del risparmio ("**SGR**"), stockbrokers and other entities identified by decrees of the Ministry of Economy and Finance (each, an "**Intermediary**").

An Intermediary must:

(a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary; and

(b) participate, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the imposta sostitutiva, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change in ownership of the relevant Notes or in a change in the Intermediary with which the Notes are deposited.

If the Notes are not deposited with an Intermediary, the imposta sostitutiva is applied and withheld by the relevant Italian financial intermediary (or permanent establishment in Italy of a non-Italian resident financial intermediary) paying the Interest to a Noteholder or, absent that, by the Issuer and gross recipients that are Italian resident corporations or permanent establishments in Italy of non-Italian resident corporations to which the Notes are effectively connected are entitled to deduct imposta sostitutiva suffered from income taxes due.

Non-Italian resident Noteholders

If the Noteholder is a non-Italian resident for tax purposes (without a permanent establishment in Italy to which the Notes are effectively connected), an exemption from the imposta sostitutiva applies, provided that the non-Italian resident Noteholder is:

(a) a beneficial owner of the payment of Interest and resident, for tax purposes, in a state or territory included in the White List; or

(b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or

(c) an "institutional investor," whether or not subject to tax, which is established in a state or territory included in the White List, even if it does not possess the status of a taxpayer in its own state of establishment; or

(d) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign state.

In order to ensure gross payment, non-Italian resident Noteholders must promptly deposit the Notes together with the coupons relating to such Notes directly or indirectly with:

(i) an Italian or non-Italian resident bank or financial institution (there is no requirement for the bank or financial institution to be an EU resident) (the "**First Level Bank**"), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); or

(ii) an Italian resident bank or SIM, or a permanent establishment in Italy of a non-Italian resident bank or SIM, acting as depositary or sub-depositary of the Notes appointed to maintain direct relationships, via telematic link, with the Department of Revenue of the Ministry of Economy and Finance (the "**Second Level Bank**"). Organizations and companies that are not resident of Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Economy and Finance (which include Euroclear and Clearstream) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or the permanent establishment in Italy of a non-Italian resident bank or SIM, or a central depositary of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of February 24, 1998) for the purposes of the application of Decree No. 239. If a non-Italian resident Noteholder deposits the Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

The exemption from the imposta sostitutiva for non-Italian resident Noteholders is conditional upon:

(i) the deposit of the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and

(ii) the submission to the First Level Bank or the Second Level Bank (as the case may be) of a statement of the relevant Noteholder (*autocertificazione*), to be provided only once, in which it declares, *inter alia*, that it is eligible to benefit from the exemption from the imposta sostitutiva.

Such statement must comply with the requirements set forth by a Ministerial Decree dated December 12, 2001, is valid until withdrawn or revoked (unless some information provided therein has changed) and does not need to be submitted where a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository. The above statement is not required for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in Italy referred to in point b) above or Central Banks or entities also authorized to manage the official reserves of a State referred to in point d) above. Additional requirements are provided for "institutional investors" referred to in point c) above (in this respect see Circular No. 23/E of March 1, 2002 and No. 20/E of March 27, 2003).

The imposta sostitutiva will be applicable at a rate of 26% to interest paid to Noteholders who do not qualify for the foregoing exemption or do not timely and properly satisfy the requested conditions (including the procedures set forth under Decree No. 239 and in the relevant implementation rules). Noteholders who are subject to the imposta sostitutiva might, nevertheless, be eligible for full or partial relief under an applicable tax treaty, subject to timely filing of required documentation provided by Regulation of the Director of Italian Revenue Agency No. 2013/84404 of July 10, 2013.

Tax treatment of capital gains

Italian-resident Noteholders

Noteholders not engaged in an entrepreneurial activity. Where an Italian-resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected, any capital gain realized by such Noteholder from the sale or redemption of the Notes would be subject to a capital gain tax (*imposta sostitutiva*, or "**CGT**") levied at a rate of 26%. Noteholders may set off any capital losses with their capital gains.

In respect of the application of the imposta sostitutiva, taxpayers may opt—under certain conditions—for any of the three regimes described below.

Tax return regime (*Regime della dichiarazione*). Under the tax return regime, which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the CGT on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realized by the Italian resident individual holding the Notes during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realized in any tax year, net of any relevant incurred capital loss, in their annual tax return, and pay the CGT on such gains, together with any balance of income tax due for such year. Within the same time limit, capital losses in excess of capital gains may be carried forward against capital gains realized in any of the four succeeding tax years. Under Law Decree No. 66 of April 24, 2014 ("**Decree No. 66**"), capital losses may be carried forward and offset against capital gains of the same nature realized as of July 1, 2014 for an overall amount of 76.92% of the capital losses realized from January 1, 2012 to June 30, 2014; and 100% of the capital losses realized as of July 1, 2014.

Nondiscretionary investment portfolio regime (*Risparmio Amministrato Regime*). As an alternative to the tax return regime, Italian-resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the CGT separately on capital gains realized on each sale or redemption of the Notes (*regime del risparmio amministrato*). Such separate taxation of capital gains is allowed subject to:

- the Notes being deposited with an Italian bank, SIM or certain authorized financial intermediaries (including permanent establishments in Italy of non-Italian resident intermediaries); and
- an express election for the risparmio amministrato regime being made in writing in a timely fashion by the relevant Noteholder.

The depository must account for the CGT in respect of capital gains realized on each sale or redemption of the Notes (as well as in respect of capital gains realized upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the CGT to the Italian tax authorities on behalf of the Noteholder, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the risparmio amministrato regime, any possible capital loss resulting from a sale or redemption or certain other transfer of the Notes may be deducted from capital gains subsequently realized, within the same securities management, in the same tax year or in the following tax years, up until the fourth tax year. Under the risparmio amministrato regime, the Noteholder is not required to declare the capital gains/losses realized within said regime in the annual tax return. Under Decree No. 66, capital losses may be carried forward and offset against capital gains of the same nature realized as of July 1, 2014 for an overall amount of 76.92% of the capital losses realized from January 1, 2012 to June 30, 2014; and 100% of the capital losses realized as of July 1, 2014.

Discretionary investment portfolio regime (*Risparmio Gestito Regime*). In the Risparmio Gestito Regime, any capital gains realized by Italian-resident individuals holding the Notes not in connection with an entrepreneurial activity and who have entrusted the management of their financial assets (including the Notes) to an authorized intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realized, at tax year-end, subject to a 26% substitute tax, to be paid by the managing authorized intermediary. Any decrease in value of the managed assets accrued at the tax year-end may be carried forward against any increase in value of the managed assets accrued in any of the four succeeding tax years. The Noteholder is not required to declare the capital gains or losses realized within said regime in its annual tax return. Under Decree No. 66, decreases in value of the managed assets may be carried forward and offset against any subsequent increase in value accrued as of July 1, 2014 for an overall amount of: 76.92% of the decreases in value occurred from January 1, 2012 to June 30, 2014; and 100% of the decreases in value occurred as of July 1, 2014.

Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Notes may be exempt from any income taxation (including from the 26% CGT) if the Noteholders are Italian resident individuals not engaged in entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of June 30, 1994 and Legislative Decree No. 103 of February 10, 1996 and the Notes are included in a long-term savings account (piano di risparmio a lungo termine) that meets all the requirements set forth in Article 1(100-114) of Finance Act 2017, as subsequently amended and supplemented.

Noteholders engaged in an entrepreneurial activity

Any gain obtained from the sale or redemption of the Notes will be treated as part of taxable business income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of net value of the production for IRAP purposes), if realized by an Italian company, a similar commercial entity (including the Italian permanent establishment of non-Italian resident entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Real estate investment funds and real estate SICAFs

Any capital gains realized by a Noteholder which qualifies as an Italian real estate investment fund or an Italian real estate SICAF will be subject neither to CGT nor to any income tax at the level of the real estate investment fund or the Real Estate SICAF (see "*—Italian-resident Noteholders—Real estate investment funds and real estate SICAFs*" above). However, a withholding or substitute tax of 26% will apply, in certain circumstances, to income realized by unitholders or shareholders in the event of distributions, redemption or sale of the units or shares.

Moreover, subject to certain conditions, income realized by Italian real estate investment funds or real estate SICAFs is attributed pro rata to the Italian resident unitholders irrespective of any actual distribution on a tax transparency basis.

Funds, SICAVs and non-real estate SICAFs

Any capital gains realized by a Noteholder which is a Fund, a SICAF (other than a real estate SICAF) or a SICAV will not be subject to CGT but will be included in the result of the relevant portfolio accrued at the end of the relevant fiscal year. Such result will not be taxed at the level of the Fund, the SICAF or the SICAV, but income realized by the unitholders or shareholders in case of distributions, redemption or sale of the units / shares may be subject to a withholding tax of 26%.

Pension funds

Any capital gains realized by a Noteholder which qualifies as an Italian pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of December 5, 2005) will be included in the result of the relevant portfolio accrued at the end of the relevant tax period, and subject to 20% substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Notes may be excluded from the taxable base of the 20% substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Finance Act 2017, as subsequently amended and supplemented.

Non-Italian resident Noteholders

A 26% CGT on capital gains may be payable on capital gains realized on the sale or redemption of the Notes by non-Italian resident persons without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, under Article 23(1)(f)(2) of Decree No. 917, capital gains realized by non-Italian resident Noteholders from the sale or redemption of notes issued by an Italian resident issuer and traded on regulated markets in Italy or abroad are not subject to the CGT, subject to the filing of required documentation in a timely fashion (in particular, a self-declaration that the Noteholder is not resident in Italy for tax purposes and has no permanent establishment in Italy to which the Notes are effectively connected). As of the date of this Offering Memorandum, the Italian tax authorities have not officially confirmed whether a multilateral trading platform qualifies for this exemption.

Capital gains realized by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer, even if the Notes are not traded on regulated markets, are not subject to the CGT, provided that the beneficial owner is:

(a) a resident, for tax purposes, of a state or territory included in the White List; or

(b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or

(c) an "institutional investor," whether or not subject to tax, which is established in a state or territory included in the White List, even if it does not possess the status of a taxpayer in its own state of establishment; or

(d) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign state.

In order to ensure gross payment, non-Italian resident Noteholders must satisfy the same conditions set forth above to benefit from the exemption from the imposta sostitutiva in accordance with Decree 239 (see "—*Tax treatment of interest*" above).

If none of the above conditions is met, capital gains realized by non-Italian resident Noteholders from the sale or the redemption of Notes issued by an Italian resident issuer and not traded on regulated markets may be subject to the CGT at the current rate of 26%. However, Noteholders might benefit from an applicable tax treaty with Italy, providing that capital gains realized upon the sale or redemption of the Notes are to be taxed only in the State where the recipient is tax resident, subject to certain conditions to be satisfied.

Under these circumstances, if non-Italian resident persons without a permanent establishment in Italy to which the Notes are effectively connected hold Notes with an Italian authorized financial intermediary and are subject to the risparmio amministrato regime or elect for the risparmio gestito regime, exemption from Italian taxation on capital gains will apply upon condition that the non-Italian residents Noteholders file in time with the authorized financial intermediary appropriate documents which include, *inter alia*, a certificate of residence from the competent tax authorities of their country of residence.

The risparmio amministrato regime is the ordinary regime automatically applicable to non-Italian resident persons and entities holding Notes deposited with an Intermediary, but non-Italian resident Noteholders retain the right to waive this regime.

Certain reporting obligations for Italian-resident Noteholders

Under Law Decree No. 167 of June 28, 1990, as subsequently amended and supplemented, individuals, non-business entities and non-business partnerships that are resident in Italy and, during the tax year, hold investments abroad or have financial assets abroad (including possibly the Notes) must, in certain circumstances, disclose these investments or financial assets to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return), regardless of the value of such assets (save for deposits or bank accounts having an aggregate value not exceeding €15,000 threshold throughout the year, which per se do not require such disclosure). The requirement applies also where the persons above, being not the direct holder of the financial assets, are the actual economic owners thereof for the purposes of anti-money laundering legislation.

No disclosure requirements exist for investments and financial assets (including the Notes) under management or administration entrusted to Italian resident intermediaries (Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in Article 1 of Decree No. 167 of June 28, 1990) and for contracts concluded through their intervention, provided that the cash flows and the income derived from such activities and contracts have been subjected to Italian withholding or substitute tax by the such intermediaries.

Italian inheritance tax and gift tax

The transfer of Notes by reason of gift, donation or succession proceedings is subject to Italian gift and inheritance tax as follows:

(a) 4% for transfers in favor of the spouse or direct relatives exceeding, for each beneficiary, a threshold of €1.0 million;

(b) 6% for transfers in favor of siblings exceeding, for each beneficiary, a threshold of €0.1 million;

(c) 6% for transfers in favor of relatives up to the fourth degree and to all relatives in law in direct line and to other relatives in law up to the third degree, on the entire value of the inheritance or the gift; and

(d) 8% for transfers in favor of any other person or entity, on the entire value of the inheritance or the gift.

If the heir/heiress or the donee is a person with a severe disability pursuant to Law No. 104 of February 5, 1992, inheritance tax or gift tax is applied to the extent that the value of the inheritance or gift exceeds €1.5 million.

With respect to Notes listed on a regulated market, the value for inheritance and gift tax purposes is the average stock exchange price of the last quarter preceding the date of the succession or of the gift (including any accrued interest). With respect to unlisted Notes, the value for inheritance tax and gift tax purposes is generally determined by reference to the value of listed debt securities having similar features or based on certain elements as presented in the Italian tax law.

Italian inheritance tax and gift tax applies to non-Italian resident individuals for bonds issued by Italian resident companies.

Wealth tax—direct holding

According to Article 19(18) of Law Decree No. 201 of December 6, 2011, Italian resident individuals holding financial products, including the Notes, outside Italy without the involvement of an Italian financial intermediary are required to pay a wealth tax currently at the rate of 0.2% (the level of tax being determined in proportion to the period of ownership). The wealth tax applies on the market value at the end of the relevant year or, in the absence of a market value, on the nominal value or redemption value of such financial products held outside Italy by Italian-resident individual. Taxpayers are generally permitted to deduct from the wealth tax a tax credit equal to any wealth taxes paid in the State where the financial products are held (up to the amount of the Italian wealth tax due).

Stamp taxes and duties—holding through financial intermediary

Under Article 13(2bis-2ter) of Decree No. 642 of October 26, 1972, a 0.2 % stamp duty generally applies on communications and reports that Italian financial intermediaries periodically send to their clients in relation to the financial products that are deposited with such intermediaries. The Notes are included in the definition of financial products for these purposes. Communications and reports are deemed to be sent at least once a year even if the Italian financial intermediary is under no obligation to either draft or send such communications and reports.

The stamp duty cannot exceed €14,000.00 for Noteholders other than individuals.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy and Finance on May 24, 2012, the 0.2% stamp duty does not apply to communications and reports that the Italian financial intermediaries send to investors who do not qualify as “clients” according to the regulations issued by the Bank of Italy. Communications and reports sent to this type of investors are subject to the ordinary €2.00 stamp duty for each copy.

The taxable base of the stamp duty is the market value or, in the lack thereof, the nominal value or the redemption amount of any financial product.

Registration tax

Contracts relating to the transfer of the Notes are subject to the registration tax as follows:

(a) public deeds and private deeds with notarized signatures (*atti pubblici e scritture private autenticate*) are subject to fixed registration tax at a rate of €200.00; and

(b) private deeds (*scritture private non autenticate*) are subject to fixed registration tax of €200.00 only in the case of use or voluntary registration or occurrence of the so-called *enunciazione*.

The taxable base of the stamp duty is the market value or, in the lack thereof, the nominal value or the redemption amount of any financial product.

Certain U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary deals only with

initial purchasers of Notes at their "issue price" (generally, the first price at which a substantial amount of the Notes is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers) in the initial offering that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-U.S. or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, investors who are members of an "expanded group" as defined by U.S. Treasury Regulations Section 1.385-1(c)(4) that includes the Issuer, investors that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad or investors whose functional currency is not the U.S. dollar).

As used herein, the term "**U.S. Holder**" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States, including the U.S. Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed U.S. Treasury regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Payments of Interest

General. Interest on a Note will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on such U.S. Holder's method of accounting for U.S. federal income tax purposes, subject to the discussion below. Interest paid by the Issuer on the Notes constitutes income from sources outside the United States.

Under recently enacted legislation, U.S. Holders that maintain certain types of financial statements and use an accrual method of accounting for tax purposes generally will be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements. The application of this rule thus may require the accrual of income earlier than would be the case under the general tax rules described above, although the precise application of this rule is unclear at this time. U.S. Holders that use an accrual method of accounting should consult with their own tax advisors regarding the potential applicability of this legislation to their particular situation.

Foreign Currency Denominated Interest. The amount of income recognized by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognized with respect to an interest payment denominated in euro in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within each taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within each taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the Internal Revenue Service (the "**IRS**").

Upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or other disposition of a Note) denominated in euro, the accrual basis U.S. Holder may recognize U.S. source exchange gain or loss (taxable as U.S.-source ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Effect of Non-U.S. Withholding Taxes. As discussed above under "*Certain Tax Considerations—Certain Italian tax considerations—Tax treatment of interest—Non-Italian resident Noteholders*", under current law payments of interest on the Notes to foreign investors may be subject to Italian withholding taxes. The Issuer or any Guarantor is, subject to certain exceptions, liable for the payment of additional amounts to U.S. Holders (see "*Description of the Notes—Withholding Taxes*") so that U.S. Holders receive the same amounts they would have received had no such withholding taxes been imposed. For U.S. federal income tax purposes, U.S. Holders would be treated as having received the amount of any such taxes withheld by the Issuer with respect to a Note, and as then having paid over such withheld taxes to the relevant taxing authorities. As a result, the amount of interest income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of interest may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from the Issuer with respect to the payment.

Subject to certain limitations, a U.S. Holder generally will be entitled to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for non-U.S. income taxes withheld by the Issuer. Interest generally will constitute "passive category income" for purposes of the foreign tax credit. The rules governing foreign tax credits are complex. Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of non-U.S. withholding taxes.

Sale or Other Disposition of the Notes

A U.S. Holder generally will recognize gain or loss on the sale or other disposition of a Note equal to the difference between the amount realized on the sale or other disposition and the U.S. Holder's adjusted tax basis of the Note, in each case as determined in U.S. dollars. The amount realized does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. U.S. Holders should consult their tax advisers regarding how to account for proceeds received on the sale or other disposition of a Note that are not paid in U.S. dollars.

A U.S. Holder will recognize U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or other disposition of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (i) on the date of sale or other disposition and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realized only to the extent of total gain or loss realized on the sale or other disposition. Except to the extent of changes in exchange rates, gain or loss recognized by a U.S. Holder on the sale or other disposition of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held by the U.S. Holder for more than one year. The deductibility of capital losses is subject to limitations.

Gain or loss realized by a U.S. Holder on the sale or other disposition of a Note generally will be U.S. source. Therefore, a U.S. Holder may have insufficient foreign source income to utilize foreign tax credits

attributable to any foreign withholding tax imposed on the sale or disposition (see "*—Certain Italian tax considerations—Tax treatment of capital gains—Non-Italian resident Noteholders*"). Prospective purchasers should consult their tax advisers as to the foreign tax credit implications of the sale or other disposition of Notes.

Backup Withholding and Information Reporting

Payments of principal and interest on, and the proceeds of the sale or other disposition of Notes paid by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable U.S. Treasury regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Notes, including requirements related to the holding of certain "specified foreign financial assets".

Reportable Transactions

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. Under the relevant rules, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes denominated in a foreign currency as a reportable transaction if this loss exceeds the relevant threshold in the regulations, and to disclose its investment by filing Form 8886 with the IRS. Significant penalties may be imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE NOTES GUARANTEES AND THE SECURITY INTERESTS AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

The following is a summary of certain limitations on the validity and enforceability of the Notes Guarantees and the security interests being provided for the Notes, and a summary of certain insolvency law considerations in each of the jurisdictions in which the Issuer and the Guarantors are incorporated or organized. The description below is only a summary, and does not purport to be complete or to discuss all of the limitations or considerations that may affect the validity and enforceability of the Notes or the Notes Guarantees or security interests being provided for the Notes. Prospective investors in the Notes should consult their own legal advisors with respect to such limitations and considerations.

European Union

The Issuer and certain Guarantors are incorporated and organized under the laws of a Member State of the European Union.

Regime Applicable to Insolvency Proceedings Opened after June 26, 2017

On June 5, 2015 Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings (the "**Recast EU Insolvency Regulation**") was published on the Official Gazette of the European Union.

The Recast EU Insolvency Regulation will be applicable to insolvency proceedings opened after June 26, 2017. Insolvency proceedings opened before June 26, 2017 will be subject to the EU Insolvency Regulation. The Recast EU Insolvency Regulation will apply to insolvency proceedings opened in respect of a company whose center of main interests is located in a Member State (other than Denmark).

Main insolvency proceedings

Pursuant to Article 3(1) of the Recast EU Insolvency Regulation, the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the Member State (other than Denmark) within which the center of a debtor's main interests is situated. The "center of main interests" is defined as "the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties". Article 3(1), paragraph 2, provides for a rebuttable presumption, whereby in the case of a company it is assumed that its center of main interests is in the jurisdiction of the place of its registered office. In order to prevent fraudulent or abusive forum shopping, such presumption only applies if the registered office has not been moved to another Member State within the three-month period prior to the request of the opening of insolvency proceedings. Otherwise, the presumption shall not apply and the court which shall have jurisdiction to open insolvency proceedings in relation to a company will be the court of the Member State (other than Denmark) within which the company had its registered office before moving it.

If the "center of main interests" of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the Recast EU Insolvency Regulation would be commenced in such jurisdiction and, accordingly, a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the Recast EU Insolvency Regulation. Pursuant to Preamble 10, Annex A has been extended to include insolvency proceedings previously not falling within the scope of the EU Insolvency Regulation (such as, with respect to Italian insolvency proceedings, *accordi di ristrutturazione*, *procedure di composizione della crisi da sovraindebitamento del consumatore* and *liquidazione dei beni*) in order to promote the rescue of economically viable but financially distressed businesses.

Furthermore, pursuant to Article 6 of the Recast EU Insolvency Regulation, the courts of the Member State within the territory of which insolvency proceedings have been opened in accordance with Article 3 shall have jurisdiction for any action that derives directly from the insolvency proceedings and is closely linked with them, such as avoidance actions.

Secondary insolvency proceedings

Insolvency proceedings opened in one Member State under the recast EU Insolvency Regulation are to be recognized in the other Member States (other than Denmark), although secondary proceedings may be opened in other Member States. If the "center of main interests" of a debtor is in one Member State (other than Denmark), under Article 3(2) of the Recast EU Insolvency Regulation, the courts of another

Member State (other than Denmark) have jurisdiction to open “secondary” or “territorial” insolvency proceedings only in the event that such debtor has an “establishment” in the territory of such other Member State. “Establishment” is defined as any place of operations where a debtor carries out or has carried out in the three-month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other Member State.

However, under Article 36 of the Recast EU Insolvency Regulation, the insolvency practitioner in the main insolvency proceedings may prevent the opening of secondary insolvency proceedings in another Member State by giving a unilateral undertaking in respect of the assets located in the Member State in which secondary insolvency proceedings could be opened. For this purpose the insolvency practitioner must undertake to comply with the distribution and priority rights under the relevant national law and from which the local creditors would benefit if the insolvency proceeding was opened in the Member State were the assets are located. Such undertaking must be made in writing and is subject to approval by a majority of local creditors, determined in accordance with applicable local laws. If approved, the undertaking is binding on the insolvent estate and if a court is requested to open secondary insolvency proceedings, it should refuse to open such proceeding if it is satisfied that the undertaking adequately protects the general interests of local creditors.

Pursuant to Article 4 of the Recast EU Insolvency Regulation, a court requested to open insolvency proceedings will be required to examine whether it has jurisdiction pursuant to Article 3; such decision may be challenged by the debtor or any creditor on grounds of international jurisdiction.

Insolvency proceedings involving members of a group of companies

The Recast EU Insolvency Regulation provides for a cooperation and communication mechanism in the event that insolvency proceedings concerning two or more members of a group of companies are opened. Insolvency practitioners appointed in proceedings concerning a member of the group shall cooperate with any insolvency practitioner appointed in proceedings concerning another member of the group to the extent that such cooperation is appropriate. Similarly, the court which has opened proceedings shall also cooperate with any other court before which a request is made to open proceedings concerning another member of the group to the extent that cooperation is appropriate to facilitate the effective administration of the proceedings, is not incompatible with the rules applicable to them and does not entail any conflict of interest. In this respect, the courts may, where appropriate, appoint a third party, provided that this is not incompatible with the rules applicable to them.

Applicability

In the event that the Issuer or any of its subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations of the Issuer.

On June 23, 2016, the United Kingdom held a referendum to decide on its membership of the EU. The United Kingdom vote was to leave the EU. The terms of the exit are not certain and therefore it is not possible to know what impact any exit from the EU will have on the application of EU law (including the EU Insolvency Regulation or the Recast EU Insolvency Regulation) to, or in connection with, any insolvency proceedings (including, without limitation, the commencement of such insolvency proceedings and the jurisdiction of the United Kingdom courts to open such insolvency proceedings) to which the Issuer may be subject.

Australia

The Notes will be guaranteed by Guala Closures Australia Holdings Pty Ltd and Guala Closures Australia Pty Ltd, each being a company incorporated under the laws of Australia (together, the “**Australian Guarantors**”). The Notes and the Notes Guarantees will also be secured by registered security interests (together, the “**Australian Collateral**”) over the share capital of each of the Australian Guarantors.

Secured transactions law

Australian Secured Transactions Law was substantially rewritten in early 2012, with the coming into operation of the Personal Property Securities Act 2009 (Cth) (the “**PPSA**”). The PPSA introduced a new

national register of security interests in Australia, as well as a system of priority and other provisions which affect most types of collateral (other than land).

Under the PPSA, a security interest will only be fully effective if it is properly documented and perfected. If it is not perfected, the secured party will be exposed to various risks including that its security interest could rank behind other security interests in a priority dispute, be extinguished entirely (for example, if the grantor transfers the collateral to another person) or could "vest" upon the administration or liquidation of the grantor company, which has the effect of avoiding the security interest.

The most common method of perfecting a security interest is by registering a financing statement on the Personal Property Securities Register (the "**PPS Register**"). Security interests can also be perfected, for some types of collateral, by possession or control. If a security interest that is provided for by a Security Document is to be perfected only by registration, the Security Agent will need to register a financing statement on the PPS Register within 20 business days after that Security Document comes into force, otherwise the security interest will be void if the grantor becomes subject to an insolvency proceeding within six months.

A security interest will not necessarily defeat other security interests just because it was perfected first. For example, a security interest that is perfected by control will usually have priority over all other security interests, even ones which were perfected (for example, by registration) earlier. The PPSA also gives a super priority to purchase money security interests ("**PMSI**"). In most cases, a PMSI will have priority over other security interests even if the other security interests were perfected first (unless the other security interest is perfected by control).

If a security interest is over "circulating assets" (such as funds in bank accounts (other than term deposits), inventory, most accounts (for example, many receivables) and negotiable instruments), then it may also rank behind some statutorily preferred claims (such as employee entitlements and the costs and expenses of certain insolvency proceedings including an administrator of the grantor company) in an insolvency proceeding.

The ability to enforce the Australian Collateral may be constrained by Chapter 4 of the PPSA. The enforceability of the Australian Collateral may also be subject to general law and statutory duties, obligations and limitations. For example:

- an Australian Guarantor may be able to redeem the corresponding secured property by tender of payment in full of the obligations secured, at any time before the property is sold;
- the secured party may need to exercise its power of sale in good faith and in a manner that is not reckless, harsh or unconscionable, and will need to take reasonable care to sell the property for its market value or, if it does not have a market value, the best price that is reasonably obtainable;
- if the secured party is in possession of the secured property, it may need to account to the corresponding Australian Guarantor for any excess, over the secured money, of rents and profits received;
- the Australian Collateral may be set aside in respect of any secured property which is confiscated by a Government Agency under laws relating to the proceeds of criminal activities;
- the exercise of a power of sale under the Australian Collateral may be subject to notice provisions and other requirements imposed by statute in the relevant jurisdiction where the collateral;
- a court may grant relief against the consequences of default if the default is subsequently remedied or an undertaking to remedy it is given to the court; and
- the document may not be admissible in evidence before a court if any necessary stamp duty has not been paid.

The ability of a secured party to enforce the Australian Collateral may be affected if the relevant Australian Guarantor enters into administration, particularly if the security granted by the Australian Guarantor is not over all or substantially all of its property (including for this purpose all PPSA retention of title property as defined in section 51F of the Corporations Act 2001 (Cth) (the "**Corporations Act**"). The ability of a secured party to enforce the Australian Collateral may also by affected by the operation of the *ipso facto* regime which came into force on 1 July 2018 by way of the Treasury Laws Amendment (2017 Enterprise Incentives No. 2) Act 2017 (Cth) ("**Ipso Facto Regime**") (see further below).

Notes Guarantees and Collateral

The validity, enforceability and efficacy of the Notes Guarantee and the Australian Collateral (security) to be granted by each of the Australian Guarantors will be affected in various circumstances under Australian law, notwithstanding that the Notes Guarantees are to be governed by the laws of the State of New York, including, without limitation, if:

- in granting a Notes Guarantee or security, the directors of the Australian Guarantors did not exercise their powers in good faith in the best interests, and for the benefit, of the relevant Guarantor;
- the granting of a Notes Guarantee or security breaches section 260A of the Corporations Act, which prohibits the giving of financial assistance in connection with the acquisition of shares in an Australian company or one of its holding companies, subject to a limited number of statutory exceptions, including where shareholder approval for the financial assistance transaction has been obtained. When a company giving financial assistance has an ultimate Australian registered holding company, whether listed or not, immediately after the relevant acquisition occurs, shareholder approval will also be required from that company;
- any payment or proposed payment under the Notes Guarantee or security would breach laws and regulations in Australia which prohibit or restrict transactions with persons and entities considered to be associated with terrorism and payments to, or transactions in relation to, a person or entity against whom the Commonwealth of Australia has imposed economic, political or other international sanctions; and
- the Notes Guarantee or security can be overturned, or payments made under the guarantee can be recovered by a liquidator of the company (see below).

Enforcement may also be limited by statutes of limitation or by general law doctrines or statutory relief in relation to such matters as fraud, misrepresentation, duress, or unconscionable conduct, frustration, estoppel, waiver or penalties.

For the reasons that follow, if the entry into of the Notes Guarantees or the Australian Collateral constitutes a voidable transaction under Part 5.7B of the Corporations Act, noteholders could be required to disgorge payments made by the Australian Guarantors in an insolvency proceeding.

A liquidator is able to challenge certain transactions into which the company has entered. In particular, the Corporations Act empowers a liquidator to overturn an "uncommercial transaction" (as defined below) entered into at a time when the company was insolvent, or an uncommercial transaction which causes (whether wholly or in connection with other factors) the company to become insolvent, which uncommercial transaction was entered into: (i) within the preceding two years; (ii) within the preceding four years if the transaction involved a related entity of the company; or (iii) within the preceding ten years if the purpose of the transaction was to defeat, delay or interfere with the rights of creditors on a winding-up of the company. Uncommercial transactions are those which a reasonable person in the company's position would not have entered into having regard to any relevant matter, including the benefits (if any) to the company of entering into the transaction, the detriment to the company of doing so and the benefits to other parties of entering into the transaction.

In addition, a liquidator is able to challenge a transaction (including payments made under a guarantee or security) entered into at a time when the company was insolvent (or which causes, whether wholly or in connection with other factors, the company to become insolvent) which results in a creditor receiving from the company in respect of an unsecured debt more than the creditor would receive from the company if the transaction was set aside and the creditor was to prove for the debt in the winding-up of the company, and the transaction was entered into: (i) within the preceding six months; (ii) within the preceding four years if the transaction involved a related entity of the company; and (iii) within the preceding ten years if the purpose of the transaction was to defeat, delay or interfere with the rights of creditors on a winding-up of the company.

Further, upon liquidation, a circulating security interest, being a security interest that attaches to circulating assets (as to which, see above), that was granted within six months of the commencement of the liquidation, is void against the liquidator, except so far as the security secures, among other things, (A) advances of new money to the grantor company, (B) a liability under a guarantee or other obligation undertaken at or after the time of the grant of security on behalf of or for the benefit of the grantor company, or (C) an amount payable for new property or services provided to the company. This arises

under section 588FJ of the Corporations Act. The matter of what constitutes the grant of security on behalf of or for the benefit of the company granting the security, for the purposes of this provision, was considered in the case *Cuthbertson & Richards Sawmills Pty Ltd v Thomas* (1999) 30 ACSR 504, Section 588FJ does not apply where the grantor company was solvent immediately after the grant of the security.

Where a liquidator successfully challenges a transaction such as a guarantee and avoids that transaction, then this can prevent the enforcement of the security interest and any money paid or received under that transaction can become the subject of a court order for repayment.

Insolvency Proceedings

There are four principal corporate insolvency processes in Australia: administration (sometimes referred to as voluntary administration); deed of company arrangement; liquidation (winding-up); and receivership. In addition, there is a fifth, lesser-used regime: schemes of arrangement.

According to section 435A of the Corporations Act, the object of administration is to maximize the chances of the company or its business continuing in existence or, if it is not possible for the company or its business to continue in existence, is to result in a better return for the company's creditors and members than would result from an immediate winding-up of the company.

Administration is only intended to last for a short period; however, in practice, the period is typically extended by Court order. For complex matters (including those with cross border elements), extensions of up to, and at times more than, 12 months are not uncommon. During this period, the administrator takes control of the company, assesses its situation and the options available to it, and reports to creditors his or her opinion on which of those options should be followed. The options in question are either liquidation, deed of company arrangement or for the administration (and moratorium) to end and for the company to return to the control of its directors. To permit the administrator the opportunity to do this, there is a moratorium on the enforcement of creditors' claims (including security interests) and actions against the company and its property (subject to certain exceptions, such as where a lender which holds a security interest over the whole or substantially the whole of the company's assets has enforced the security interest before the administration begins or enforces the security interest during the first 13 days of commencement of the administration).

A deed of company arrangement is an agreement binding on the company and its creditors (and sometimes others) in the nature of a compromise. By force of the Corporations Act, the agreement is one which will bind even those unsecured creditors who do not vote in favor of it, provided a simple majority (by number and value of claims) votes in favor. Creditors holding security interests are not bound by a deed of company arrangement if they do not vote for it, unless the Court orders differently (which is rare).

The purpose of a liquidation is to enable the realization of all of a company's assets and the distribution of the proceeds of sale of those assets among the company's creditors and (if there is a surplus after paying creditors) members. Generally speaking, to the extent that their security is sufficient, secured creditors stand outside the liquidation and therefore do not have to prove for their debts. They are generally entitled to sell the assets subject to their security or have them sold and to receive the proceeds (subject to the rights of any prior security holders).

Receivers are typically appointed by a person to whom the company has granted a security interest. Their appointment and powers are usually governed by the terms of the security agreement under which they are appointed. The receiver's principal task is to realize the assets subject to the security interest(s) and pay the proceeds to the secured party. Receivership is a regime implemented for the benefit of the secured creditor which appoints the receiver; whereas both administration and liquidation are regimes aimed at securing the best outcome for all the company's creditors as a body. Where a company grants security over an asset, the proceeds of enforcement must generally be remitted to the secured party because they represent property which belonged to the secured party.

One exception to this is that where assets are subject to a security interest over circulating assets, the receiver must pay or provide for priority payments from their proceeds before accounting to the secured party. Priority payments are those listed in section 433(3) of the Corporations Act and include liabilities in respect of certain insurance policies, auditors' fees and employees' wages and superannuation and certain other employee entitlements, and the amount owing to the administrator on account of his or her fees, costs and expenses. In a liquidation scenario, the majority unpaid employee entitlements can be met by the Australian Commonwealth Government, which is then subrogated to their rights in the liquidation.

A scheme of arrangement is a court-sanctioned arrangement or compromise, proposed by the relevant company and voted on by the creditors and members of the relevant company, which binds the company and its creditors or members even though a dissentient minority of those creditors or members may oppose it.

Ipso Factor Regime

The Ipso Facto Regime is designed to protect and preserve an affected party's contractual assets while it undergoes a formal financial restructuring procedure under the Corporations Act. The Regime provides that the exercise of express rights to terminate, accelerate or otherwise take action under contracts, agreements or arrangements by reason of an affected party: (1) entering into a scheme of arrangement with creditors (or announcing an intention to do so); (2) having a receiver or controller appointed to all or substantially all of its assets; or, (3) entering into voluntary administration (together, "**Restructuring Procedures**") are stayed for the life of the relevant Restructuring Procedure. The Regime also restricts enforcement rights that arise by reason of the "financial condition" of a party subject to a Restructuring Procedure and the exercise of rights for any reason that is in substance contrary to the matters provided for in the Regime.

Accordingly, the Notes Guarantees and the Australian Collateral will not be able to be enforced for the reason that an Australian Guarantor has entered into a Restructuring Procedure while that Restructuring Procedure remains on foot. However, the stay on the exercise of rights while a Restructuring Procedure is on foot does not apply where the relevant right is exercisable for a reason other than the existence or commencement of a Restructuring Procedure (or related financial condition), such as a payment default. Also note that the Regime will not operate to restrict the right of a secured party who holds a security interest over all or substantially all of a company's assets to appoint a receiver or controller.

Brazil

The Brazilian Insolvency Law

One of the Guarantors of the Notes, Guala Closures do Brasil Ltda., is a limited liability company, organized under the laws of Brazil (the "**Brazilian Guarantor**"). Accordingly, insolvency proceedings with respect to the Brazilian Guarantor will proceed under, and be governed by, Brazilian insolvency law.

Brazilian Federal Law 11,101, dated February 9, 2005, as amended (the "**Brazilian Insolvency Law**") provides the legal regime applicable to recoveries (both *in* and *out of court*) and bankruptcy in Brazil.

Court recoveries under Brazilian Insolvency Law

Among the various key provisions of Brazilian Insolvency Law relating to *in court recoveries*, the most significant are those providing more control over the recovery process to the Creditor's Meeting. All existing creditors prior to the in court recovery request are subject to the proceeding, even if their debts are not due at the date of filing of the in *court recovery* request (pursuant to Article 49 of Brazilian Insolvency Law). Tax debts are not subject to the *in court recovery* proceeding.

The *in court recovery* request must be filed by the debtor along with an analysis of the debtor's financial and economic condition and the feasibility of its business. After the *in court recovery* request is accepted by the court, the debtor must present a recovery plan to creditors within 60 days (according to Article 53 of Brazilian Insolvency Law).

Under Brazilian Insolvency Law, the acceptance by the court of the *in court recovery* request suspends the course of all lawsuits filed against the debtor for a maximum period of 180 days (the "**Stand Still Period**") (pursuant to §4 of Article 6 of Brazilian Insolvency Law). During the Stand Still Period, foreclosure of collateral may be subject to certain restrictions. For instance, (a) Article 49, §3 restricts the foreclosure of assets that are deemed to be essential to carry out the debtor's activities and (b) Article 49, §5 establishes that any credit rights and receivables pledged on behalf of creditors shall be deposited into a judicial account and shall not be withdrawn during the Stand Still Period.

The recovery plan for *in court recoveries* must be approved by the following classes of creditors during a creditors' meeting: (i) labor creditors (including a majority of voting creditors); (ii) secured creditors (including a majority of both credit value and voting creditors); (iii) unsecured, subordinated creditors (as defined in Article 83, VIII "a)" and "b)" of Brazilian Insolvency Law, which includes the subordinated credits as determined by law or contract or the credits held by the stakeholders and managers of the

debtor) and special and general privilege creditors (including a majority of both credit value and voting creditors); (iv) microenterprises, small-sized companies creditors. However, the plan may be approved in a "cramdown" proceeding (pursuant to Article 58, §1 of Brazilian Insolvency Law) even though it was rejected by one class of creditors if it: (i) was approved by the vote of creditors that represent more than 50% of the total claims present in the creditors' meeting, regardless of the class of creditors; (ii) was approved by two classes of creditors; and (iii) received a favorable vote of more than one-third of the creditors in the class in which it was rejected.

The approval of a recovery plan is considered a novation and it is mandatory for the debtor and all creditors subject to it. The parties are free to negotiate how *in court recovery* is implemented, including, for instance, the reduction of liability and priority of repayment. Debtors may carry out corporate actions to facilitate recovery. Examples include spin-offs, mergers, transfers or leases, conclusion of collective labor agreements, sale of assets, issue of debentures, replacement of guarantees and other analogous measures (according to Article 50 of Brazilian Insolvency Law). In addition, under the Brazilian Insolvency Law, the acquirer of assets of the debtor will not be held liable for any liabilities (including tax and labor liabilities) of the debtor selling the assets. This rule is only applicable in a case of the sale of branches or isolated production units and does not apply to the sale of the whole business (according to Article 60, sole paragraph of Brazilian Insolvency Law).

Out of court recovery under Brazilian Insolvency Law

The *out of court recovery* may affect participating or non-participating creditors if the claims of the non-participating creditors are dealt with in the recovery plan and the recovery plan is duly signed by creditors representing three-fifths ($^{3}/_{5}$) of each class of claims treated therein. Claims arising from labor and tax matters cannot be governed by *out of court recovery* plans. Once approved, the plan will apply to all creditors who adhered to it and will be binding on all creditors included within its scope, whether or not such creditors executed the *out of court recovery* plan.

Bankruptcy under Brazilian Insolvency Law

Bankruptcy is a procedure carried out in the collective interest of the creditors of a certain debtor and culminates with a court liquidation, in which the main purpose is to wind up and sell the assets of the debtor in order to satisfy the credits held by each creditor.

In the event of bankruptcy of the Brazilian Guarantor, all of its debt obligations, including the Notes Guarantee for the Notes, which are denominated in foreign currency, will be converted into Brazilian *reais* at the prevailing exchange rate on the date of declaration of the bankruptcy by the court. We cannot assure investors that such rate of exchange will afford full compensation of the amount invested in the Notes plus any accrued interest. In addition, companies in Brazil may only remit funds out of Brazil and/or convert such funds into hard currency in strict compliance with foreign exchange rules, and there can be no assurance that such companies would have the ability to convert Brazilian real into dollars or euro, nor that such companies would be able to remit such funds out of Brazil.

In addition, if the value of the Brazilian Guarantor's assets is insufficient to pay creditors, no interest accrues on claims, except interest on debentures and secured claims, which can be paid with the proceeds resulting from the sale of the underlying security.

Moreover, if the Brazilian Guarantor is declared bankrupt, its obligations under its Notes Guarantee will be subordinated to the statutory preferences established by the Brazilian Insolvency Law. According to Brazilian Insolvency Law, in case of bankruptcy, payments of any amounts due by the debtor shall follow the following priority ranking:

(i) costs of proceedings (including trustee fees, costs of running the debtor's business during the proceedings, and claims by creditors that granted credit to the debtor after the judicial recovery petition was filed);

(ii) labor-related claims up to 150 minimum monthly wages (as determined by the Federal Government of Brazil) per creditor plus claims for damages arising from labor-related accidents;

(iii) secured credits (up to the value of the collateral), such as credits secured by pledges and mortgages;

(iv) tax claims (except for fines);

(v) special privileged claims;

(vi) general privileged claims;

(vii) unsecured credits (including labor-related claims in excess of the amount mentioned in clause (ii) above and claims of secured creditors with a value exceeding that of the collateral);

(viii) contractual penalties and fines for breach of criminal or administrative law (including tax-related fines); and

(ix) subordinated credits, as defined by law or pursuant to the relevant agreement.

The foregoing priority is established by law and may not be modified by a court.

There are certain credits that are senior to or excluded from the priority order above, such as: (a) credits secured by fiduciary assignment/transfer (*cessão/alienção fiduciária*) up to the value of the asset contemplated by such lien, pursuant to Article 49, § 3 of Brazilian Insolvency Law; (b) credits arising from an advance against exchange contracts ("**ACC**") pursuant to Article 86, II; and (c) credits and obligations assumed before any clearings systems pursuant to Article 193 § 3 of Brazilian Insolvency Law, amongst other specific cases established in Brazilian Insolvency Law.

Enforceability of the Notes Guarantee

Under Brazilian law, if not characterized as a credit instrument (like promissory notes governed by Brazilian law), which could be enforced independently from the main obligation, the Notes Guarantees are considered supplementary to the underlying or principal obligation and the nullity of the principal obligation results in the invalidity of the accessory obligation. Therefore, should the obligations of the Issuer under the Notes or the Indenture be rendered invalid, the Notes Guarantees would, under Brazilian law, also be deemed invalid.

Hardening Period / Clawback and Fraudulent Transfer

The validity and enforceability of the Notes Guarantee granted by the Brazilian Guarantor of the Issuer's obligations under the Notes depends upon the best interests of such Brazilian Guarantor and whether the Brazilian Guarantor receives fair and adequate consideration for the granting of the Notes Guarantee. In the event the Brazilian Guarantor becomes subject to a recovery proceeding or to bankruptcy under Brazilian Insolvency Law, the relevant Notes Guarantee, if granted up to two (2) years before the declaration of bankruptcy, may be deemed to have been fraudulent and declared void, under the argument that the Brazilian Guarantor has not received fair consideration in exchange for such Notes Guarantee pursuant to Article 129, § IV of Brazilian Insolvency Law.

Perfection of Security Interests

Under Brazilian law, the perfection of security interests over assets depends on certain registration requirements to be binding against third parties. Depending on the assets over which the security interest is to be created, the relevant security agreement (translated into Portuguese by a sworn translator, if executed in a foreign language and executed abroad must be either duly legalized by a Brazilian Consulate or, for countries that are party to the Hague convention of 1961 ("**Apostille Convention**"), duly apostilled) must be registered with the Registry of Titles and Deeds or with the Registry of Real Estate, as applicable. In addition, the perfection of security interests over certain assets may require additional formalities. This is the case for the perfection of security interests created over shares issued by a Brazilian company, which depends on the registration of the relevant liens in the company's shares registration books, with the relevant shares registration agent (if that is the case) or in the company's articles of incorporation (in the case of limited liability companies).

Until such registrations occur, the security agreement is binding upon the parties but not binding against third parties. In the case of security interests which are required to be registered with the Registry of Titles and Deeds, if the relevant security agreement is registered within 20 days from its execution date, the security interest created thereby shall be deemed effective against third parties as of the date of execution of such security agreement; otherwise, it shall be deemed effective against third parties as of the date of the relevant security agreement is submitted for registration at the Registry of Titles and Deeds.

Italy

Introduction

The following is a brief description of certain aspects of insolvency law in Italy, which does not include special provisions applying to banks, insurance and other companies authorized to carry out certain reserved activities nor it provides a comprehensive description of insolvency laws application where publicly-owned companies are involved. Insolvency laws and regulations are currently being reviewed and significant amendments are expected in the near future. In particular, on October 11, 2017 the Italian Senate approved Law No. 155 dated October 19, 2017 pursuant to which it has authorized the government to carry out a substantial reform of Italian insolvency laws, on the basis of the guidelines provided therein. The main innovations, which must be implemented by the government within twelve months include: (i) the elimination of the term "bankrupt" (*fallito*) due to its negative connotation and its replacement with a reference to a judicial liquidation; (ii) new definition of state of crisis; (iii) the adoption of the same procedural framework to access the different insolvency procedures provided by law; (iv) express acknowledgement and adoption of the definition of debtor's center of main interest as provided for in the Recast Insolvency Regulation; (v) a new set of rules concerning group restructurings; (vi) restrictions to the use of the pre-bankruptcy composition with creditors (*concordato preventivo*) in order to favor going-concern restructurings; (vii) a new preventive alert and mediation phase to avoid insolvency; (viii) jurisdiction of specialized courts over proceedings involving large debtors. However, such reform has not been implemented yet.

Limitations on Granting Security Interests and Guarantees under Italian Law

Under Italian law, the entry into of a transaction (including the creation of a security interest or the granting of a guarantee) by a company must be permitted by the applicable laws and by its by-laws (*statuto sociale*) and is subject to compliance with the rules on corporate benefit, corporate authorization and certain other Italian mandatory provisions. If a security interest or a guarantee is being provided in the context of an acquisition, group reorganization or restructuring, financial assistance issues may also be triggered.

An Italian company entering into a transaction (including granting a guarantee or a security interest) must receive a real and adequate benefit in exchange for the guarantee or the security interest being provided by such company. The concept of real and adequate benefit is not defined in the applicable legislation and its existence is purely a business decision to the directors and the statutory auditors, if any. As a general rule, corporate benefit is to be assessed at the level of the relevant company on a stand-alone basis, although upon certain circumstances and subject to specific rules the interest of the group to which such company belongs may also be taken into consideration. While corporate benefit for down-stream security or guarantee (*i.e.,* security or guarantee granted to secure financial obligations of direct or indirect subsidiaries of the relevant grantor) is usually self-evident, the validity and effectiveness of up-stream or cross-stream security or guarantee (*i.e.,* security or guarantee granted to secure financial obligations of the direct or indirect parent or sister companies of the relevant grantor) granted by an entity organized under the laws of Italy depend on the existence of a real and adequate benefit in exchange for the granted security interest or guarantee and may be challenged unless it can be proved that the grantor may derive some benefits or advantages from the granting of such guarantee or security. The general rule is that the risk assumed by an Italian grantor of security or guarantee must not be disproportionate to the direct or indirect economic benefit to it. In particular, in case of an up-stream and cross-stream guarantee or security for the financial obligations of group companies, examples may include financial consideration in the form of access to cash flows through intercompany loans from other members of the group, while transactions featuring debt financings of distributions to shareholders are largely untested in Italian courts, and, therefore, limited guidance is provided as to whether and to what extent such transactions could be challenged for lack of corporate benefit and conflict of interest. The general rule is that the risk assumed by an Italian grantor of security or guarantee must not be disproportionate to the direct or indirect economic benefit to it.

As a general rule, absence of a real and adequate benefit could render the transaction (including granting a security interest or a guarantee entered into) by an Italian company ultra vires and potentially affected by a conflict of interest. Civil liabilities may be imposed on the directors of an Italian grantor if a court holds that it did not act in the best interest of the grantor and that the acts carried out do not fall within the corporate purpose of the company or were against mandatory provisions of Italian law. The lack of corporate benefit could also result in the imposition of civil liabilities on those companies or persons

ultimately exercising control over an Italian grantor or having knowingly received an advantage or profit from such improper control. Moreover, the security interest or guarantee granted by an Italian company could be declared null and void if the lack of corporate benefit was known or presumed to be known by the third party and such third party acted intentionally against the interest of the Italian company.

The above principles on corporate benefit apply equally to up-stream and down-stream guarantees granted by Italian companies.

Financial assistance

In addition, the granting of a security or a guarantee by an Italian company cannot include any liability which would result in unlawful financial assistance within the meaning of Article 2358 or 2474, as the case may be, of the Italian Civil Code pursuant to which, subject to specific exceptions, it is unlawful for a company to give financial assistance (whether by means of loans, security, guarantees or otherwise) to support the acquisition or subscription by a third party of its own shares or quotas or those of any entity that (directly or indirectly) controls the Italian company. Financial assistance for refinancing indebtedness originally incurred for the purchase or subscription of its own shares or quotas or those of its direct or indirect parent company would also be a violation. Any loan, guarantee or security given or granted in breach of these provisions is null and void. In addition, directors may be personally liable for failure to act in the best interest of the company.

Trust

The Collateral will be created and perfected in favor of the Security Agent acting in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code. Under such provision (introduced by Italian Law No. 164 of November 11, 2014), the security interests and guarantees assisting bond issuances can be validly created in favor of the holders of the notes or in favor of a representative (*rappresentante*) of the holders of the Notes who will then be entitled to exercise in the name and on behalf of the holders all their rights (including any rights before any court and judicial proceedings) relating to the security interests and guarantees. However, there is no guidance or available case law on the exercise of the rights and enforcement of such security interest and guarantees by a *rappresentante* pursuant to Article 2414-*bis*, paragraph 3, of the Italian Civil Code also in the name and on behalf of the holders of the Notes which are neither directly parties to the Collateral nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries.

In addition, as the holders of the Notes are not direct parties to the Indenture, there is the risk that the appointment of the Security Agent also in its capacity as representative (*rappresentante*) of the holders of the Notes pursuant to Article 2414-bis, paragraph 3, of the Italian Civil Code is not upheld by an Italian court and that therefore an Italian court may determine that the holders of the Notes at the time of enforcement are not secured by the security under the Security Documents and/or that the *rappresentante* cannot exercise the rights and enforce the Collateral also in the name and on behalf of the holders of the Notes. In addition, the provisions and the subject matter of Article 2414-*bis*, paragraph 3, of the Italian Civil Code are new and, as such, untested by Italian Courts and, therefore, even if the appointment of the *rappresentante* is upheld by an Italian Court, it cannot be excluded that an Italian Court may take a different view and interpretation and determine that, where the Collateral is only granted in favor of the *rappresentante*, the holders of the Notes at the time of enforcement are not secured by the Collateral and/or cannot enforce that Collateral.

Furthermore, to date, the Italian courts have not considered whether a common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code may be validly appointed by means of a contractual arrangement (such as the Indenture) and the validity and enforceability of such appointment may not be upheld by a court.

Insolvency laws

The insolvency laws of Italy may not be as favorable to investors' interests as those of other jurisdictions with which investors may be familiar. In Italy, courts play a central role in the insolvency process. Moreover, in court procedures may be materially more complex and the enforcement of security interests by creditors in Italy can be more time-consuming than in equivalent situations in jurisdictions with which holders of the Notes may be familiar.

The following is a brief description of certain aspects of insolvency law in Italy, which does not include special provisions applying to banks, insurance and other companies authorized to carry out certain reserved activities nor does it provide a comprehensive description of insolvency laws application when public companies are involved.

Certain provisions of Italian law have been amended or have entered into force only recently and, therefore, may be subject to further implementation and/or interpretations and have not been tested to date in the Italian courts. In this respect, the most recent reform has been approved by the Italian Government on 23 June 2015 through a law-decree containing urgent reforms applicable, *inter alia*, to Italian bankruptcy law (the "**Decree**"). The Decree entered into force on June 2015 (the date of its publication in the *Gazzetta Ufficiale*) and has been converted into law by the Italian Law No. 132/2015 ("**Law 132**"). Law 132 entered into force on August 21, 2015 (the date after its publication in the *Gazzetta Ufficiale*).

The two primary aims of Italian Royal Decree No. 267 of March 16, 1942 (the main Italian bankruptcy legislation), as reformed and currently in force (the "**Italian Bankruptcy Law**"), are to liquidate the debtor's assets and protect the goodwill of the going concern (if any) for the satisfaction of creditors' claims as well as, in case of the *"Prodi-bis"* procedure or "*Marzano"* procedure, to maintain employment. These competing aims have often been balanced by the sale of businesses as going concerns and ensuring that employees are transferred along with the businesses being sold. However, the Italian Bankruptcy Law has been recently amended with a view to promoting rescue procedures rather than liquidation focusing on the continuity and survival of financially distressed businesses and enhancing pre-bankruptcy restructuring options.

Under the Italian Bankruptcy Law, bankruptcy must be declared by a court, based on the insolvency (*insolvenza*) of a company upon a petition filed by the company itself, the public prosecutor and/or one or more creditors. Insolvency occurs when a debtor is no longer able to regularly meet its obligations as they come due. This must be a permanent, rather than a temporary, status of insolvency in order for a court to hold that a company is insolvent.

The following debt restructuring and bankruptcy alternatives are available under Italian law for companies in a situation of "financial distress" (*i.e.,* facing financial crisis which does not yet amount to insolvency) and for insolvent companies.

Restructuring outside of a judicial process (concordati stragiudiziali)

Restructuring generally takes place through a formal judicial process because it is more favorable for the debtor and because informal arrangements put in place as a result of an out-of-court restructuring are vulnerable to being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions. However, in cases where a company is solvent, but facing financial difficulties, it may be possible to enter into an out-of-court arrangement with its creditors, which may safeguard the existence of the company.

Out-of-court reorganization plans (Piani di risanamento) pursuant to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law

Out-of-court debt restructuring agreements are based on restructuring plans (*piani di risanamento attestati*) prepared by companies in order to restructure their indebtedness and to ensure the recovery of their financial condition. An independent expert appointed by the debtor must verify the feasibility of the restructuring plan and the truthfulness of the business and accounting data provided by the company. The expert must possess certain specific professional requisites and qualifications and meet the requirements set forth by Article 2399 of the Italian Civil Code and may be subject to liability in case of misrepresentation or false certification.

The terms and conditions of these plans are freely negotiable, provided that they are finalized at restructuring the debtor's indebtedness and rebalancing its capital structure. Unlike in-court pre-bankruptcy agreement proceedings and debt restructuring agreements, out-of-court reorganization plans do not offer the debtor any protection against enforcement proceedings and/or precautionary actions of third-party creditors. The Italian Bankruptcy Law provides that, should these plans fail and the debtor be declared bankrupt, the payments and/or acts carried out for the implementation of the reorganization plan, subject to certain conditions: (i) are not subject to claw-back action; and (ii) are exempted from potential application of certain criminal sanctions (pursuant to Article 217-*bis* of the Italian Bankruptcy

Law). Neither ratification by the court nor publication in the Companies' Register are needed (although publication in the Companies' Register is possible upon a debtor's request and would allow certain tax benefits) and, therefore, the risk of bad publicity or disvalue judgments are lower than in case of an in-court pre-bankruptcy agreement or a debt restructuring agreement.

Debt restructuring agreements with creditors pursuant to Article 182-bis of the Italian Bankruptcy Law (Accordi di ristrutturazione dei debiti)

The debtor may negotiate with creditors holding at least 60% of the total amount of claims or debt restructuring agreements, subject to court's approval. An independent expert appointed by the debtor must assess the truthfulness of the business and accounting data provided by the company and declare that the agreement is feasible and that it ensures that the non-participating creditors can be fully satisfied within the following terms: (a) 120 days from the date of approval of the agreement by the court, in the case of debts which are due and payable to the non-participating creditors as of the date of the approval (*omologazione*) of the debt restructuring agreement by the court; and (b) 120 days from the date on which the relevant debts fall due, in case of debts which are not yet due and payable to the non-participating creditors as at the date of the approval (*omologazione*) of the debt restructuring agreement by the court. Only a debtor who is insolvent or in a situation of "financial distress" can initiate this process and request the court's approval (*omologazione*) of the debt restructuring agreement entered into with its creditors.

The agreement is published in the companies' register and is effective as of the day of its publication. Starting from the date of such publication and for 60 days thereafter, creditors cannot start or continue any conservative or enforcement actions against the assets of the debtor and cannot obtain any security interest (unless agreed) in relation to pre-existing receivables.

The Italian Bankruptcy Law does not expressly provide for any indications concerning the contents of the debt restructuring agreement. The plan can therefore provide, *among others*, either for the prosecution of the business by the debtor or by a third party, or the sale of the business to a third party, and may contain refinancing agreements, moratoria, write-offs and/or postponements of claims. The debt restructuring agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes. The 60-days moratorium can also be requested by the debtor while negotiations with creditors are pending (*i.e.*, prior to the above-mentioned publication of the agreement), subject to certain conditions. Such moratorium request must be published in the companies' register and becomes effective as of the date of publication. The court, having verified the completeness of the documentation, sets the date for a hearing within 30 days of the publication and orders the company to supply the relevant documentation in relation to the moratorium to the creditors. At such hearing, the court assesses whether the conditions for granting the moratorium are in place and, in such case, orders that no conservative or enforcement action may be started or continued, nor can security interests (unless agreed) be acquired over the assets of the debtor, and sets a deadline (not exceeding 60 days) within which a debt restructuring agreement and the assessment by the expert must be deposited. The court's order may be challenged within 15 days of its publication. Within the same time frame, an application for the concordato preventivo (as described below) may be filed, without prejudice to the effect of the moratorium. Creditors and other interested parties may oppose the agreement within 30 days from the publication of the agreement in the Companies' Register. After having settled the oppositions (if any) the court will validate the agreement by issuing a decree, which can be appealed within 15 days of its publication in the Companies' Register.

The Decree 83/2015, as amended by Law 132/2015, introduced certain new provisions easing the requirements with respect to financial creditors with respect to the debt restructuring agreements.

Pursuant to the new Article 182-*septies* of the Italian Bankruptcy Law, introduced by the Decree 83/2015, as amended by Law 132/2015, debtors whose financial indebtedness is at least 50% of their total indebtedness are entitled to enter into debt restructuring agreements obtaining the approval of financial creditors representing at least 75% of the aggregate financial claims of the relevant category and ask the court to declare such agreement binding on the dissenting financial creditors belonging to the same category (so called "cram down"), subject to certain conditions being met, including that treatment of dissenting creditors is not worse than under any other available alternative. If the abovementioned conditions are met, then the remaining 25% of non-participating financial creditors belonging to the same class of creditors are crammed down; however, crammed down creditors can challenge the deal and refuse to be forced into it, on the basis of the lack of homogeneity of the classes of creditors. Similarly, a standstill agreement (*convenzione di moratoria*) entered into between a debtor and financial creditors representing 75% of that debtor's aggregate financial indebtedness would also bind the non-participating financial

creditors, provided that an independent expert certifies the homogeneity of the classes and subject to certain conditions being met. The purpose is to prevent banks with modest credits from block restructuring operations involving more exposed bank creditors, resulting in the failure of the overall restructuring and the opening of a procedure. Financial creditors who did not participate in the agreement may challenge it within 30 days of receipt of the application.

Such debt restructuring agreements and standstill agreements will not affect the rights of non-financial creditors (*e.g.*, trade creditors) who cannot be crammed down and must be paid within 120 days if not participating to a scheme.

Pursuant to Article 182-*quater* of the Italian Bankruptcy Law, financing granted to the debtor pursuant to the approved debt restructuring agreement (or a court-supervised Pre-Bankruptcy Composition with Creditors) enjoy priority status in cases of subsequent bankruptcy (such status also applies to financing granted by shareholders, but only up to 80 percent of such financing). Financing granted "in view of" (*i.e.*, before) presentation of a petition for a debt restructuring agreement or a court-supervised Pre-Bankruptcy Composition with Creditors may be granted such priority status provided that it is envisaged by the relevant plan or agreement and that such priority is expressly provided for by the court at the time of approval of the plan or sanctioning (*omologazione*) of the agreement.

Moreover, pursuant to the new Article 182-*quinquies* of the Italian Bankruptcy Law, the Court, pending the sanctioning (*omologazione*) of the debt restructuring agreement pursuant to Article 182-*bis*, Paragraph 1, of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-*bis*, Paragraph 6, of the Italian Bankruptcy Law or a petition pursuant to Article 161, Paragraph 6, of the Italian Bankruptcy Law (in relation to the court supervised pre-bankruptcy arrangement with creditors procedure described below) may authorize the debtor to: (i) incur new pre-deductible indebtedness subject to authorization by the court and if an expert certifies that such financing is functional to the overall restructuring process, (ii) secure such indebtedness via in rem securities ("*garanzie reali*"), provided that the expert appointed by the debtor, having verified the overall financial needs of the company until the sanctioning (*omologazione*), declares the aim of the new financial indebtedness results in a better satisfaction of the creditors; and (iii) pay debts deriving from the supply of services or goods, already payable and due, provided that the expert declares that such payment is essential for the keeping of the company's activities and to ensure the best satisfaction for all creditors. In addition, according to the provisions of the Decree 83/2015, as amended by Law 132/2015, the aforementioned authorization may be given also before the filing of the additional documentation required pursuant to Article 161, Paragraph 6 of the Italian Bankruptcy Law.

The provision of Article 182-quinques of the Italian Bankruptcy Law applies to both debt restructuring agreement and to the court-supervised pre-bankruptcy compositions with creditors (*concordato preventivo*) outlined below.

Furthermore, according to the Article 1 of the Decree 83/2015, as amended by Law 132/2015, pending the sanctioning (omologazione) of the debt restructuring agreement pursuant to Article 182-bis, Paragraph 1 of the Italian Bankruptcy Law or after the filing of the moratorium application pursuant to Article 182-bis, Paragraph 6 of the Italian Bankruptcy Law also in absence of the plan pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, the court may also authorize the debtor to incur in new super senior (so called *prededucible*) indebtedness, aimed at supporting urgent financial needs related to the company's business. The company, while filing such request of authorization, is required to specify (i) the purpose of the financing; (ii) that it is unable to otherwise obtain the required funds and (iii) that the absence of such financing will entail an imminent and irreparable prejudice to the company.

Court-supervised pre-bankruptcy composition with creditors (concordato preventivo)

A company which is insolvent or in a situation of "financial distress" has the option to make a composition proposal to its creditors, under court supervision, in order to compose its overall indebtedness and/or reorganize its business, thereby avoiding a declaration of insolvency and the initiation of bankruptcy proceedings. Such composition proposal can be made by a commercial enterprise which exceeds any of the following thresholds: (i) has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for each of the three preceding fiscal years, (ii) gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years, and (iii) has total indebtedness in excess of €0.5 million. Only the debtor company can initially file a petition with the court for a *concordato preventivo* (together with, among others, a restructuring plan and an independent expert report assessing the feasibility of the composition proposal and the truthfulness of the business and accounting data

provided by the company). The petition for *concordato preventivo* is then published by the debtor in the company's register. From the date of such publication to the date on which the court sanctions the *concordato preventivo*, all enforcement and interim relief actions by the creditors (whose debt became due before the sanctioning of the *concordato preventivo* by the court) are stayed. During this time, all enforcement precautionary actions and interim measures sought by the creditors, whose title arose beforehand are stayed. Pre-existing creditors cannot obtain security interests (unless authorized by the court) and mortgages registered within the 90 days preceding the date on which the petition for the *concordato preventivo* is published in the company's register are ineffective against such pre-existing creditors.

The composition proposal filed in connection with the petition may provide for: (i) the restructuring and payment of debts and the satisfaction of creditors' claims (provided that, in any case, it will ensure payment of at least 20% of the unsecured receivables, except for the case of composition with creditors with continuity of the going concern (*concordato con continuità aziendale*) pursuant to Article 186-bis of the Italian Bankruptcy Law), including through extraordinary transactions, such as the granting to creditors and to their subsidiaries or affiliated companies of shares, bonds (including bonds convertible into shares), or other financial instruments and debt securities); (ii) the transfer to a receiver (*assuntore*) of the operations of the debtor company making the composition proposal; (iii) the division of creditors into classes and (iv) different treatment of creditors belonging to different classes. The composition proposal may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

The filing of the petition for the *concordato preventivo* may be preceded by the filing of a preliminary petition for a *concordato preventivo* (so called *concordato in bianco*, pursuant to Article 161, paragraph 6, of the Italian Bankruptcy Law, as amended by Italian Law Decree No. 69/2013 as converted into Italian Law No. 98/2013 ("**Law Decree 69/2013**")). The debtor company may file such petition along with (i) its financial statements from the latest three financial years; and (ii) the list of creditors with the reference to the amount of their respective receivables, reserving the right to submit the underlying plan, the proposal and all relevant documentation within a period assigned by the court between 60 and 120 days from the date of the filing of the preliminary petition, subject to only one possible further extension of up to 60 days, where there are reasonable grounds for such extension. In advance of such deadline, the debtor may also file a petition for the approval of a debt restructuring agreement (pursuant to Article 182-*bis* of the Italian Bankruptcy Law). If the court accepts such preliminary petition, it may: (i) appoint a judicial commissioner (*commissario giudiziale*) to overview the company, who, in the event that the debtor has carried out one of the activities under Article 173 of the Italian Bankruptcy Law (*e.g.*, concealment of part of assets, omission to report one or more claims, declaration of nonexistent liabilities or commission of other fraudulent acts), will report it to the court, which, upon further verification, may reject the petition at court for a *concordato preventivo*; and (ii) set forth reporting and information duties of the company during the abovementioned period.

The debtor company cannot file such pre-application where it had already done so in the previous two years without the admission to the concordato preventivo having followed. The decree setting the term for the presentation of the documentation contains also the periodical information requirements (also relating to the financial management of the company and to the activities carried out for the purposes of the filing of the application and the restructuring plan) that the company has to fulfill, at least on a monthly basis, until the lapse of the term established by the court. The debtor company will file, on a monthly basis, the company's financial position, which is published, the following day, in the company's register. Noncompliance with these requirements results in the application for the composition with creditors being declared inadmissible and, upon request of the creditors or the public prosecutor and provided that the relevant requirements are verified, in the adjudication of the distressed company into bankruptcy. If the activities carried out by the debtor company appear to be clearly inappropriate to the preparation of the application and the restructuring plan, the court may, ex officio, after hearing the debtor and—if appointed—the judicial commissioner, reduce the time for the filing of additional documents.

Following the filing of the preliminary petition and until the decree of admission to the composition with creditors, the distressed company may: (i) carry out acts pertaining to its ordinary activity; and (ii) seek the court's authorization to carry out acts pertaining to its non-recurring activity, to the extent they are urgent.

Claims arising from acts lawfully carried out by the distressed company and new super senior indebtedness authorized by the court, pending the sanctioning (*omologazione*) of the debt restructuring agreement pursuant to Article 182-*bis*, Paragraph 1 of the Italian Bankruptcy Law or after the filing of the

moratorium application pursuant to Article 182-*bis*, Paragraph 6 of the Italian Bankruptcy Law also in absence of the plan pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, aimed at supporting urgent financial needs related to the company's business as recently introduced by Article 1 of the Decree 83/2015, as amended by Law 132/2015, are treated as super-senior (so called *pre-deducibili*) pursuant to Article 111 of the Italian Bankruptcy Law and the related acts, payments and security interests granted are exempted from the claw-back action provided under Article 67 of the Italian Bankruptcy Law. Italian Law No. 9/2014 specified that the super-seniority of the claims—which arise out of loans granted with a view to allowing the filing of the preliminary petition for the composition with creditors (*domanda di pre-concordato*)—is granted, pursuant to Article 111 of the Italian Bankruptcy Law, conditional upon the proposal, the plan and all other required documents being filed within the term set by the court and the company being admitted to the concordato preventivo within the same proceeding opened with the filing of the preliminary petition.

The composition proposal may propose that (i) the debtor's company's business continues to be run by the debtor's company as a going concern; or (ii) the business is transferred to one or more companies and any assets which are no longer necessary to run the business are liquidated (*concordato con continuità aziendale*). In these cases, the petition for the *concordato preventivo* should fully describe the costs and revenue that are expected as a consequence of the continuation of the business as a going concern, as well as the financial resources and support which will be necessary. The report of the independent expert will also certify that the continuation of the business is conducive to the satisfaction of creditors' claims to a greater extent than if such composition proposal was not implemented.

Furthermore, the going concern-based arrangements with creditors can provide for, among others, the winding-up of those assets that are not functional to the business allowed. The composition agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

If the court determines that the composition proposal is admissible, it appoints a judge (*giudice delegato*) to supervise the procedure, appoints one or more judicial officers (*commissari giudiziali*) and calls a creditors' meeting. During the implementation of the proposal, the company generally continues to be managed by its board of directors, but is supervised by the appointed judicial officers and judge (who will authorize all transactions that exceed the ordinary course of business.

The *concordato preventivo* is voted on at a creditors' meeting and must be approved with the favorable vote of: (a) the creditors representing the majority of the receivables admitted to vote and, in the event that the plan provides for more classes of creditors, also (b) the majority of the classes. The Composition with Creditors is approved only if the required majorities of creditors expressly voted in favor of the proposal. Law 132/2015 abrogated the implied consent rule under which those creditors who, being entitled to vote, did not do so and those who did not express their dissent within 20 days of the closure of the minutes of the creditors' meeting are deemed as consenting to the composition with creditors. Under the current regime, creditors who did not exercise their voting rights in the creditors' meeting can do so (even via e-mail) within 20 days of the closure of the minutes of the creditors' meeting and, after such term, creditors who have did not exercise their voting right will be deemed not to approve the *concordato preventivo* proposal. Secured creditors are not entitled to vote on the proposal of the *concordato preventivo* unless and, to the extent, they waive their security, or the *concordato preventivo* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal. The court may also approve the concordato preventivo (notwithstanding the circumstance that one or more classes objected to it) if: (i) the majority of classes has approved it; and (ii) the court deems that the interests of the dissenting creditors would be adequately safeguarded through it compared to other solutions. If an objection to the implementation of the *concordato preventivo* is filed by 20% of the creditors or, in case there are different classes of creditors, by a creditor belonging to a dissenting class, entitled to vote, the court may nevertheless sanction the *concordato preventivo* if it deems that the relevant creditors' claims are likely to be satisfied to a greater extent as a result of the *concordato preventivo* than would otherwise be the case.

Article 163 paragraph 4, introduced by Decree 83/2015, as amended by Law 132/2015, provides for the possibility for creditors (except for individuals or entities controlled, controlling or under common control of the debtor) holding at least 10% of the aggregate claims against a debtor to present an alternative plan (*proposta concorrente*) to the debtor's plan in a pre-bankruptcy agreement proceedings (*concordato preventivo*) subject to certain conditions being met, including, in particular, that the proposal of the debtor does not ensure the recovery of at least: (i) 40% of the unsecured claims (*crediti chirografari*) in case of

pre-bankruptcy agreement proposal with liquidation purpose (*concordato liquidatorio*), or (ii) 30% of the unsecured claims (*crediti chirografari*) in case of pre-bankruptcy agreement proposals based on the continuation of the going concern (*concordato con continuità aziendale*).

In addition, in order to strengthen the position of the unsecured creditors, Law 132/2015 sets forth that a prebankruptcy agreement proposal with liquidation purpose (*concordato liquidatorio*) (*i.e.,* a pre-bankruptcy agreement proposal aiming at transferring all the assets to the creditors and having such assets sold in their interest by the judicial commissioner) must ensure that the unsecured creditors are paid in a percentage of at least 20% of their claims. This provision does not apply to pre-bankruptcy agreement proposals based on the continuation of the going concern (*concordato con continuità aziendale*).

To the extent the alternative plan is approved by the creditors and ratified (*omologato*), the court may grant special powers to the judicial commissioner to implement the plan if the debtor does not cooperate, including by taking all corporate actions required.

In addition, Article 163-bis of the Italian Bankruptcy Law, introduced by the Decree 83/2015, as amended by Law 132/2015, provides that, if a plan in pre-bankruptcy composition with creditors (*concordato preventivo*), pursuant to Article 161, Paragraph 2, letter (e) of the Italian Bankruptcy Law, includes an offer for the sale of the debtor's assets or of a going concern of the debtor to an identified third party, the judicial commissioner may request to the court the opening of a competitive bidding process to the extent that it would be in the best interest of the creditors. After the approval by the creditors' meeting, the court (having settled possible objections raised by the dissenting creditors, if any) confirms the concordato preventivo proposal by issuing a confirmation order.

Pursuant to article 169-bis of the Italian Bankruptcy Law, the debtor may request the competent court to be authorized to terminate outstanding agreements (*contratti ancora ineseguiti o non compiutamente eseguiti*), except for certain agreements which are excluded from the scope of the above provision (*e.g.*, employment agreements (*rapporti di lavoro subordinato*), residential real estate preliminary sale agreements (*contratti preliminari di vendita aventi ad oggetto immobili ad uso abitativo*) and real estate lease agreements (*contratti di locazione di immobili*). The request may be filed with the competent court at the time of the filing of the application for the *concordato preventivo* or to the judge (*giudice delegato*), if the application is made after admission to the procedure. Upon the debtor's request, the pending agreements can also be suspended for a period of time not exceeding 60 days, renewable just once. In such circumstances, the other party has the right to receive an indemnification equivalent to the damages suffered for the non-fulfillment of the agreement. Such indemnification would be paid prior to and outside of the admission to the pre-bankruptcy composition.

If the creditors' meeting does not approve the *concordato preventivo*, the court may, upon request of the public prosecutor or a creditor, and having decided that the appropriate conditions apply, declare the company bankrupt.

Bankruptcy proceedings (fallimento)

A request to declare a debtor bankrupt and to commence bankruptcy proceedings (*fallimento*) for the judicial liquidation of its assets can be filed when a debtor is insolvent by the debtor, any of its creditors and, in certain cases, the public prosecutor. Insolvency, as defined under Italian Bankruptcy Law, occurs when a debtor is no longer able to regularly meet its obligations with ordinary means as they come due. Bankruptcy is declared by the competent bankruptcy court. The Italian Bankruptcy Law is applicable only to commercial enterprises (*imprenditori commerciali*) if any of the following thresholds are met the company (i) has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for each of the three preceding fiscal years; (ii) has had gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years; and (iii) has total indebtedness in excess of €0.5 million.

Upon the commencement of bankruptcy proceedings, amongst other things:

- subject to certain exceptions, all actions of creditors, actions are stayed and creditors must file claims within a defined period.
- under certain circumstances, secured creditors may execute against the secured property as soon as their claims are admitted as preferred claims. Secured claims are paid out of the proceeds of liquidation of the secured assets, together with the applicable interest and subject to any relevant expenses. Any outstanding balance will be considered unsecured and rank *pari passu* with all of the

bankrupt's other unsecured debt. Secured creditors may sell the secured asset only with the court authorization. After hearing the bankruptcy receiver (*curatore fallimentare*) and the creditor's committee, the court decides whether to authorize the sale, and sets forth the relevant timing in his or her decision;

- the administration of the debtor and the management of its assets are transferred to the bankruptcy receiver (*curatore fallimentare*);
- continuation of business may be authorized by the court if an interruption would cause greater damage to the company, but only if the continuation of the company's business does not cause damage to creditors; and
- any act (including payments) made by the debtor after the commencement of the proceedings, other than those made through the receiver, become ineffective against creditors.

Although the general rule is that the bankruptcy receiver is allowed to terminate contracts where some or all of the obligations have not been performed, certain contracts are subject to specific rules expressly provided for by Italian Bankruptcy Law.

Bankruptcy proceedings are carried out and supervised by a court-appointed bankruptcy receiver, a deputy judge (*giudice delegato*) and a creditors' committee. The bankruptcy receiver is not a representative of the creditors, and is responsible for the liquidation of the assets of the debtor to the satisfaction of creditors. The proceeds from the liquidation are distributed in accordance with statutory priority rights. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real estate. In this respect, Law 132/2015 amended the relevant provision of the Italian Bankruptcy Law which sets forth the requirements applicable to the liquidation procedure and as a consequence the timing for the liquidation of a debtor is shortened. The Italian Bankruptcy Law provides for a priority of payment to certain preferential creditors, including administrative costs associated with the bankruptcy proceeding and costs related to the receiver's running of the company, Italian tax and national social security contributions and employee arrears of wages or salary. Such priority of payment is provided under mandatory provisions of law (as a consequence, it is untested and it is unlikely that priority of payments such as those commonly provided in intercreditor contractual arrangements would be recognized by an Italian bankruptcy estate to the extent they are inconsistent with the priorities provided by law). Unsecured creditors are satisfied after payment of preferential and secure creditors, out of available funds and assets (if any) as below indicated.

- Bankruptcy composition with creditors (*concordato fallimentare*)

  Bankruptcy proceedings can terminate prior to liquidation through a bankruptcy composition proposal with creditors. The relevant petition can be filed by one or more creditors, third parties or the receiver starting from the declaration of bankruptcy, whereas the debtor or its subsidiaries are admitted to file such a proposal only after one year following such declaration but before the lapse of two years from the decree giving effectiveness to the bankruptcy's estate. The petition may provide for the division of creditors into classes (thereby proposing different treatments among the classes) and the satisfaction of creditors' claims in any manner. The petition may provide that secured claims are paid only in part. The *concordato fallimentare* proposal must be approved by the creditors' committee and the creditors holding the majority (by value) of claims (and, if classes are formed, by a majority (by value) of the claims in a majority of the classes). Final court confirmation is also required. Secured creditors are not entitled to vote on the proposal of *concordato fallimentare*, unless and to the extent they waive their security or the *concordato fallimentare* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal.

- Statutory priorities

  The statutory priority assigned to creditors under the Italian Bankruptcy Law may be different from the priorities in the United States, the United Kingdom and certain other EU jurisdictions. Under Italian law, the highest priority claims (after the costs of the proceedings are paid) are the claims of preferential creditors, including the claims of the Italian tax authorities and social security administrators, and claims for employee wages. The remaining priority of claims are, in order of priority, those related to secured creditors (*creditori privilegiati*; a preference in payment in most circumstances, but not exclusively, provided for by law), mortgages (*creditori ipotecari*),

pledges (*creditori pignoratizi*) and, lastly, unsecured creditors (*creditori chirografari*). Under Italian law, the proceeds from the sale of the bankrupt's estate are distributed according to legal rules of priority. Neither the debtor nor the court can deviate from these priority rules by proposing their own priorities of claims or by subordinating one claim to another based on equitable subordination principles (as a consequence it must be noted that priority of payments such as those commonly provided in intercreditor contractual arrangements may not be enforceable against an Italian bankruptcy estate to the extent they are inconsistent with the priorities provided by law). The law creates a hierarchy of claims that must be adhered to when distributing the proceeds derived from the sale of the entire bankrupt's estate or part thereof, or from a single asset.

In particular, Article 111 of the Italian Bankruptcy Law establishes that proceeds of liquidation shall be allocated according to the following order: (i) for payments of "pre-deductible" claims (*i.e.,* claims originated in the insolvency proceeding, such as costs related to the procedure); (ii) for payment of claims which are privileged, such as claims of secured creditors; and (iii) for the payment of unsecured creditors' claims.

- Avoidance powers in insolvency

  Similar to other jurisdictions, there are so-called "claw-back" or avoidance provisions under Italian law that may give rise, *inter alia*, to the revocation of payments or to the granting of security interests made by the debtor prior to the declaration of bankruptcy. The key avoidance provisions address transactions made below market value, preferential transactions and transactions made with a view to defraud creditors. Claw-back rules under Italian law are normally considered to be particularly favorable to the receiver in bankruptcy compared to the rules applicable in other jurisdictions.

In bankruptcy proceedings, depending on the circumstances, the Italian Bankruptcy Law provides for a claw-back period of up to either one year or six months in (noting that in the context of extraordinary administration procedures—See below—in relation to certain transactions, the claw-back period, can be extended to five and three years respectively) and a two-year ineffectiveness period for certain other transactions.

The Italian Bankruptcy Law distinguishes between acts or transactions which are ineffective by operation of law and acts or transactions which are voidable at the request of the bankruptcy receiver/court commissioner.

(a) Acts ineffective by operation of law

  (i) Under Article 64 of the Italian Bankruptcy Law, subject to certain limited exception, all transactions entered into for no consideration are ineffective *vis-à-vis* creditors if entered into by the bankrupt entity in the two-year period prior to the insolvency declaration. Any asset subject to a transaction which is ineffective pursuant to Article 64 of the Italian Bankruptcy Law becomes part of the bankruptcy estate by operation of law upon registration (*trascrizione*) of the declaration of bankruptcy, without need to wait the ineffectiveness of the transaction is sanctioned by a court. Any interested person may challenge the registration before the delegated judge for violation of law; and

  (ii) under Article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are deemed ineffective *vis-à-vis* creditors if made by the bankrupt entity within the two-year period prior to the insolvency declaration.

(b) *Acts that could be declared ineffective at the request of the bankruptcy receiver/court commissioner*

  (i) The following acts and transactions, if done or made during the period specified below, may be clawed back (*revocati*) vis-à-vis the bankruptcy as provided for by Article 67 of the above referenced Italian Royal Decree and be declared ineffective, unless the non-insolvent party proves that it had no actual or constructive knowledge of the debtor's insolvency at the time the transaction was entered into:

    (I) onerous transactions entered into in the year before the insolvency declaration, when the value of the debt or the obligations undertaken by the bankrupt entity exceeds 25% of the value of the consideration received by and/or promised to the debtor;

    (II) payments of debts, due and payable, which were not made by the debtor, in cash or by other customary means of payment in the year prior to the insolvency declaration;

(III) pledges and mortgages granted by the bankrupt entity in the year prior to the insolvency declaration in order to secure pre-existing debts which have not yet fallen due at the time the new security was granted; and

(IV) pledges and mortgages, granted by the bankrupt entity in the six months prior to the insolvency declaration in order to secure pre-existing debts which had already fallen due at the time the new security was granted.

(ii) The following acts and transactions, if made during the vulnerability period or such other period specified below, may be clawed back (*revocati*) and declared ineffective if the bankruptcy receiver proves that the non-insolvent party knew that the bankrupt entity was insolvent:

(I) payments of debts that are immediately due and payable and any onerous transactions entered into or made within six months prior to the insolvency declaration; and

(II) granting of security interest for debts incurred in the six months prior to the insolvency declaration.

(iii) The following transactions are exempt from claw-back actions:

(I) payments for goods or services made in the ordinary course of business according to market practice;

(II) a remittance on a bank account; provided that it does not materially and permanently reduce the bankrupt entity's debt towards the bank;

(III) the sale, including an agreement for sale registered pursuant to Article 2645-*bis* of the Italian Civil Code, currently in force, made for a fair value and concerning a residential property that is intended as the main residence of the purchaser or the purchaser's family (within three degrees of kinship) or a non-residential property that is intended as the main seat of the enterprise of the purchaser; provided that, as at the date of the insolvency declaration, the activity is actually exercised therein or the investments for the commencement of such activity have been carried out therein;

(IV) transactions entered into, payments made and guarantees granted by the debtor pursuant to a plan (*piano attestato*) under Article 67 of the Italian Bankruptcy Law;

(V) a transaction entered into, payment made or guarantee granted in the context of "*concordato preventivo*" or an "*accordo di ristrutturazione dei debiti*";

(VI) remuneration payments to the bankrupt entity's employees and consultants concerning work carried out by them;

(VII) payments of a debt that is immediately due, payable and made on the due date, with respect to services necessary for access to *concordato preventivo* procedures.

In addition, in certain cases, the bankruptcy receiver can request that certain transactions of the bankrupt entity be declared ineffective within the ordinary claw-back period of five years (*revocatoria ordinaria*) provided for by the Italian Civil Code. Under Article 2901 of the Italian Civil Code, a creditor may demand that transactions whereby the bankrupt entity disposed of its assets prejudicially to such creditor's rights be declared ineffective with respect to such creditor, provided that the bankrupt entity was aware of such prejudice (or, if the transaction was entered into prior to the date on which the claim was originated, that such transaction was fraudulently entered into by the bankruptcy entity for the purpose of prejudicing the bankrupt entity) and that, in the case of a transaction entered into for consideration with a third person, the third person was aware of such prejudice (and, if the transaction was entered into prior to the date on which the claim was originated, such third person participated in the fraudulent design). Law 132/2015 also introduced new Article 2929-*bis* to the Italian Civil Code, providing for a "simplified" claw-back action for the creditor with respect to certain types of transactions put in place by the debtor with the aim to subtract (registered) assets from the attachment by its creditors.

In particular, the creditor can now start enforcement proceedings over the relevant assets without previously obtaining a Court decision clawing back/nullifying the relevant (fraudulent) transaction, to the extent that such transaction had been carried out without consideration (*e.g.*, gratuitous transfers, or creation of shield instruments such as trusts or the so called *fondo patrimoniale*—"family trust"). In case of gratuitous transfers, the enforcement action also can be carried out by the creditor against the third party purchaser.

Extraordinary administration for large insolvent companies (amministrazione straordinaria delle grandi imprese in stato di insolvenza)

The extraordinary administration procedure is available under Italian law for large industrial and commercial; this procedure is commonly referred to as the "*Prodi-bis* procedure". To be eligible, companies must be insolvent, although able to demonstrate serious recovery prospects have employed at least 200 employees in the previous year preceding the commencement of the procedure, and have debts equal to at least two-thirds of its assets as shown in its financial statements and two-thirds of its income deriving from sales and services during its last financial year.

The procedure may be commenced by petition of the creditors, the debtor, a court or the public prosecutor. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to an extraordinary administration proceeding. Extraordinary administration procedures involve two main phases—an administrative phase and a judicial phase.

In the administrative phase, the court determines whether the company meets the admission criteria and whether it is insolvent. It then issues a decision to that effect and appoints up to three judicial receivers (*commissiario giudiziale*) to investigate whether there are serious prospects for recovery via a business sale or reorganization. The judicial receiver submits a report to the court (within 30 days) together with an opinion from the Italian Productive Activities Minister (the "**Ministry**"). The court has 30 days to decide whether to admit the company to the procedure or place it into bankruptcy.

In addition, the extraordinary commissioner draws up a report every six month on the financial condition and interim management of the company and sends it to the Ministry.

If the company is admitted to the extraordinary administration procedure, the judicial phase begins and the extraordinary commissioner(s) appointed by the Ministry prepare a restructuring plan. The plan can provide either for the sale of the business as a going concern within one year (unless extended by the Ministry) (the "**Disposal Plan**") or a reorganization leading to the company's economic and financial recovery within two years (unless extended by the Ministry) (the "**Recovery Plan**"). It may also include a composition with creditors (*concordato*). The plan must be approved by the Ministry.

The procedure ends upon successful completion of either a Disposal Plan or a Recovery Plan; however, should either plan fail, the company will be declared bankrupt.

Industrial restructuring of large insolvent companies (ristrutturazione industriale di grandi imprese in stato di insolvenza)

Introduced in 2003 pursuant to Italian Law Decree No. 347 of 23 December 2003, as converted into Italian Law No. 39 of 2004 and subsequently amended, this procedure is also known as the "Marzano procedure". It is complementary to the *Prodi-bis* procedure and, except as otherwise provided, the same provisions apply. The Marzano procedure is intended to work faster than the *Prodi-bis* procedure. For example, although a company must be insolvent, the application to the Ministry can be made before the court commences the administrative phase.

The Marzano procedure only applies to large insolvent companies which, on a consolidated basis, have at least 500 employees in the year before the procedure is commenced and at least €300 million of debt. The decision whether to open a Marzano procedure is taken by the Ministry following the debtor's request (who must also file an application for the declaration of insolvency). The Ministry assesses whether the relevant requirements are met and then appoints the extraordinary commissioner(s) who will manage the company. The court also decides on the company's insolvency.

The extraordinary commissioner(s) has/have 180 days (or 270 days if the Ministry so agrees) to submit a Disposal Plan or Recovery Plan. The restructuring through the Disposal Plan or the Recovery Plan must be completed within, respectively, one year (extendable to two years) and two years. If no Disposal or Recovery Plan is approved by the Ministry, the court will declare the company bankrupt and open bankruptcy proceedings.

Compulsory administrative winding-up (liquidazione coatta amministrativa)

A compulsory administrative winding-up (*liquidazione coatta amministrativa*) is only available for certain companies, including, *inter alia*, public interest entities such as state-controlled companies, insurance companies, credit institutions and other financial institutions, none of which can be wound up pursuant to bankruptcy proceedings. It is irrelevant whether these companies belong to the public or the

private sector. A compulsory administrative winding-up is special insolvency proceedings in that the entity is liquidated not by the bankruptcy court but by the relevant administrative authority that oversees the industry in which the entity is active. The procedure may be triggered not only by the insolvency of the relevant entity, but also by other grounds expressly provided for by the relevant legal provisions *(e.g.*, in respect of Italian banks, serious irregularities concerning the management of the bank or serious violations of the applicable legal, administrative or statutory provisions).

The effect of this procedure is that the entity loses control over its assets and a liquidator (*commissario liquidatore*) is appointed to wind up the company. The liquidator's actions are monitored by a steering committee (*comitato di sorveglianza*). The powers assigned to the designated judge and the bankruptcy court under the other insolvency proceedings are assumed by the relevant administrative authority under this procedure. The effect of the forced administrative winding-up on creditors is largely the same as under bankruptcy proceedings and includes, for example, a ban on enforcement measures. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to a compulsory administrative winding-up.

Interim financing

The Decree 83/2015, as amended by Law 132/2015, introduced the possibility for debtors to also obtain authorization to receive urgent interim financing and to continue to use existing trade receivables credit lines (*linee di credito autoliquidanti*) necessary for their business needs before a court's approval of a Pre-Bankruptcy Composition with Creditors (*concordato preventivo*) or the entry into a debt restructuring agreement (*accordo di ristrutturazione dei debiti*) with priority status (*prededucibilità*) in case of subsequent bankruptcy without the expert certification and through an accelerated review process by the relevant court, upon, among others, the relevant debtor's declaration that interim finance is urgently needed and the debtor's inability to access such finance would cause imminent and irreparable damage. The court must decide on the request within 10 days of the filing of the application after consultation with the judicial commissioner and, if deemed necessary, the principal creditors.

Before the entry into force of the Decree 83/2015, debtors could be granted financing with priority status (*prededucibilità*) before a court's approval of a Pre-Bankruptcy Composition with Creditors (*concordato preventivo*) or the entry into a debt restructuring agreement (*accordo di ristrutturazione dei debiti*) if: (i) an expert certified that such financing is functional to the overall restructuring process; or (ii) such financing is provided for by the plan or the agreement, provided in each case that the court approved such priority status.

Hardening period/claw-back and fraudulent transfer

In a bankruptcy proceeding, the Italian Bankruptcy Law provides for a claw-back period of up to one year (six-months in certain circumstances). In addition, in certain cases, the bankruptcy receiver can request that certain transactions of the debtor are declared ineffective within the Italian Civil Code ordinary claw-back period of five years pursuant to Article 2901 of the Italian Civil Code ("*revocatoria ordinaria*").

Under Italian law, in the event that the relevant Guarantor enters into insolvency proceedings, the security interests created under the documents entered into to secure the Collateral and the Guarantees could be subject to potential challenges by an insolvency administrator or by other creditors of such Guarantor under the rules of avoidance or claw-back of Italian Bankruptcy Law and the relevant law on the non-insolvency avoidance or claw-back of transactions by the debtor made during a certain legally specified period (the "suspect period"). The avoidance may relate to (i) transactions made by the debtor within a suspect period of one year prior to the declaration of the insolvency at below market value (*i.e.*, to the extent the asset or obligation given or undertaken exceeds by one quarter the value of the consideration received by the debtor), or involving unusual means of payment (*e.g.*, payment in kind) or new security granted with respect to pre-existing debts not yet due at the time the security is entered into after the creation of the secured obligations, unless the non-insolvent creditor proves that it had no knowledge of the debtor's insolvency at the time the transaction was entered into; (ii) security granted within six months prior to the declaration of insolvency with respect to pre-existing debts due and payable, unless the non-insolvent creditor proves that it had no knowledge of the debtor's insolvency at the time the transaction was entered into; and (iii) payments of due and payable obligations, transactions at arm's length or security taken simultaneously to the creation of the secured obligations during the suspect period of six months prior to the declaration of the insolvency, if the bankruptcy receiver proves that the creditor

was aware of the insolvency of the debtor. The transactions potentially subject to avoidance also include those contemplated by a Guarantor's Guarantee or the granting of security interests under the Security Documents by a Guarantor. If they are challenged successfully, the rights granted under the Italian Guarantees or in connection with security interests under the relevant Security Documents may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest is voided, holders of the Notes could lose the benefit of the security interest and may not be able to recover any amounts under the related Security Documents.

It should be noted that: (i) under Article 64 of the Italian Bankruptcy Law, subject to certain limited exceptions, all transactions carried out by the insolvent debtor for no consideration are ineffective vis-à-vis creditors if entered into by the debtor in the two-year period prior to the insolvency declaration; and (ii) under Article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are ineffective vis-à-vis creditors, if made by the bankrupt entity in the two-year period prior to insolvency.

In addition, as noted above, the E.U. Insolvency Regulation contains conflicts of law rules which replace the various national rules of private international law in relation to insolvency proceedings within the European Union.

The Netherlands

Limitation on Enforcement

If a Dutch company grants a guarantee or security interest and that guarantee or security interest is not in the company's corporate interest, the guarantee or security interest may be nullified by the Dutch company, its receiver (curator) in bankruptcy (*faillissement*) and its administrator (*bewindvoerder*) in moratorium of payment proceedings (*surseance van betaling*) or otherwise and, as a consequence, not be valid, binding and enforceable against it. In determining whether the granting of a guarantee or security interest is in the interest of a Dutch company, Dutch courts would not only consider the text of the objects clause in the articles of association (*statuten*) of the company but all relevant circumstances, including (i) whether the company irrespective of the wording of the objects clause derives certain commercial benefits from the transaction in respect of which the guarantee or security interest was granted and (ii) the balance between the risk that the company is assuming and the benefit it derives from such transaction. In addition, if it is determined that there are no, or insufficient, commercial benefits from the transactions for the company that grants the guarantee or security interest, then such company (and any bankruptcy receiver) may challenge the enforcement of the guarantee or security interest, and it is possible that such challenge would be successful. Such benefit may, according to Dutch case law, consist of an indirect benefit derived by the company as a consequence of the interdependence of such company with the group of companies to which it belongs. In addition, it is relevant whether, as a consequence of the granting of the guarantee or security interest, the continuity of such company would foreseeably be endangered by the granting of such guarantee or security interest. It remains possible that even if such strong financial and commercial interdependence exists, the transaction may be declared void if it appears that the granting of the guarantee or security interest cannot serve the realization of the relevant company's objects or where it is determined that there is a material imbalance to the disadvantage of the company between the commercial benefit on the one hand and the risks on the other hand. The above *ultra vires* concepts also apply with respect to any security interest granted or other legal act entered into by a Dutch company.

If Dutch law applies, a guarantee or security governed by Dutch law may be voided by a court, if the document was executed through undue influence (*misbruik van omstandigheden*), fraud (*bedrog*), duress (*bedreiging*) or mistake (*dwaling*) of a party to the agreement contained in that document.

Payment pursuant to a guarantee or following enforcement or foreclosure of security granted may, regardless of an insolvency situation occurring or not, also be withheld due to unforeseen circumstances (*onvoorziene omstandigheden*), force majeure (*niet-toerekenbare tekortkoming*) or reasonableness and fairness (r*edelijkheid en billijkheid*). Other impeding factors include the right to suspend performance (*opschorting*), dissolution (*ontbinding*) of contract and set off (*verrekening*).

In addition, a guarantee issued by a Dutch company and a security interest provided by a Dutch company may be suspended or avoided by the Enterprise Chamber of the Court of Appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*) on the motion of the holder or holders of 10% or more of the shares in such company or shares or depositary receipts issued therefor with a nominal value of €225,000 or more or such lesser amount as provided in the company's articles of association, as well as

on the motion of a trade union and of other entities entitled thereto in the articles of association of the relevant Dutch company. Likewise, the guarantee or security itself may be upheld by the Enterprise Chamber, yet actual payment under it may be suspended or avoided.

Parallel Debt

Under Dutch law, certain "accessory" security interests such as pledges require that the pledgee and the creditor be the same person. Such security interests cannot be held by a third party which does not hold the secured claim but purports to hold security interests for the parties that do. The beneficial holders of the Notes from time to time will not be party to the Security Documents. In order to permit the Noteholders from time to time to have a secured claim, the Security Documents or other finance documents will provide for the creation of a "parallel debt". Pursuant to the parallel debt, the Security Agent becomes the holder of a claim equal to each amount payable by an obligor under the Notes. The pledges governed by Dutch law will directly secure the parallel debt. The parallel debt structure has not been tested under Dutch law, and there is no certainty that it will eliminate or mitigate the risk of unenforceability posed by Dutch law.

Fraudulent Transfer

To the extent that Dutch law applies, a guarantee or security interest granted by a legal entity may, under certain circumstances, be nullified by any of its creditors, if (i) the guarantee or security interest was granted without prior existing legal obligation to do so (*onverplicht*), (ii) the creditor concerned was prejudiced as a consequence of the guarantee or the granting of the security interest and (iii) at the time the guarantee or security interest was granted both the legal entity and, unless the guarantee or security interest was granted for no consideration (*om niet*), the beneficiary of the guarantee or security interest knew or should have known that one or more of the entities' creditors (existing or future) would be prejudiced (*actio pauliana*). Also to the extent that Dutch insolvency law applies, a guarantee or security interest may be nullified by the bankruptcy receiver on behalf of and for the benefit of all creditors of the insolvent debtor, and in such case the beneficiary of the guarantee or security interest is presumed (subject to evidence to the contrary) to have known that creditors of the debtor would be prejudiced if the bankruptcy follows within a year of the granting and for no consideration. The foregoing requirements apply *mutatis mutandis* for such actions. In addition, the bankruptcy receiver may challenge the guarantee or security interest if it was granted on the basis of a prior existing legal obligation to do so (*verplichte rechtshandeling*), if (i) the guarantee or security interest was granted at a time that the beneficiary of such guarantee or security interest knew that a request for bankruptcy had been filed or (ii) if such guarantee or security interest was granted as a result of deliberation between the debtor and the beneficiary of such guarantee or security interest with a view to give preference to the beneficiary over the debtor's other creditors. Consequently, the validity of any guarantees or security interests granted by a Dutch legal entity may be challenged and it is possible that such challenge would be successful.

It is not certain and has not been determined in published case law whether a right of pledge on shares can be created in advance of the acquisition of the shares by the pledgor.

If a security right is created in collateral to which a Dutch company has not yet obtained title, such collateral will not be subject to such a security interest if that company is declared bankrupt or granted a moratorium of payments prior to obtaining title thereto.

It is not possible to conduct searches in respect of any Dutch law governed security (other than in respect of rights of mortgage, if any), except that any security created over the shares in a Dutch company should be registered in its shareholders' register. However, this does not constitute conclusive evidence of the absence of any pre-existing security.

Insolvency

Guala Closures International B.V. is a Guarantor incorporated in the Netherlands. Any insolvency proceedings concerning such Guarantor's Notes Guarantee would likely be based on Dutch insolvency law. Under certain circumstances, bankruptcy proceedings may also be opened in The Netherlands in accordance with Dutch law over the assets of companies that are not established under Dutch law.

The following is a brief description of certain aspects of Dutch insolvency law.

There are two primary insolvency regimes under Dutch law: the first, moratorium of payments (*surseance van betaling*), is intended to facilitate the reorganization of a debtor's indebtedness and enable

the debtor to continue as a going concern. The second, bankruptcy (*faillissement*), is primarily designed to liquidate assets and distribute the proceeds of the assets of a debtor to its creditors. Both insolvency regimes are set forth in the Dutch Bankruptcy Act. In practice, a suspension of payments often results in bankruptcy. A general description of the principles of both insolvency regimes is set out below.

An application for a moratorium of payments can only be made by the debtor itself. Once the request for a moratorium of payments is filed, a court will immediately (*dadelijk*) grant a provisional moratorium and appoint an administrator (*bewindvoerder*). A meeting of creditors is required to decide on the definitive moratorium. If a draft composition (*ontwerp akkoord*) is filed simultaneously with the application for moratorium of payments, the court can order that the composition will be processed before a decision about a definitive moratorium. If the composition is accepted and subsequently ratified by the court (*gehomologeerd*), the provisional moratorium ends. The definitive moratorium will generally be granted unless a qualified minority (more than one-quarter in amount of claims held by creditors represented at the creditors' meeting or more than one-third in number of creditors represented at such creditors' meeting) of the unsecured non-preferential creditors withholds its consent. The moratorium of payments is only effective with regard to unsecured non-preferential creditors.

Unlike Chapter 11 proceedings under U.S. bankruptcy law, during which both secured and unsecured creditors are generally barred from seeking to recover on their claims during a moratorium of payments, under Dutch law, secured and preferential creditors (including tax and social security authorities) may enforce their rights against assets of the company in moratorium of payments to satisfy their claims as if there were no moratorium of payments. A recovery under Dutch law could, therefore, involve a sale of assets that does not reflect the going concern value of the debtor. However, the court may order a "cooling down period" (*afkoelingsperiode*) for a maximum period of four months during which enforcement actions by secured or preferential creditors are barred. Also in a definitive moratorium of payments, a composition (*akkoord*) may be offered to creditors. A composition will be binding on all unsecured and non-preferential creditors if it is approved by (i) a majority in number of the creditors represented at the creditors' meeting, representing at least 50% in amount of the claims that are admitted for voting purposes and (ii) subsequently ratified (*gehomologeerd*) by the court. Consequently, Dutch insolvency laws could preclude or inhibit the ability of the Noteholders to effect a restructuring and could reduce the recovery of a holder of Notes in Dutch moratorium of payments proceedings. Interest payments that fall due after the date on which a moratorium of payments is granted cannot be claimed in a composition.

Under Dutch law, a debtor can be declared bankrupt when it is no longer able to pay its debts when due. The bankruptcy can be requested by a creditor of a claim that is due and payable but left unpaid when there is at least one other creditor. The debtor can also request the application of bankruptcy proceedings itself.

Under Dutch bankruptcy proceedings, the assets of a debtor are generally liquidated and the proceeds distributed to the debtor's creditors in accordance with the respective rank and priority of their claims. The general principle of Dutch bankruptcy law is the so-called *paritas creditorum* (principle of equal treatment) which means that all creditors have an equal right to payment and that the proceeds of bankruptcy proceedings shall be distributed in proportion to the size of their claims. However, certain creditors (such as secured creditors and tax and social security authorities) will have special rights that take priority over the rights of other creditors. Consequently, Dutch insolvency laws could reduce your potential recovery in Dutch bankruptcy proceedings.

The claim of a creditor may be limited depending on the date the claim becomes due and payable in accordance with its terms. Generally, claims of the Noteholders that were not due and payable by their terms on the date of a bankruptcy of the relevant Guarantor will be accelerated and become due and payable as of that date. Each of these claims will have to be submitted to the bankruptcy receiver to be verified. "Verification" under Dutch law means that the receiver determines the value of the claim and whether and to what extent it will be admitted in the bankruptcy proceedings to the purpose of the distribution of the proceeds. The valuation of claims that otherwise would not have been payable at the time of the bankruptcy proceedings may be based on a net present value analysis. Interest payments that fall due after the date of the bankruptcy cannot be verified. Where interest is accruing after the date of opening of the proceedings, it can be admitted *pro memoria*. The existence, value and ranking of any claims submitted by the Noteholders may be challenged in the Dutch bankruptcy proceedings. Generally, in a creditors' meeting (*verificatievergadering*), the bankruptcy receiver, the insolvent debtor and all verified creditors may dispute the verification of claims of other creditors. Creditors whose claims or value thereof are disputed in the creditors' meeting may be referred to separate court proceedings (*renvooiprocedure*).

These procedures could cause Noteholders to recover less than the principal amount of their Notes or less than they could recover in a U.S. liquidation. Such *renvooi* proceedings could also cause payments to the Noteholders to be delayed compared with holders of undisputed claims. As in moratorium of payments proceedings, in a bankruptcy a composition may be offered to creditors, which shall be binding on unsecured non-preferential creditors if it is approved by (i) a majority in number of the creditors represented at the creditors' meeting, representing at least 50% in amount of the claims that are admitted for voting purposes and (ii) subsequently confirmed by the court. The Dutch Bankruptcy Act does not in itself recognize the concept of classes of creditors. Remaining amounts, if any, after satisfaction of the secured and the preferential creditors are distributed among the unsecured non-preferential creditors, who will be satisfied on a pro rata basis. Contractual subordination may to a certain extent be given effect in Dutch insolvency proceedings. The actual effect depends largely on the way such subordination is construed.

Secured or preferential creditors (including tax and social security authorities) may enforce their rights against assets of the debtor to satisfy their claims under a Dutch bankruptcy as if there is no bankruptcy. As in moratorium of payments proceedings, the court may order a "cooling down period" for a maximum of four months during which enforcement actions by secured or preferential creditors are barred unless such creditors have obtained leave for enforcement from the supervisory judge (*rechter-commissaris*). Further, a receiver in bankruptcy can force a secured creditor to enforce its security interest within a reasonable period of time, failing which the receiver will be entitled to sell the secured assets, if any, and the secured creditor will have to share in the bankruptcy costs, which may be significant. Excess proceeds of enforcement must be returned to the bankrupt estate; they may not be set-off against an unsecured claim of the secured creditor in the bankruptcy. Such set-off is allowed prior to the bankruptcy, although a set-off prior to bankruptcy may be subject to clawback in the case of fraudulent conveyance or bad faith in obtaining the claim used for set-off.

Moreover, to the extent that Dutch law applies, a legal act performed by a debtor (including, without limitation, an agreement pursuant to which it guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of its or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having a similar effect) can be challenged in an insolvency proceeding or otherwise and may be nullified by any of its creditors or its trustee in bankruptcy, if (i) it performed such acts without an obligation to do so (*onverplicht*), (ii) generally the creditor concerned or, in the case of its bankruptcy, any creditor was prejudiced as a consequence of the act, and (iii) at the time the act was performed both it and (unless the act was for no consideration (*om niet*)) the party with or towards which it acted, knew or should have known that one or more of its creditors (existing or future) would be prejudiced. In addition, in the case of such a bankruptcy, their trustee may nullify its performance of any due and payable obligation (including (without limitation) an obligation to provide security for any of its or a third party's obligations) if (i) the payee (*hij die betaling ontving*) knew that a request for bankruptcy had been filed at the moment of payment, or (ii) the performance of the obligation was the result of a consultation between the debtor and the payee with a view to give preference to the latter over the debtor's other creditors.

Whether or not a Guarantor is insolvent in The Netherlands, pursuant to Dutch law, payment under a guarantee or a security document may be withheld under the doctrines of reasonableness and fairness (*redelijkheid en billijkheid*), force majeure and unforeseen circumstances (*onvoorziene omstandigheden*).

Any pending executions of judgments against the debtor will be suspended by operation of law when suspension of payments is granted and terminate by operation of law when bankruptcy is declared. In addition, all attachments on the debtor's assets will cease to have effect upon the suspension of payments having become definitive, a composition having been ratified by the court or the declaration of bankruptcy (as the case may be) subject to the ability of the court to set an earlier date for such termination. Litigation pending on the date of the bankruptcy order is automatically stayed. Under Dutch law, bankruptcy and suspension of payment generally take effect at 00.00 a.m. on the day of the judgment of the bankruptcy or the suspension of payments.

New Zealand

Enforcement of Guarantee

The Notes will be guaranteed by Guala Closures New Zealand Limited, a company incorporated under the laws of New Zealand (the "**Kiwi Guarantor**").

New Zealand law requires that the directors of the Kiwi Guarantor are satisfied that (among other things) granting the guarantee is in the best interests of the company, or (if permitted by an express term in its constitution) the best interests of its holding company. The law also requires that shareholder approval is obtained where the contingent liability under the guarantee is greater than half the value of the company's assets.

Under New Zealand law, a liquidator of a company which has given a guarantee may recover from the beneficiary of the guarantee any amount received by the beneficiary from the company pursuant to the guarantee which exceeds the value that the company obtained from the beneficiary. Such amount may only be recovered by the liquidator if the company made a payment under the guarantee within two years of its liquidation and, at the time it made the payment, the company was either unable to pay its due debts or became unable to do so as a result of granting the guarantee. A company is presumed to be "unable to pay its due debts" if it has failed to comply with a statutory demand, execution against the company in respect of a judgment debt is unsatisfied in whole or in part, a receiver has been appointed, or a creditors' compromise under the Companies Act 1993 (the "**1993 Act**") has been put to a vote.

Section 269 of the 1993 Act also confers power on a liquidator to disclaim any property of the New Zealand company being liquidated which consists of, among other things, (i) unprofitable contracts or (ii) any property which is unsaleable or not readily saleable or that may give rise to a liability to pay money or perform an onerous act. The liquidator's hand may be forced, in that any person interested in the property may give the liquidator notice requiring him or her to decide whether or not he or she will disclaim and, if the liquidator wishes to disclaim in such circumstances, he or she must elect to do so by the date specified in the notice (being at least 20 working days after the date the notice is received by the liquidator).

A disclaimer terminates, as and from the date of the disclaimer, the rights, interests and liabilities of the company in the contract or the property, but the disclaimer does not affect the rights or liabilities of any other person, except so far as necessary for the purpose of releasing the company from liability. Any person damaged by the operation of a disclaimer may claim as a creditor of the company for the amount of the damages, and may prove that amount as a debt in the liquidation.

Insolvency Proceedings

The formal corporate insolvency processes available in New Zealand are broadly the same as those available in Australia, and include: administration under Part 15A of the 1993 Act; receivership; liquidation under Part 16 of the 1993 Act; compromises and arrangements under Parts 14 and 15 of the 1993 Act; and statutory management.

New Zealand's administration regime (also known as "voluntary administration") is based very closely on, and has similar objectives to, the Australian administration regime. The principal differences relate to time periods, voting requirements and the relevance of statutorily preferred creditors. Administration in New Zealand can also lead to a deed of company arrangement, along the lines of the equivalent in Australia, although the creditors' voting thresholds are higher.

As with liquidations in Australia, the purpose of a liquidation is to enable the realization of all of a company's assets and the distribution of the proceeds of sale of those assets among the company's creditors and (if there is a surplus after paying creditors) shareholders. Generally speaking, to the extent that their security is sufficient, secured creditors stand outside the liquidation and therefore do not have to prove for their debts. They are generally entitled to sell the assets subject to their security or have them sold and to receive the proceeds (subject to the rights of any prior security holders). Liquidators have various statutory powers, including power to attack certain pre-liquidation transactions.

Again as in Australia, receivers are typically appointed by a person to whom the company has granted a security interest. Their appointment and powers are usually governed by the terms of the security document under which they are appointed and by the Receiverships Act 1993 (New Zealand). The receiver's principal task is to realize the assets subject to the security interest and pay the proceeds to the security holder. Receivership is a regime implemented for the benefit of the secured creditor which appoints the receiver, whereas both administration and liquidation are regimes aimed at securing the best outcome for all the company's unsecured creditors as a whole. Where a company grants security over an asset, the proceeds of enforcement must generally be remitted to the security holder towards satisfaction of the security interest.

In liquidations, certain classes of statutorily preferred creditors will have priority over the proceeds of certain classes of assets (basically accounts receivable and inventory), as set out in the Seventh Schedule to

the 1993 Act. A receiver must also apply the proceeds of accounts receivable and inventory in priority to preferential creditors if the security interest under which they were appointed extends to those assets and is not a "purchase money security interest" under the Personal Property Securities Act 1999. Compromises under Part 14 of the 1993 Act essentially involve a "proponent," which is usually the board of directors of the company, giving to (among others) each creditor of the company a notice of meeting and a "statement" which includes details of the compromise to be proposed and voted on at the meeting. A compromise which is approved by the requisite majority of creditors binds the company and all creditors to whom the notice was given.

Whereas a compromise under Part 14 of the 1993 Act can be achieved without necessarily involving the court, an arrangement or compromise under Part 15 of the 1993 Act can only be achieved through the court. Part 15 is extraordinarily wide, and allows a court to order that a compromise is binding on such "persons or class of persons as the court may specify and any such order may be made on such terms and conditions as the court thinks fit". If the compromise is intended to bind third parties, the court may order that the third parties be served with the proposed compromise and have the opportunity to be heard on it.

Statutory management is not a process which is available to creditors generally, as it can only occur pursuant to a declaration by the New Zealand Governor-General by Order in Council on the advice of the Minister of Commerce and Consumer Affairs given in accordance with a recommendation of the New Zealand Financial Markets Authority. Its features include an automatic and comprehensive moratorium regime, including as regards rights of set-off and the rights of secured creditors, and the vesting of management rights and wide statutory powers in a "statutory manager".

Poland

The Notes will be secured by a security interest granted over 70.0% of the entire issued share capital of Guala Closures DGS Poland S.A. ("**DGS**"). DGS is incorporated as a joint stock company and registered in Poland.

Insolvency (bankruptcy) Proceedings

DGS will not be a Guarantor of the Notes, however a portion of the entire issued share capital in DGS will be subject to security, and therefore insolvency laws (and other applicable regulations) relevant to the pledgor of the shares in the Polish Company must be considered.

The sole fact of DGS becoming bankrupt does not affect the security interest granted over its shares, but may materially adversely impact the value of such security.

The following is a general description of certain aspects of the insolvency laws of Poland relating to bankruptcy and restructuring proceedings and how such laws affect the enforcement rights of secured and unsecured creditors.

General

The insolvency laws of Poland are primarily set out in the Bankruptcy Law dated 28 February 2003 (*Prawo upadłościowe*) (consolidated text in the Journal of Laws (*Dziennik Ustaw*) of 2017, no. 2344, as amended) (the "**Polish Insolvency Law**").

By default, the courts of Poland have jurisdiction over insolvency proceedings of a company incorporated and registered in Poland and with its center of main interests in Poland.

The insolvency laws of Poland and, in particular, the provisions of the Polish Insolvency Law in relation to priority of creditors and the duration of insolvency proceedings may not be as favorable to creditors as the insolvency laws of other jurisdictions, and therefore may limit the ability of creditors to recover payments, to the extent exceeding the limitations arising under other insolvency laws.

Under the Polish Insolvency Law, insolvency proceedings are not initiated by the competent insolvency court *ex officio*, but require a debtor or creditor to file a petition to commence insolvency proceedings (the "**bankruptcy petition**"). The debtor is obliged, no later than within thirty days (30) from the day on which the grounds for the declaration of bankruptcy arose, to file a bankruptcy petition with the court.

A declaration of bankruptcy should be issued in respect of a debtor that has become insolvent. A debtor is insolvent if: (i) it has lost the ability to perform its due pecuniary obligations (it is presumed that

a debtor has lost the ability to perform its due monetary obligations if the delay in payments exceeds three months) or (ii) in the case of a legal entity with legal personality (*osobowość prawna*) or a legal entity without legal personality, but which has legal capacity (*i.e.,* the ability to enter into transactions and to be the subject of rights and obligations (*zdolność prawna*)), the debtor's pecuniary obligations exceed the value of its assets and this situation lasts for more than twenty-four months (although the entity satisfies its monetary liabilities. It is presumed that a debtor's pecuniary obligations exceed the value of its assets if the balance sheet shows the debtor's liabilities, exclusive of reserves for liabilities and of liabilities to related entities, exceeding the value of the debtor's assets and this state of affairs persists for a period in excess of twenty four months). In the latter case, however, the court may refuse to sustain the bankruptcy petition if there is no risk that the entity would cease to perform its monetary obligations in the near future.

If the assets of the debtor are insufficient to cover the costs of the proceedings, the court will dismiss the bankruptcy petition. The court may also dismiss a petition where it has been established that the assets are encumbered by security (such as a mortgage or pledge) to such an extent that the residual assets are insufficient to cover the costs of the proceedings. However, the court will not order dismissal if it is established that the encumbrances on the debtor's assets are ineffective under the Polish Insolvency Law, or that they were created to the detriment of creditors, and further, if it is established that the debtor performed other acts, such as disposing of assets sufficient to cover the costs of the proceedings, which can potentially be set aside under the Polish Insolvency Law and, as an additional condition, if the circumstances of the case indicate that by applying the relevant provisions on the ineffectiveness and contesting of the debtor's acts, assets with a value in excess of the predicted costs will be obtained

If the petition is dismissed, any conservatory measures are called off and the debtor is free to continue its commercial activity.

Provisions of any agreement which stipulate that such an agreement will be terminated and/or amended upon bankruptcy (or upon bankruptcy petition being filed) of one of the parties are invalid. Also, provisions of an agreement to which the bankrupt entity is a party which hinder or prevent the objectives of the insolvency proceedings will be deemed ineffective in relation to the bankruptcy estate.

Any debt (claim) payable in a currency other than Polish złoty, regardless of whether the claim has fallen due or not, if put on the list of claims, must be converted into Polish złoty at the average exchange rate of the National Bank of Poland (NBP) prevailing on the date on which the bankruptcy court issues a decision on the debtor's bankruptcy. Accordingly, in the event of bankruptcy, creditors may be subject to exchange rate risk between the date of the decision of the bankruptcy court on the debtor's bankruptcy and the date of receipt of any proceeds of the insolvency proceedings. The insolvency proceedings will be carried out through liquidation of the bankrupt debtor's assets.

In insolvency proceedings, all creditors, whether secured or unsecured, wishing to assert claims against the debtor, need to participate in the insolvency proceedings. Polish insolvency proceedings are in principle collective proceedings and creditors are barred from pursuing their individual claims separately.

Accordingly, unsecured creditors may file their claims in the relevant insolvency proceeding (lodging of claims) and will be paid on a *pro rata* basis out of the bankruptcy estate. Creditors who have a security interest over the debtor's assets or any part thereof have priority rights under the governing law of the security interest and under the relevant provisions of the Polish Insolvency Law. In essence, secured creditors are not entitled to enforce such security interest outside the relevant insolvency proceeding. Creditors secured by a registered pledge may enforce their security interest directly by way of appropriation of such collateral.

Priority of Creditors in Insolvency Proceedings

The funds of the bankruptcy estate will include proceeds of the liquidation of the bankruptcy estate, and income earned from running or leasing the bankrupt's enterprise, as well as interest on bank deposits.

Sums obtained from the transfer of assets and rights encumbered with a mortgage or pledge will be allocated to satisfy those creditors whose receivable debts were secured over the transferred assets or rights.

The Polish Insolvency Law governs the priority of claims for (i) secured creditors (*i.e.,* creditors whose claims are secured by a mortgage, pledge, registered pledge or treasury pledge) and (ii) other creditors. In the latter case, the Polish Insolvency Law provides for four categories of debts, which include a number of preferential debts (such as money owed to employees) and several less-preferential ones (ex. money owed

to the shareholder and related to the shareholder's loan or arising from a similar legal action, which are repaid in the last 4th category).

In cases where creditors have rights in rem to the sold tangible property or rights, the receiver makes a separate plan to distribute the money earned on the sold tangible property or rights.

If the sum allocated for distribution is not sufficient to satisfy all the debts in full, debts of lower categories of priority are satisfied only after the full satisfaction of debts of preceding categories of priority, and when the assets are insufficient to satisfy in full all debts within the same category of priority, then such debts shall be satisfied on a *pro rata* basis.

Hardening Periods and Fraudulent Transfer

After a debtor is declared bankrupt, the following are recognized as ineffective against the bankruptcy estate, by operation of law:

(i) a disposition of the debtor's assets can be avoided if it was effected in the one year preceding the filing of a petition for the commencement of an insolvency proceeding, if the transaction was gratuitous or for consideration manifestly lower than the consideration received by the debtor;

(ii) satisfaction of a debt before its maturity date or the granting of security in respect of such debt, if effected within the period of six months preceding the filing of a petition for the commencement of an insolvency proceeding, and if, at the time of such transaction, the debtor was already insolvent and the creditor had knowledge of it;

(iii) a transaction made within the period of six months preceding the filing of a petition for the commencement of an insolvency proceeding where the debtor is a legal person and the other party is its shareholder, representative (or spouse of such person) or affiliated company, or such affiliated company's shareholder, representative (or spouse of such person) (and noting that the same rule applies if the debtor entered into a transaction with a dominant company). Ineffectiveness is recognized by the judge in charge of the bankruptcy proceedings and shall be determined, *ex officio* or at the request of the receiver.

Security interests granted over a party's assets in the form of registered pledges or other security interests may be voidable transactions which are capable of being challenged by an administrator of the bankruptcy estate and may be set aside by a judge-commissioner ex officio within two years of a declaration of bankruptcy, if: the party was not personally liable for the debt and such security interest was granted less than one year preceding the date of the bankruptcy petition; if the party did not receive any consideration for the granting of such security interest or the consideration received was disproportionately low in comparison to the value of the security interest granted; or regardless of the value of consideration previously received by the party, security interests were granted to secure debts of companies in the same corporate group.

Other actions detrimental to creditors may also be challenged on the basis of the *Actio -Pauliana*, governed by articles 527 onward of the Polish Civil Code (*Kodeks cywilny*).

Restructuring proceedings

The restructuring laws of Poland are primarily set out in the Restructuring Law dated 15 May 2015 (*Prawo Restrukturyzacyjne*) (consolidated text in the Journal of Laws (*Dziennik Ustaw*) of 2017, no. 1508 as amended) (the "**Polish Restructuring Law**").

A debtor may also apply for restructuring proceedings if the debtor at risk of insolvency or is insolvent ("**Restructuring Proceedings**").

The Restructuring Proceedings may be carried out against a debtor who is insolvent and/or at risk of insolvency. An insolvent debtor shall be construed as a debtor who is insolvent in the meaning of the Polish Insolvency Law. A debtor threatened with insolvency shall be construed as a debtor whose economic situation indicates that he may soon become insolvent. The Restructuring Proceedings shall be instituted on the basis of the restructuring application filed by the debtor. The restructuring application shall be construed as an application for the opening of the restructuring proceedings and an application for the approval of the arrangement adopted in the arrangement approval proceedings.

The restructuring shall be carried out under the following Restructuring Proceedings: (i) arrangement approval proceedings (*postepowanie o zatwierdzenie układu*), (ii) accelerated arrangement proceedings

(*przyspieszone postępowanie układowe*), (iii) arrangement proceedings (*postepowanie ukladowe*), (iv) remedial proceedings (*postępowanie sanacyjne*).

In the case of filing a restructuring application and a bankruptcy application, the restructuring application shall be examined first.

The purpose of the Restructuring Proceedings is to avoid a declaration of bankruptcy of the debtor by enabling him to restructure through an arrangement with creditors and, in the case of remedial proceedings, by carrying out remedial actions, whilst safeguarding the legitimate rights of creditors.

The arrangement approval proceedings shall enable the conclusion of the arrangement, where the debtor shall collect the creditors' votes by himself without involvement of the court and may be carried out if the total disputed claims which give the right to vote on the arrangement does not exceed 15% of the total claims giving the right to vote on the arrangement.

The accelerated arrangement proceedings shall enable the debtor to conclude the arrangement after the table of claims under a simplified procedure has been prepared and approved; it may be carried out if the total disputed claims which give the right to vote on the arrangement does not exceed 15% of the total claims giving the right to vote on the arrangement.

The arrangement proceedings shall enable the debtor to conclude the arrangement after the table of claims has been prepared and approved and may be carried out if the total disputed claims which give the right to vote on the arrangement exceeds 15% of the total claims giving the right to vote on the arrangement.

Cases in restructuring proceedings shall be examined by a restructuring court. The district court—commercial court shall be the restructuring court.

Preservation of security in Restructuring Proceedings

As a rule, once Restructuring Proceedings have commenced it will not be possible to create a new security interest to secure a pre-petition debt (unless the council of creditors agrees otherwise). However, if a motion to register a mortgage or a registered pledge is filed more than six months before the filing of a motion to open Restructuring Proceedings, the mortgage or pledge will be registered.

This does not modify the general rule that pre-petition in rem security interests (*e.g*., mortgage, pledge, registered pledge, security assignment) survive the Restructuring Proceedings and the claims secured by any of these security interests are not affected by the arrangement. However, the arrangement will cover secured claims to the extent that these claims are not covered by the value of collateral, or the relevant secured creditor agrees to be covered by the arrangement. Secured creditors consenting to the arrangement may be allocated to a separate class of creditors and be afforded special treatment in the arrangement (*i.e*., different from unsecured creditors).

There is an important exception to this rule in relation to partial arrangements (which are permitted in arrangement approval proceedings and accelerated arrangement proceedings), if the proposed arrangement offers the relevant secured creditor full satisfaction (although on a date specified in the arrangement) or satisfaction in part, but to the extent not lower than that expected in the case of enforcement of security. If this exception applies, the relevant secured claim will be covered by the arrangement irrespective of the creditor's consent.

Certain security will be infective towards the remedial estate (*masa sanacyjna*), namely:

(i) security established by the debtor within one year before the date of filing the application for the opening of remedial proceedings which has not been established directly in connection with the receipt of the performance by the debtor shall be ineffective in relation to the remedial estate;

(ii) security in the part which on the day of the establishment of the security exceeds more than half the value of the secured performance received by the debtor together with claims for incidental performance determined in the document forming the grounds to provide security, established within the year prior to the date of the filing of the application for the opening of remedial proceedings, shall be ineffective in relation to the remedial estate.

Security interests—pledges

Under Polish law, in general, all security interests, including, without limitation, pledges, are considered accessory to the underlying secured claims, *i.e.,* the security interest will automatically terminate if the secured claims are repaid, terminated or become void.

The establishment of certain security interests in Poland requires the execution of appropriate documents and often making entries into registers or making filings with the relevant courts. The establishment of a pledge requires the execution of contractual documents (in the form of pledge agreements) and, with respect to registering the pledge, the entry of the pledge in the pledge register held by the relevant Polish court.

The process of registration of a registered pledge may take up to two months and, until registration is complete, the pledge will not legally exist under Polish law. Once registered, the order of priority of the registered pledges will be determined by the order in which the applications for registration of pledges were submitted to the court. In respect of certain rights, such as rights over shares, over which a registered pledge is to be granted, the payment obligations may also be secured by a "financial pledge". However, a financial pledge does not grant the same scope of rights to the secured creditors as a registered pledge.

A secondary bankruptcy proceeding may be opened in Poland against a pledgor with a seat in country other than Poland.

In respect of a registered pledge, the pledgee will have the right to satisfy claims secured by such pledge (if so provided by the relevant pledge agreement) by assuming title to the pledged assets on the terms set out in the respective pledge agreement or through the sale of such assets in an auction conducted by a notary public or a court enforcement officer, in priority to other creditors. However, if any third-party creditor initiates enforcement proceedings to satisfy their claims in respect of the assets secured by a registered pledge, then the pledgee will not be able to exercise any of the methods of enforcement discussed above, but rather will only be entitled to enforcement of such pledge via a standard court enforcement process, which is usually considered more time-consuming and more expensive for the secured creditor.

In the event of enforcement of a pledge over shares in a company organized under the laws of Poland, the Polish regulations in respect of the pledge and the provisions of Polish company law with respect to the transfer of shares have to be adhered to.

The security interest granted for the benefit of the pledgee in Poland often includes the grant of both financial pledges and registered pledges over the same assets. The legal validity of the co-existence of registered and financial pledges over the same asset and securing the same claim is untested under Polish law and could be subject to challenge.

The Competition Act (change of control)

Pursuant to the Polish Competition Act dated 16 February 2007 (*Ustawa o ochronie konkurencji i konsumentów*) (consolidated text in the Journal of Laws (*Dziennik Ustaw*) of 2018, item 798), taking control over an undertaking by way of, among other things, an acquisition of shares and/or any part of its assets and/or an acquisition of a right to exercise the voting rights under shares held in such an undertaking, may require prior approval of the President of the Office of Competition and Consumer Protection ("**OCCP**"). It follows that, if a pledgee were to enforce a registered pledge by way of acquiring title to the pledged shares or by exercising the voting rights in respect of those shares, it may require prior approval of the OCCP. Violation of the Polish Competition Act may result in fines and/or in case restoring competition it is not feasible otherwise a duty to dispose of the acquired assets or other remedial actions. Please note that such an acquisition may require approval from the European Commission (in such a case approval of the OCCP is not required) and/or the competition authorities of other countries.

Polish Law on the Acquisition of Real Estate by Foreigners

Under the Polish Law on the Acquisition of Real Estate by Foreigners dated 24 March 1920 (*Ustawa o nabywaniu nieruchomości przez cudzoziemców*) (consolidated text in the Journal of Laws (*Dziennik Ustaw*) of 2017, item 2278) ("**Act on Acquisition of Real Estate by Foreigners**"), the acquisition of real estate in Poland or the acquisition of shares in a Polish company owning real estate in Poland, or any other action through which such Polish company becomes controlled by a foreign entity, in certain situations requires a permit from the Polish Ministry of Internal Affairs and Administration (a "**MOI Permit**"). The Act on Acquisition of Real Estate by Foreigners provides for a number of exemptions from the duty to obtain a MOI Permit. In particular, such duty is waived in respect of acquisition of shares in a company by bank having its registered office in Poland and foreign Shareholders or persons domiciled in countries which are members of the European Economic Area. However, these exemptions are not absolute and they do not apply to certain types of real estate (such as the real properties located within the border zone).

Under the Act on Acquisition of Real Estate by Foreigners an acquisition by the pledgee of shares in a company organized under the laws of Poland in the course of the enforcement of a pledge over such shares may also require a MOI Permit if the pledgee does not have a registered office in a country which is a member of the European Economic Area.

New Act on Agricultural Land

On 30 April 2016 the Act on Prohibiting the Sale of Real Properties Held in State Treasury Resources and on the Amendment of Certain Other Acts dated 14 April 2016 (*Ustawa o wstrzymaniu sprzedaży nieruchomości Zasobu Własności Rolnej Skarbu Państwa oraz o zmianie niektórych ustaw*) (Journal of Laws (*Dziennik Ustaw*) of 2016 item 585) (the **"New Act on Agricultural Land"**) entered into force. The New Act on Agricultural Land among other provided relevant amendments to the Agricultural System Act dated 11 April 2003 (*Ustawa o kształtowaniu ustroju rolnego*) (Journal of Laws (*Dziennik Ustaw*) of 2018 item 1405) (the **"Act on Agricultural Land"**).

The Act on Agricultural Land with respect to disposal of shares of companies owning agricultural land introduces the following rights of the Agricultural Agency (*Krajowy Ośrodek Wsparcia Rolnictwa*):

- pre-emptive right applicable in the case of shares sale, and
- buy-out right applicable in case of disposing of shares in any other legal form, then sale. However if the other legal form results in transfer of agricultural land ownership than prior to such legal form, the consent of the Agricultural Agency for such transfer will be required.

The above listed Agricultural Agency's rights apply (i) even if the agricultural land constitutes an inconsiderable part of the assets of the company and (ii) regardless of how many shares are being transferred (there is no minimum threshold in this respect, so even a transfer of one share triggers the Agricultural Agency's right).

In case a company organized under the laws of Poland owns the agricultural properties an acquisition by the pledgee of shares in that company in the course of the enforcement of a pledge may also be (with the reservation of certain exemptions) subject to pre-emption/buyout rights and/or prior consent of the Agricultural Agency.

Recognition and enforcement of foreign judgments

The recognition and enforcement of judgments of foreign courts in Poland is subject to limitations, including those set out in the (i) Code of Civil Procedure ("**PCCP**")(applicable in general to judgments from courts of states outside of EU) and in (ii) Council Regulation (EC) Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of 12 December, 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters ("**Brussels Regulation**") (applicable in general to judgments issued by EU Member State courts).

Under Brussels Regulation a judgment issued in one Member State should be enforceable in the other Member States without any declaration of enforceability being required. An enforceable judgment shall carry with it by operation of law the power to proceed to any protective measures which exist under the law of the Member State addressed. Hence, under those provisions all judgments passed down in civil and commercial cases by the courts in Belgium and England are directly enforceable in Poland.

Under provisions of the PCCP rulings of the courts of foreign (non-EU) states in civil matters which may be enforced by execution on the Polish territory, become enforceable titles when their enforcement is confirmed by a Polish court. Enforcement is confirmed, if a ruling is enforceable in the state of issuance and is not blocked by the obstacles referred to in Article 1146 § 1 of the PCCP which contains *inter alia* the obligation of court to refuse recognition of judgment which is contrary to the basic principles of the legal order of Poland (public order clause). This regulation may be modified by international agreements.

Scotland

One of the Guarantors, Guala Closures U.K. Limited, is a company incorporated under the laws of Scotland (the "**Scottish Guarantor**"). Therefore, any insolvency proceedings by or against the Scottish Guarantor would likely be based on Scottish insolvency laws. However, pursuant to the EU Insolvency Regulation (which will apply to insolvencies commenced prior to 26 June 2017) and the Recast EU Insolvency Regulation (which will apply to insolvencies commenced after 26 June 2017), where a company incorporated under Scots law has its "center of main interest" in a Member State of the European Union

other than Scotland, then the main insolvency proceedings for that company may be opened in the Member State in which its center of main interest is located and be subject to the laws of that Member State. For proceedings to which the Recast EU Insolvency Regulation applies, the rebuttable presumption that a company's "center of main interest" is the location of the jurisdiction of its registered office shall not apply where that registered office has been moved within the previous three months. See "—*European Union*" above. Similarly, the U.K. Cross Border Insolvency Regulations 2006, which implement the UNCITRAL Model Law on Cross Border Insolvency in the United Kingdom, provide that a foreign (*i.e.*, non-European) court may have jurisdiction where any Scottish company has a center of its main interests in such foreign jurisdiction, or where it has an "establishment" (being a place of operations in such foreign jurisdiction, where it carries out non-transitory economic activities with human means and assets or services).

Fixed and Floating Charges

Fixed charge security has a number of advantages over floating charge security: (a) an administrator appointed to a charging company can convert floating charge assets to cash and use such cash, or use cash subject to the floating charge, to meet administration expenses (which can include the costs of continuing to operate the charging company's business while in administration) in priority to the claims of the floating charger holder; (b) a fixed charge over assets, even if created after the date of a floating charge, may have priority as against the floating charge over the charged assets; (c) general costs and expenses (including the liquidator's remuneration) properly incurred in a winding-up are payable out of the floating charge assets to the extent the assets of the company available for creditors generally are otherwise insufficient to meet them (subject to certain restrictions for the costs of litigation) in priority to floating charge claims; (d) until the floating charge security crystallizes, a company is usually entitled to deal with assets that are subject to floating charge security in the ordinary course of business, meaning that such assets can effectively be disposed of by the charging company so as to give a third party good title to the assets free of the floating charge; (e) floating charge security is subject to certain challenges under Scottish insolvency law (see "—*Grant of Floating Charge*" below); and (f) floating charge security is subject to the claims of preferential creditors (such as occupational pension scheme contributions and salaries owed to the employees (subject to a cap per employee) and holiday pay owed to employees) and, where the floating charge is not a security financial collateral arrangement, to the claims of unsecured creditors in respect of a ring-fenced amount of the proceeds (see "—*Administration and Floating Charges*" below).

In Scotland, forms of security are closely tied to specific types of property. Since Scots law does not recognize the English law concept of "equity", there is more focus on the legal formalities rather than the intention of the parties with respect to the creation of security interests. If the strict legal requirements under Scots law are not met, there will be no security over the subjects notwithstanding the intention of the parties.

In respect of moveable property, it is essential that the security holder has some form of possession (which may take different forms) over the security subject(s) in order to create a valid security interest. Scots law does not differentiate between legal and equitable ownership of property so, for instance, in order to create a security interest over shares in companies incorporated in Scotland, the security holder (or its nominee) must be registered as the shareholder. Furthermore, there is no Scottish equivalent of an English law of equitable assignment, and an interest in Scottish incorporeal property will only be created when the assignation is properly notified to the relevant parties.

Fixed charges over land and buildings situated in Scotland may only be created using a standard security (which is the Scottish law equivalent of a legal mortgage over an interest of land), and this is governed by statute.

Administration and Floating Charges

Under Scottish insolvency law, Scottish courts are empowered to make an administration order in respect of a Scottish company in certain circumstances. An administrator can also be appointed out of court by the company, its directors, or the holder of a qualifying floating charge, and different procedures apply according to the identity of the appointor.

During the administration, there is a moratorium in place, which in general means that no proceedings or other legal process may be commenced or continued against the company, or security enforced over the company's property, except with the consent of the administrator or with the leave of the court. The moratorium does not, however, apply to a "security financial collateral arrangement" (such as a

charge over cash or financial instruments such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements (No. 2) Regulations 2003. During the administration of a company, a creditor would not be able to enforce any security interest (other than security financial collateral agreement) or guarantee granted by it without the consent of the administrator or the court. In addition, a secured creditor cannot appoint an administrative receiver.

In order to empower a secured creditor to appoint an administrative receiver or an administrator to the company, the floating charge by the relevant Scottish company must constitute a "qualifying floating charge" for purposes of Scottish insolvency law and, in the case of the ability to appoint an administrative receiver, the qualifying floating charge must, unless the security document pre-dates September 15, 2003, fall within one of the exceptions in the Enterprise Act 2002 to the prohibition on the appointment of administrative receivers.

In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which: (a) states that the relevant statutory provision applies to it; (b) purports to empower the holder to appoint an administrator of the company; (c) purports to empower the holder to appoint an administrative receiver; or (d) purports to empower the holder of a floating charge in Scotland to appoint a receiver who on appointment would be an administrative receiver (although this is only permitted under limited circumstances). A secured creditor can appoint an administrator by the out-of-court route, or an administrative receiver, if it holds a qualifying floating charge security, which together (if necessary) with fixed charge security interests and other floating charges, relates to the whole or substantially the whole of the relevant Scottish company's property. Whether the assets that are subject to the floating charges and other security will constitute substantially the whole of the relevant Scottish company's assets at the time that the floating charges are enforced will be a question of fact at that time.

Even if the secured creditor holds a qualifying floating charge, it can only appoint an administrative receiver if one of the exceptions to the general prohibition of appointing an administrative receiver applies. The most relevant exception to the prohibition is that a secured creditor can appoint an administrative receiver relating to a "capital market arrangement" (as defined in the U.K. Insolvency Act 1986, as amended), which is the case if the issue of the note creates a debt of at least £50 million for the relevant company during the life of the arrangement and the arrangement involves the issue of a "capital markets investment" (which is defined in the U.K. Insolvency Act 1986 as amended, but is generally a rated, listed or traded debt instrument).

An administrator, receiver or liquidator of the company will be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors. Under current law, this applies to 50% of the first £10,000 of net floating charge realizations and 20% of the remainder over £10,000, with a maximum aggregate cap of £600,000.

Challenges to Guarantees

There are circumstances under Scottish insolvency law in which the granting by a company organized under the laws of Scotland (a "**Scottish company**") of a guarantee can be challenged. In most cases this will only arise if the company is placed into administration or liquidation within a specified period of the granting of the guarantee or security. Therefore, if during the specified period an administrator or liquidator is appointed to a Scottish company, he may challenge the validity of the guarantee or security given by such company.

The following potential grounds for challenge may apply to the Notes Guarantee to be granted by the Scottish Guarantor:

Gratuitous Alienations

Under Scottish insolvency law, (i) a liquidator, (ii) an administrator, (iii) an assignee of the cause in action from a liquidator or administrator or (iv) a creditor of a Scottish company could apply to the Scottish courts for an order to set aside a security interest or a guarantee granted by the company (or give other relief) on the grounds that the creation of such security interest or guarantee constituted a gratuitous alienation. The grant of a security interest or guarantee will only be a gratuitous alienation if at the time of or as a result of the transaction, the Scottish company is insolvent. The transaction can be challenged if the Scottish company enters into liquidation or administration proceedings within a period of two years from the date the Scottish company grants the security interest or the guarantee, or five years in the case of a 'connected person' of the Scottish company. A transaction might be subject to being set aside as a

gratuitous alienation (the English equivalent is a transaction at undervalue) if the company makes a gift to a person (save in certain specified circumstances), if the company receives no consideration, or if the company receives consideration of less value, in money or money's worth, than the consideration given by such company. However, a court generally will not intervene if the person seeking to uphold the alienation establishes (i) that immediately or at any other time or after the alienation, the company's assets were greater than its liabilities, (ii) the alienation was made for adequate consideration; or (iii) the alienation was a birthday, Christmas or other gift for a charitable purpose to a person who is not an associate of the company, which in all circumstances it was reasonable for the company to make (without prejudice to any right or interest acquired in good faith and for value from the recipient of the alienation). If the court determines that the transaction was a gratuitous alienation, the court can grant a reduction or for restoration of the property or assets or such other redress as may be appropriate. In any proceedings, it is for the person seeking to uphold the alleged gratuitous alienation to demonstrate that the Scottish company was solvent (the test for which is set out in clause (i) above).

A transaction made at a time when a company is insolvent may also constitute a gratuitous alienation at common law. In these circumstances, no time limits apply in relation to challenging it. A gratuitous alienation may constitute wrongful (or indeed fraudulent) trading, or a breach of duty, and lead to action being raised against directors personally.

Unfair Preferences

Under Scottish insolvency law, (i) a liquidator, (ii) an administrator, (iii) an assignee of the cause in action from a liquidator or administrator or (iv) a creditor of a Scottish company could apply to the court for an order to set aside a security interest or a guarantee (or give other relief) on the grounds that the security interest or such guarantee constituted an unfair preference. The transaction can be challenged if the Scottish company enters into liquidation or administration proceedings within a period of six months from the date the Scottish company grants the security interest or the guarantee. A transaction may constitute an unfair preference if it has the effect of putting a creditor of the Scottish company (or a surety or guarantor for any of the company's debts or liabilities) in a better position (in the event of the company going into insolvent liquidation) than such creditor, guarantor or surety would otherwise have been in had that transaction not been entered into. If the court determines that the transaction was an unfair preference, the court may grant a reduction or restoration of the property or assets or such other redress as may be appropriate (although there is protection for a third party who acquires any rights or interests through the creditor in whose favor the preference was created in good faith, for value and without notice). An unfair preference may also constitute wrongful (or indeed fraudulent) trading or a breach of duty and lead to actions being raised against directors personally.

The following will not constitute unfair preferences:

- transactions in the ordinary course of business;
- payment in cash for a debt that, when paid, has become payable, unless the transaction was collusive for the purpose of prejudicing the general body of creditors;
- transactions where the parties take on reciprocal obligations, unless the transaction was collusive; and
- payments made on the basis of court decree in certain prescribed circumstances.

Grant of Floating Charge

Under Scottish insolvency law, if a Scottish company is insolvent at the time of (or as a result of) granting a floating charge, then such floating charge is invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the Scottish company, at the same time as or after the creation of the floating charge.

If the floating charge is granted to a connected person, then such floating charge is invalid except to the extent of the value of the money paid to, or goods or services supplied to, or any discharge or reduction of any debt of the Scottish company, at the same time as or after the creation of the floating charge, whether the Scottish company is solvent or insolvent.

Where the floating charge is granted to a connected person, the transaction can be challenged if the Scottish company enters into liquidation or administration within a period of two years from the date the Scottish company grants the floating charge. The relevant period for challenge is one year where the floating charge is granted to an unconnected person.

Considerations on the Enforceability of Guarantees

A pure guarantee is an accessory obligation by a guarantor relating to the primary obligation of the party whose obligations are guaranteed. If the primary obligation is altered, discharged or fails, the guarantee may not be enforceable. However, the document containing the guarantee will almost invariably contain an indemnity, *i.e.*, a direct obligation from the guarantor to the third party as an independent primary obligation. The indemnity should survive even if the guarantee is unenforceable in the circumstances described above. No limitation language is required to be included in the Indenture relating to the Notes Guarantee by the Scottish Guarantor.

Corporate benefit must be established if a company is granting a guarantee. If there is doubt about whether there is corporate benefit, shareholders' approval for the act may be obtained, although the act could still be challenged by other parties such as creditors. In addition, if no corporate benefit is established and a liquidator or administrator is appointed to the company, the transaction is more susceptible to an attack by the liquidator or an administrator as an "unfair preference" or a "gratuitous alienation" and may be rendered unenforceable.

Directors' Authority

If no corporate benefit is established, it may not be possible to enforce a guarantee granted where the directors of the company giving the guarantee exceeded their authority. Directors will exceed their authority if a transaction is beyond the objects or powers in the company's articles of association (*i.e.*, its constitution). A third party dealing in good faith with a company can still enforce the transaction. However, a third party will not be acting in good faith if it knows the transaction is beyond the power of the directors and is not for the benefit of the company (*e.g.*, a guarantee has no corporate benefit for the company but benefits the directors or another person). In a transaction of this nature it is therefore market practice for the legal advisors to confirm that there are no such restrictions in the articles of association.

Spain

First demand guarantee

The figure of a first demand guarantee is not specifically regulated in the Spanish Civil Code but its validity and effectiveness has been admitted in several judgments and regulated by the Spanish Supreme Court (*Tribunal Supremo*) as an autonomous guarantee, detached from the underlying agreement whose obligations are being guaranteed, acknowledging therefore the validity of the provision pursuant to which the guarantor has renounced to call on exceptions different to those arising from the guarantee. Notwithstanding this, case law has also admitted the possibility that, with certain limitations, the guarantor objects to the beneficiary of the guarantee the exception of fraud, bad faith or abuse of right (*abuso de derecho*) in the events where the beneficiary enforces the guarantee in a fraudulent manner or with bad faith. Besides, case law has also admitted that the guarantor can stay the enforcement by showing that there has been no event of default (the guarantor bearing the burden of proof), usually through declaratory relief started by guarantor.

Insolvency and Bankruptcy

One of the Guarantors of the Notes, Guala Closures Ibérica S.A.U., is incorporated and organized under the laws of Spain (the "**Spanish Guarantor"**). Accordingly, pre-insolvency, insolvency or liquidation proceedings with respect to the Spanish Guarantor may proceed under, and be governed by, Spanish insolvency law.

The insolvency laws of Spain may differ from the laws of the United States, the United Kingdom or other jurisdictions to which you may be familiar. The following is a brief description of certain aspects of the insolvency laws of Spain.

In Spain, insolvency proceedings are only triggered in the event of a debtor's current or imminent insolvency. A debtor is deemed insolvent when it becomes unable to regularly meet its obligations as they become due and payable (current insolvency) or when it expects that it will shortly be unable to do so (imminent insolvency). The insolvency proceedings may be initiated either by the debtor ("**voluntary insolvency**"), by any of its creditors (provided that it has not acquired the credit within the six months prior to the filing of the petition for insolvency, for inter vivo acts, on a singular basis and once the credit was mature) or by certain other interested third parties ("**compulsory insolvency**"). Notwithstanding, only the debtor is entitled to file a petition for insolvency on the basis of its imminent insolvency. Whether

insolvency proceedings are voluntary or compulsory will affect the basis for the insolvency, as well as impact upon the debtor's capacity.

The Spanish Insolvency Act provides that insolvency proceedings conclude following either the implementation of an agreement between the creditors and the debtor, the liquidation of the debtor. An insolvency proceeding can also conclude: (i) at any moment when it is verified that there are insufficient assets to pay post-insolvency debt; (ii) at any moment when it is verified that all of the credits have been paid, or the situation of the insolvency does no longer exist; or (iii) when it is verified that all of the creditors have waived their credit rights.

Voluntary Bankruptcy

If the debtor requests the insolvency, it must prove its current or imminent insolvency: a situation in which the debtor cannot meet its financial obligations consistently and on time, including obligations not yet due. The debtor is obligated to file a petition for a declaration of insolvency within two months after it becomes aware, or should have become aware, of its state of insolvency. It is presumed that the debtor becomes aware of its state of insolvency, unless otherwise proved, if any of the circumstances that qualify as the basis for a petition for compulsory insolvency occur. In the event of the debtor failing to file a petition for insolvency within the time period established by law, it may be unable to exercise certain courses of action (including, among others, the possibility of submitting a proposed settlement in advance) and the personal liability of the members of the management body is increased.

Notwithstanding the foregoing, the general duty to file for insolvency within the referred two months does not apply if the debtor notifies the applicable Court that it has initiated negotiations with its creditors to obtain support to reach a pre-packaged composition agreement (*propuesta de convenio anticipado*); or an out-of-court workout (a refinancing agreement) set out in Section 71 bis.1 or in the Fourth Additional Provision of the Spanish Insolvency Act (*Ley 22/2003, de 9 de Julio, Concursal*), (as amended from time to time, the "**Spanish Insolvency Act**") (the so-called 5 bis communication) or an out-of-court repayment agreement under Article 231 et seq of the Spanish Insolvency Act.

Effectively, by means of the 5 bis communication, on the top of those two months, the debtor gains an additional three month period to achieve an agreement with its creditors or to obtain accessions to an anticipated composition agreement and one further month to file for the declaration of insolvency, unless it is no longer insolvent. During such period of time, creditors' petitions for mandatory insolvency will not be accepted. Likewise, the 5 bis communication prevents the commencement of court or out-of-court enforcement actions over assets which are necessary for the company's business operations, other than those arising from public law claims are prohibited or suspended (as applicable), until any of the following circumstances occur: (i) a refinancing agreement set out in Section 71 bis.1 of the Spanish Insolvency Act is formalized; (ii) a court order is issued (*providencia*) accepting for processing the court's confirmation (*homologación judicial*) of admission of the refinancing agreement set out in the Fourth Additional Provision of the Spanish Insolvency Act; (iii) an out-of-court repayment agreement under article 231 et seq. of the Spanish Insolvency Act is entered into; (iv) the necessary accessions for the admission of a pre-arranged commencement agreement are obtained; or (v) the declaration of insolvency takes place. In addition, enforcement proceedings that have been brought by creditors holding financial claims (as defined in the Fourth Additional Provision of the Spanish Insolvency Act) shall be prohibited or suspended (as applicable) provided that it is evidenced that at least 51% of the creditors holding financial liabilities (by value) have supported the initiation of negotiations to enter into a refinancing agreement and have agreed to suspend or not initiate enforcement proceedings against the debtor while creditors holding financial liabilities are still negotiating. Nevertheless secured creditors shall be entitled to bring enforcement proceedings against the corresponding secured assets although once proceedings have been initiated they shall be immediately suspended. Financial securities and security interests over collateral located outside of Spain should not be affected by the 5 *bis* communication automatic stay.

Compulsory Bankruptcy

If a creditor requests the insolvency, it must provide evidence of the debtor's insolvency in the terms and by the means stated under Section 2.4 of the Spanish Insolvency Act such as: (i) a generalized default on payments by the debtor; (ii) the occurrence of generalized attachments on the debtor's assets; (iii) a hasty or loss-making liquidation of assets; or (iv) generalized default on certain tax, social security and employment obligations during the applicable statutory period (three (3) months). Upon receipt of an insolvency petition by a creditor, the insolvency court may issue provisional interim measures to protect

the assets of a debtor and may request a guarantee from the petitioning creditor asking for the adoption of such measures to cover damages caused by the preliminary protective measures.

The debtor will be entitled to file an opposition to such petition, and will have to prove that it is not insolvent. The court will then summon the parties to a hearing, and will finally render a court ruling either dismissing the application filed by the creditor, or declaring the insolvency of the debtor.

Effects of the Insolvency for the Debtor

If the insolvency is voluntary, as a general rule and subject to certain exceptions, the debtor usually retains its powers to manage and dispose of its business, albeit under supervision by the insolvency receivers (*administración concursal*). If the insolvency is compulsory, as a general rule and subject to certain exceptions, then the debtor is removed from its power over its assets, which become subject to management by the insolvency receivers.

These situations may be modified at any time by the competent court.

Actions carried out by the debtor that breach any required supervision of the insolvency receivers may be declared null and void unless ratified by the insolvency receivers.

Effects of the Insolvency on Contracts

Under Section 61 of the Spanish Insolvency Act, all clauses that entitle any party to terminate an agreement based solely on the other party's declaration of insolvency are deemed void. The declaration of insolvency does not affect agreements with reciprocal obligations pending performance by either the insolvent or the other party. However, the insolvency receivers (together with the bankrupt or by their sole discretion if the bankrupt is not allowed to carry on its business) may request the court to terminate the relevant contract (on the grounds of convenience in the insolvency proceedings). There are cases in which the Spanish laws expressly allow to establish an agreement for termination in the event of insolvency (*e.g.*, agency laws or RDL Law 5/2005 (as defined below), applicable to financial collateral, as defined therein).

Hardening Periods and Fraudulent Transfer

There is no automatic claw back by operation of law. Therefore, there are no prior transactions that automatically become void as a result of the initiation of insolvency proceedings but instead the insolvency administrator must expressly challenge those transactions that are considered detrimental to the insolvency estate. In addition, creditors who have applied to exercise any claw back action (stating the specific action they aim to contest or revoke and their grounds), shall be entitled to exercise such action if the insolvency administrator does not do so within the two months following their request. The Spanish Insolvency Act does not define the meaning of "patrimonial damage". Damage does not refer to the intention of the parties, but to the consequences of the transaction on the debtor's interest or on the equality of treatment among creditors. The Spanish Insolvency Act provides that the insolvency receivers may undertake claw-back actions against acts that took place before the declaration of insolvency that are considered to be detrimental to the insolvency estate as follows:

(a) actions carried out in the two years preceding the declaration of insolvency may be challenged, even in the absence of fraudulent intention;

(b) such actions must be considered to be detrimental to the insolvency estate, which is presumed in the following cases:

- without admission of proof to the contrary: (i) actions of disposal for no consideration, except for ordinary largesse (*liberalidades de uso*); or (ii) regarding payments or other actions cancelling obligations falling due after the declaration of insolvency (unless they were secured); or
- with admission of proof to the contrary: (i) in actions for valuable consideration carried out for any party especially related to the debtor, (ii) granting of in rem security covering preexisting debts or new debts incurred to cancel preexisting debts; or (iii) cancellation of secured obligations falling due after the declaration of insolvency.

Otherwise, the damage must be proved by the person seeking rescission;

(c) under no circumstances can actions carried out in the debtor's ordinary course of professional or entrepreneurial business and under market conditions be rescinded;

(d) some kinds of refinancing arrangements (*acuerdos de refinanciación*) meeting certain legal requirements set forth in article 71.bis or in Forth Additional Provision of the Spanish Insolvency Act, as well as the security created in connection therewith, may not be rescinded; and

(e) where the party who benefits from the act detrimental to the insolvency estate proves that such act is subject to the law of another State that does not allow its challenge in any case, the act will not be set aside.

Notwithstanding the foregoing, pursuant to article 16 of the E.U. Insolvency Regulation, and 208 of the Spanish Insolvency Act, acts and transactions governed by laws other than Spanish law will not be subject to claw back actions if such act or transaction cannot be rescinded or challenged by any means and under any grounds whatsoever (*i.e*., not only in insolvency scenarios) under the relevant non-Spanish applicable laws. Procedurally, there is no safe harbor against a lawsuit being filed and creditors being served to appear before Spanish courts, but the lawsuit should be dismissed on the merits if creditors prove (i) that the act or transaction at issue is subject to foreign law and (ii) that such act or transaction is unavoidable under the circumstances pursuant to that foreign law.

Request of joint insolvency

The insolvency of a company forming part of a group of companies, including the parent company, does not automatically lead to the insolvency of the remaining companies of the group. As stated above, a company is insolvent when it cannot regularly meet its payment obligations as they fall due.

Notwithstanding the above, creditors may apply for a joint insolvency declaration of two or more of its debtors if either (a) there is a confusion of assets among them, or (b) they form part of the same group of companies. Therefore, the request for the joint insolvency of two or more legal entities may only be filed by a common creditor of the relevant companies and each of the affected companies must in fact be separately insolvent. Joint insolvency may also be requested by the companies themselves provided that they form part of the same group.

Any of the insolvent debtors, or the insolvency administrator, as the case may be, may apply for the procedural consolidation of insolvency proceedings already declared under certain circumstances (and, in particular, if the insolvent debtors form part of the same group of companies). In addition, creditors may apply for the procedural consolidation of the insolvency proceedings of two or more of its debtors already declared if either (a) there is a confusion of assets among them, or (b) they form part of the same group of companies, provided that a petition has not been submitted by any of the insolvent debtors or by the insolvency administrator pursuant to article 25 bis of the Spanish Insolvency Act.

Insolvency proceedings declared jointly or accumulated are processed in coordination, without consolidation of the estate of the insolvent debtors. As a result, and as a general rule, a "group insolvency" does not lead to a commingling of the debtors' assets and creditors of such group. This means that the creditors of one company of the group will not have recourse against other companies of the same group (except where cross-guarantees exist, in which case such a claim might be subordinated). The current system is basically a procedural one, aimed at making the insolvency proceedings as time and cost efficient as possible. However, exceptionally, and for the purpose of the drafting of the insolvency report, by the insolvency administrator only, assets and liabilities amongst the companies declared insolvent may be consolidated where there is a confusion of states and assets and liabilities belonging to each of the companies cannot be identified, in order to avert unjustified cost and delay.

In any event, set-off is prohibited unless the requirements for the set-off were satisfied prior to the declaration of insolvency or the claim of the insolvent is governed by a law that permits set-off.

Rules on Priority of Creditors

Under the Spanish Insolvency Act, the ranking of claims determines the order of payment of credits. For such purposes, the claims of the creditors of any debtor are divided into privileged, ordinary and subordinated claims. Privileged creditors can have a special or general privilege, depending on whether the security was created over a specific asset (special privilege) or over all of the insolvency estate (general privilege). However, notwithstanding the three categories for creditors mentioned above, there is a special and prioritized category of creditors, the creditors against the insolvency estate (*créditos contra la masa*), which are not subject to ranking or acknowledgement and, in principle, must be paid by the insolvency receivers when they fall due.

As for secured credits (those secured with *in rem* security interests) the Spanish Insolvency Act gives them the status of creditors with special privilege, because the law includes in such category those in which the collateral is comprised of specific property or rights (mortgage, pledge or antichresis) or equivalent rights (financial lease agreement for the leased property). Certain limited exceptions may, however, exist to this general rule (*e.g*., restrictions in Article 90.1.6 of the Spanish Insolvency Act regarding pledges over future credit rights). An *in rem* secured creditor is secured (for the purposes of insolvency) for the value of the asset subject of the security (and such value will be calculated taking into account the rules set forth under the Spanish Insolvency Act in order to determine its "reasonable value") and will be deemed to be unsecured (or ordinary) for the rest.

Ordinary claims (non-subordinated and non-privileged claims) are paid *pro rata* once the estate claims and both generally and specially privileged claims have been paid.

Subordinated claims is a category of claims which includes, among others: credits communicated late (outside the specific one-month period mentioned above); credits which are contractually subordinated *vis-à-vis* all other credits of the debtor; credits relating to unpaid interest claims (including default interest), except for those credits secured with an in rem right up to the value of the security interest; fines; and claims of creditors which are "specially related parties" to the insolvent debtor. Subordinated creditors are second-level creditors. They do not have voting rights on the composition agreement (as described below) but are subject to its terms, being paid once ordinary claims are satisfied pursuant to the terms of the agreement. Thus, subordinated creditors have limited chances of collecting payment according to the ranking established in the Spanish Insolvency Act.

Limitations to Enforcement by an Unsecured and Secured Creditor

As a general rule, the enforcement rights of unsecured creditors are suspended upon the court declaration of insolvency. Unsecured creditors cannot initiate any enforcement proceedings against the debtor company's assets after the declaration of insolvency.

Notwithstanding the rules on priority mentioned in "*—Rules on Priority of Creditors*" above, in the event of the debtor's insolvency and in accordance with the provisions of the Spanish Insolvency Act, the ability of a secured creditor to enforce the collateral is limited if such collateral is considered necessary for the debtor to continue its professional or business activities.

In such a case, the Spanish insolvency Act imposes a moratorium on, the enforcement of secured creditors' rights in the event of insolvency, the enforcement of security may not be commenced until (i) a composition is approved (the content of which does not affect this right) or (ii) one year elapses from the insolvency declaration without liquidation taking place.

Enforcement will be stayed even if at the time of declaration of insolvency the notices announcing the public auction have been published. The stay will only be lifted when the court hearing the insolvency proceedings determines that the asset is not considered necessary for the debtor to continue its professional or business activities. When it comes to determining which assets or rights of the debtor are used for its professional or business activities, courts have generally embraced a broad interpretation and will likely include most of the debtor's assets or rights.

Pursuant to articles 8 and 55 *et seq.* of the Spanish Insolvency Law, in order to protect the interests of the debtor and the creditors, the jurisdiction of the court dealing with insolvency proceedings is extended to handle any enforcement proceedings or interim measures affecting the debtor's assets (whether based upon civil, labor or administrative law).

Finally, enforcement of the security will be subject to the provisions of Spanish Civil Procedure Law and Spanish Insolvency Act (where applicable) and this may entail delays in the enforcement.

Settlement or composition agreement

Once the debtor's assets and liabilities have been identified, the Spanish Insolvency Act encourages creditors to reach an agreement regarding payment of the insolvency debts. This agreement may be proposed either by the debtor or by the creditors, and it shall set forth how, when and up to what amount creditors are to be paid. Once executed, this agreement must be honored by the debtor and respected by the creditors.

The settlement or composition should contain proposals for write-offs and stays, Article 100 of Insolvency Act provides that it may also contain alternative or complementary proposals for all creditors or

for certain classes of creditors (except for Public Law creditors), including conversion of debt into shares, into profit-sharing credits convertible bonds or subordinated debt, or any financial instrument different from the original debt. It may also include proposals for allocation of all assets or of certain assets to a specific person with a commitment from the acquirer to continue the activity and to pay off the debt as determined in the settlement.

The proposals in the settlement shall include a payment schedule.

In order for a settlement or composition to be deemed approved by the creditors, the following majorities shall be met at the creditors' meeting:

(a) In case the composition agreement contains write-offs equal to or less than 50 per cent of the amount of the claims; to stays on the payment of principal, interest or any other outstanding amount, for a period not exceeding five years; or, in the case of creditors other than those related to the public administration or employment matters, the conversion of debt into profit participating loans over the same period, at least 50 per cent of the unsecured liabilities (ordinary credits) have voted in favor of such settlement or composition. Notwithstanding the above, a vote by creditors representing a portion of the unsecured liabilities that is greater than the vote against will suffice when the settlement consists of (i) full payment of ordinary or unsecured claims within a period not exceeding three years or (ii) immediate repayment of outstanding ordinary unsecured claims applying a write off of less than 20 per cent.

(b) In case the composition agreement contains stays of between five and ten years; write-offs of more than 50 per cent of the amount of the claims and, in the case of creditors other than those related to the public administration or employment matters, the conversion of debt into profit participating loans over the same period and any other proposal under article 100 of the Insolvency Act, 65 per cent of the unsecured liabilities (ordinary credits) should have voted for the settlement or composition.

The holders of subordinated credits and those creditors considered as especially related to the debtor are not entitled to vote.

Although in principle secured creditors are not subject to an approved settlement or composition (unless they have expressly voted in its favor) the effects of an approved composition can be extended to secured and privileged creditors provided that the relevant composition of creditors has been approved by the following majorities of creditors within its category of creditors (Public Law creditors, financial creditors or others):

(a) In case the composition agreement contains a write-off (or debt discharges) equal to or less than 50 per cent of the amount of the claims, stays for a period no longer than 5 years or conversion of debt into profit participating loans, also for a period no longer than 5 years, at least 60 per cent of privileged creditors have voted in favor; and

(b) In case the composition agreement contains a write-off of more than 50 per cent of the claim; stays (for a period between 5 and 10 years), conversion of debt into profit participating loans also for a period between 5 and 10 years, and any other proposal under article 100 of the Insolvency Act, at least 75 per cent of privileged creditors have voted in favor.

Liquidation

Liquidation is conceived as an outcome subsidiary to settlement. It operates where a composition is not reached or when it is decided upon by the insolvency court. The insolvent must file a petition for liquidation if, during the period while the settlement is in force, it becomes aware of no longer being able to meet the payment commitments and obligations undertaken after the approval of such settlement. In such a case, the company will be aimed at dissolution and the directors and liquidators will be removed. Deferred credits will compulsorily fall due and credits consisting of other benefits are converted into cash credits.

The insolvency administration will be required to prepare a liquidation plan that must be approved by the insolvency court. The insolvency administration is required to report quarterly on the liquidation and has one year to complete it. If the liquidation is not completed within one year, the court may appoint a different insolvency administration.

Special regimes for certain refinancing agreements:

(a) Refinancing agreements that fulfill the following conditions cannot be rescinded except at the request of the insolvency administration and under certain circumstances (namely, that the refinancing agreement lacks the formal requirements set forth below) and save in the case of fraud: (i) the refinancing agreement gives rise to a "significant increase" in the funds available to the borrower, or a modification of the terms of the initial financing by extending the maturity date or by replacing the existing obligations with new ones, provided that they meet a viability plan that allows the continuity of the debtor's business in the short and medium term; (ii) the agreement has been entered into with creditors whose credits represent at least 60 per cent of the debtor's liabilities as of the date of the agreement; (iii) a certification is issued by the auditors of the debtor, on the sufficiency of the liabilities required to adopt the agreement; and (iv) the refinancing agreement and the documents substantiating performance of conditions (ii) to (iii) above are executed by way of a Spanish public deed.

(b) Together with the refinancing agreements described above, no action for rescission will be either available (save in case of fraud or because the formal criteria have not been met) for those refinancing agreements that meet all the following criteria: (i) the ratio of assets to liabilities is greater under the refinancing agreement than before the agreement took effect; (ii) the resulting current assets are equal to or higher than the then current liabilities prior to reaching that private agreement; (iii) the value of the security that would be provided to the relevant creditors does not exceed either 90 per cent of the value of the debt owed to those creditors, or the ratio of security to outstanding debt that the creditors had the benefit of prior to the agreement taking effect; (iv) the rate of interest relating to the debt under the refinancing agreement for the creditors concerned is no more than one third of the rate applicable to the debt before the refinancing; and the agreement has been executed as a Spanish public deed by all parties concerned.

(c) In addition, certain refinancing agreements (those that have been approved by at least 51% of the financial creditors and meet the criteria under (a) above other than (ii)) may be sanctioned by the court (*homologación judicial*) and be imposed to certain dissenting creditors:

- all those creditors that have a financial claim against the debtor, irrespective of whether they are subject to financial supervision or not;
- any other creditors that have voluntarily signed up to the refinancing agreement, with the exception of commercial and public sector creditors; and
- secured creditors in certain circumstances (generally, when certain majorities of secured creditors have voted in favor of the refinancing agreement).

The majorities required for the courts to sanction a refinancing agreement vary depending on whether the financial liabilities concerned are secured or non-secured and on the effects to be imposed on non-participating or dissenting creditors with the court's approval.

Fraudulent Conveyance Laws

Under Spanish law, in addition to the insolvency claw-back action, the insolvency administrator and any creditor may bring an action to rescind a contract or agreement within four years (*acción rescisoria pauliana*) against the debtor and the third party which is a party to such contract or agreement, provided that the same is performed or entered into fraudulently and the creditor cannot obtain payment of the amounts owed in any other way. Although case law is not entirely consistent, it is broadly accepted that the following requirements must be met in order for a creditor to bring such action:

- the debtor owes the creditor an amount under a valid contract and the fraudulent action took place after such debt was created;
- the debtor has carried out an act that is detrimental to the creditor and beneficial to the third party;
- such act was fraudulent;
- there is no other legal remedy available to the creditor to obtain compensation for the damages suffered; and
- debtor's insolvency, construed as the situation where there has been a relevant decrease in the debtor's estate making it impossible or more difficult to collect the claim.

The existence of fraud (which must be evidenced by the creditor) is one of the essential requirements under Spanish law for the action to rescind to succeed (as opposed to claw back actions where the subjective component or fraud does not have to be proven). Pursuant to Article 1,297 of the Spanish Civil Code (*Código Civil*): (i) agreements by virtue of which the debtor transfers assets for no consideration, and (ii) transfers for consideration carried out by parties who have been held liable by a court (*sentencia condenatoria*) or whose assets have been subject to a writ of attachment (*mandamiento de embargo*) will be considered fraudulent. The presumption referred to in (i) above is *a iuris et de iure* presumption (*i.e.,* it cannot be rebutted by evidence), unlike the presumption indicated in (ii) above, which is a *iuris tantum* presumption (*i.e.,* it is a rebuttable presumption).

If the rescission action were to be upheld, the third party would be liable to return to the debtor the consideration received under the contract in order to satisfy the debt owed to the creditor. Following that, the creditor would need to carry out the actions necessary to obtain the amount owed by the debtor. If the consideration received by the third party under the contract cannot be returned to the debtor, the third party must indemnify the creditor for such damages.

Limitation on validity and enforcement of guarantees granted by any Spanish subsidiary

Under Spanish law, claims may become time-barred (5 years being the general term established for obligations *in personam* under article 1,964 of the Spanish Civil Code (*Código Civil*)) or may be or become subject to the defense of set-off or counterclaim. In addition, article 1851 of the Spanish Civil Code establishes that an extension granted to a debtor by a creditor without the consent of the guarantor extinguishes the guarantee (in the sense that it is limited to the original term, although case law has established exceptions where the extension benefits both the debtor and the guarantor).

A guarantee such as the guarantee granted by the Spanish Guarantor will be null if the obligations it secures are declared null. The enforcement of guarantees may be limited since the guarantor may not be required to pay any amount in excess of the amount owed by the principal debtor or under conditions that are less favourable than those applying to the principal debtor.

The terms “enforceable,” “enforceability,” “valid,” “legal,” “binding” and “effective” (or any combination thereof) mean that all the obligations assumed by the relevant party under the relevant documents are of a type enforced by Spanish Courts; the terms do not mean that these obligations will necessarily be enforced in all circumstances in accordance with their terms. In particular, enforcement before the Courts will in any event be subject to:

- the nature of the remedies available in the Courts;
- Spanish public policy (overriding mandatory provisions);
- the availability of defenses such as (without limitation), set-off (unless validly waived), circumvention of law (*fraude de ley*), abuse in the exercise of rights (*abuso de derecho*), misrepresentation, force majeure, unforeseen circumstances, statute of limitations, undue influence, fraud, duress, abatement and counter-claim; and
- The obligations under Guarantees granted by the Spanish Guarantor in the form of a *sociedad anónima* shall (i) not extend to any obligation incurred by any company of the Group for the purposes of (a) acquiring shares representing the share capital of such Spanish Guarantor or shares representing the share capital of the holding company of such Spanish Guarantor (or, in case of private limited liability companies (*sociedades de responsabilidad limitada*), also shares representing the share capital of any entity of its group); or (b) refinancing a previous debt incurred by any company of the Group for the acquisition of shares representing the share capital of such Spanish Guarantor or shares representing the share capital of the holding company of such Spanish Guarantor (or, in case of private limited liability companies (*sociedades de responsabilidad limitada*), also shares representing the share capital of any entity of its group), and shall (ii) be deemed not to be undertaken or incurred by a Spanish Guarantor to the extent that the same would constitute unlawful financial assistance within the meaning of article 150 (for Spanish public limited companies (*sociedades anónimas*)) or article 143 (for the Spanish private limited liability companies (*sociedades de responsabilidad limitada*) of the Spanish Companies Royal Decree-Law 1/2010, 2 July (*Ley de Sociedades de Capital*), and, in no case, can any of the Guarantees or security interests given by a Spanish Guarantor secure repayment of the above- mentioned funds.

  For the purposes of the paragraph above, a reference to a “holding company” of a Spanish Guarantor shall mean the company which, directly or indirectly, owns the majority of the voting

rights of such Spanish Guarantor or that may have a dominant influence on such Spanish Guarantor. It shall be presumed that one company has a dominant influence on another company when any of the scenarios set out in section 1 of article 42 of the Spanish Commercial Code (*Código de Comercio*) are met.

Additionally, the obligations under Guarantees granted by the Spanish Guarantor in the form of a sociedad de responsabilidad limitada shall not include any obligations or liabilities which, if incurred, would constitute a breach of article 401 of the Spanish Capital Companies Act, as interpreted by Spanish courts.

- Where payments under the Guarantees cause the amount of such Spanish subsidiary's net assets (*patrimonio neto*) to fall below half the amount of its stated share capital, the Spanish subsidiary will need to be wound up (*disolverse*), unless its share capital is increased or decreased in the required amount, and provided it is not required to declare its insolvency.
- Guarantees given or created by a Spanish subsidiary may be deemed null and void under Spanish law in the event that all or part of the Issuers' obligations under the Notes which are guaranteed or secured by virtue of such guarantees are null or void, and may be affected by any amendment, supplement, waiver, repayment, novation or extinction of the Issuers' obligations under the Notes.
- Guarantees or security interests granted by a Spanish company in favor of a third party, to secure other group companies' debt may be subject to clawback, on the basis that such guarantees or security interests may be considered as detrimental to the guarantor's estate, if the guarantor is not able to show that there was a tangible and identifiable corporate interest benefit for the guarantor to grant such guarantee or security (beyond an abstract group interest or general mentions to pertinence to the same group of companies or the so-called "group interest"). Whether or not the granting of any upstream guarantee or security by the guarantor is detriment to the guarantor's estate is a factual matter that will need to be proven on a case by case basis (the beneficiary of the guarantee bearing the burden of such proof). Notwithstanding the foregoing, Spanish case law recognizes the interest of the group and, hence, the validity of upstream guarantees.
- If the beneficiary of a guarantee adhered to or votes in favor of a debtor's refinancing agreement or commencement agreement (which contains haircuts), the guarantor shall be able to reduce its liability to the same extent, unless otherwise expressly agreed.

Set-off

The Spanish Insolvency Act generally prohibits set-off of the credits and debts of the insolvent company once it has been declared insolvent, but such set-off whose operating requirements were met before the declaration of insolvency can still apply. However, setoff may be exercised by a determined creditor vis-`a-vis the insolvent company if the governing law of the reciprocal credit right of the insolvent company permits it under insolvency scenarios.

Enforcement of Security Interests governed by Spanish law

The enforcement in Spain of security interests governed by Spanish law will be subject to Spanish rules of civil in-court and out-of-court procedure (including, but not limited to, the Civil Procedure Act 1/2000 of 7 January (*Ley 1/2000, de 7 de enero, de Enjuiciamiento Civil*) as amended from time to time (the "**Spanish Civil Procedure Law**") and the Royal Decree-Law 5/2005, of 11 March (*Real Decreto-ley 5/2005, de 11 de marzo, de reformas urgentes para el impulso a la productividad y para la mejora de la contratación pública*) which implemented in Spain the EU Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements ("**RDL 5/2005**")).

When enforcing security interests governed by Spanish law, the following particularities shall be taken into account:

- if the principal obligation is to be complied with in a jurisdiction other than Spain, it may not be enforceable in Spain to the extent that compliance therewith would be illegal under the laws of the primary jurisdiction, in which circumstances any collateral securing that principal obligation in Spain may also become unenforceable.
- Spanish law does not contemplate the concept of a "security agent", "trustee" or "security trustee". Although this by itself does not prohibit this agent to be set in place, the fact that there is a lack of regulation on the matter provides uncertainty as to how a Spanish court would recognize the acting

of the security agent in an enforcement situation. Since holders of the Notes will not have any independent power to enforce the security securing the notes, except through the security agent following the instructions of the trustee, there is some uncertainty as to whether a Spanish court would recognize the authority of the security agent or whether lack of recognition would entail delays in the enforcement or even the consequence of the security not being able to be enforced on the same terms as provided for in the security documentation. For this reason, the entity acting as security agent and probably the other secured parties on account of whom it would be acting will be required to be parties in any applicable legal proceeding. Notarized evidence of any and all assignments carried out by the entity acting as security trustee and/or sufficient evidence of title over the Notes by the holders of the Notes will need to be provided to the Spanish court.

- the term "enforceable" means that the obligations assumed by the parties are of a type that the Spanish courts enforce. It does not mean that those obligations will necessarily be enforced in all circumstances in accordance with their terms.
- although Spanish law does not expressly recognize the existence of two or more pledges over the same asset, the existence of two or more pledges over the same assets has become a market practice in Spain and is accepted by the majority of legal scholars although no case law has supported the enforceability of such pledges and it cannot be disregarded that a court could take a different view and consider such pledges inefficient and not admissible in Spain.
- a Spanish court or a Spanish notary may not accept an enforcement of security interests governed by Spanish law in respect of the secured documents based on the breach of obligations, undertakings or covenants which are merely ancillary or complementary to the main payment undertakings.
- Spanish law does not protect the abusive exercise of rights (*i.e.,* against such an agreement's purpose and prejudicing third parties) or arbitrary decisions or determinations by one of the parties. Accordingly, Spanish courts may refuse to uphold the termination of an agreement based on an unreasonable, inequitable or bad faith interpretation of one of its events of default or on the breach of obligations, undertakings or covenants which are merely ancillary or complementary to the main payment undertakings of the secured documents.
- enforceability of any Spanish security documents' provisions relating to application of enforcement proceeds will be subject to mandatory Spanish law requirements on the order of distributions.
- if a transaction is performed in formal compliance with a Spanish law requirement, but the actual intention is to cover another transaction, a Spanish court will apply the law governing the transaction that was meant to be covered.
- under Spanish law, claims may become time-barred or may be or become subject to the defense of set-off or counterclaim, abuse of rights (*abuso de derecho*), misrepresentation, force majeure, unforeseen circumstances, undue influence, duress or error.
- as regards ordinary pledges (as opposed to pledges without transfer of possession), the Spanish Civil Code requires that the pledgor is deprived of the possession of the pledged asset. Such transfer of possession is a requirement for the valid creation of the ordinary pledge. When the pledge is a pledge over credit rights, which is not regulated by the Spanish Civil Code but generally admitted by scholars and case law, the question is if the actual transfer of possession is substituted by the notice of the creation of the pledge to the debtor of the pledged credit right. Article 90.1.6 of the Spanish Insolvency Act admits a special privilege to pledges over credit rights if such pledge is contained in a document with true date (*fecha fehaciente*) -normally notarial document- without making any reference about the need of the notice to the debtor for the valid creation of the pledge over credit rights. Notwithstanding this, the practical effect of not notifying the creation of the pledge to the debtor is that, if such debtor effectively pays the credit to its creditor ignoring the existence of the pledge over the credit right, any such payment will have release effects (*efectos liberatorios*) for the debtor and the pledgee will not have recourse against it.
- Spanish law does not regulate expressly, with respect to claims deriving from proceeds obtained through a bond issuance, that security interests may be created only for the benefit of a secured notes trustee. Further, evidence of any potential replacement of the entity acting as secured notes trustee in its position as such will need to be recorded at the relevant Spanish public registry prior to the commencement of any enforcement proceedings if the security was registered at a Spanish public registry in favor of the secured notes trustee.

- the enforcement by Spanish courts of any final judgment for a sum of money in relation to the secured documents obtained against the Spanish Guarantor in any court outside of Spain may be limited by the provisions of Spanish principles of public policy ("*orden público*"). Moreover, the Spanish courts may refuse to apply a provision of the law of the United States if application of that provision would be manifestly incompatible with Spanish public policy ("*orden público*").
- under Spanish law, acts carried out in accordance with the terms of a legal provision whenever said acts seek a result which is forbidden by or contrary to law, shall be deemed to have been executed in circumvention of law ("*fraude de ley*") and the provisions whose application was intended to be avoided shall apply.
- in accordance with the general principles of Spanish Civil Procedural laws, the rules of evidence in any judicial proceeding cannot be modified by agreement of the parties. Accordingly, provisions in an agreement in which determinations by a party are to be deemed to be conclusive would not be upheld by a Spanish court. A determination, designation, calculation or certificate from one party as to any matter provided in the secured documents might, in certain circumstances, be held by a Spanish court not to be final, conclusive and binding, if it could be shown to have an unreasonable or arbitrary basis or in the event of manifest error despite any provision in the secured documents to the contrary.
- Spanish law precludes the validity and performance of contractual obligations to be left to the discretion of one of the contracting parties. Therefore, Spanish courts may refuse to uphold and enforce terms and conditions of an agreement giving discretionary authority to one of the contracting parties.
- Spanish law limits the enforcement of fixed penalty provisions contained in agreements, allowing the courts to reduce the amount of the penalty payable.
- it is not beyond doubt that the entity acting as secured notes trustee may validly establish a liquidated sum in respect of a claim in a proceeding for the enforcement of security interests governed by Spanish law in accordance with the procedure established in Article 572.2 of the Spanish Civil Procedure Law because the secured documentation does not qualify as self-executing documents under Spanish law and, to the best of our knowledge, the Spanish courts have not handed down a judgment in relation to the applicability of said Article to agreements governed by a law other than the Spanish law. Therefore, it may not be disregarded that the enforcement of the Spanish security could require that a judgment be rendered in New York establishing the default in respect of the secured obligations and the liquid amount payable thereunder which would then be recognized and enforced in Spain over the assets subject to such Spanish security.
- under Spanish law, nullity or termination of the principal obligation will entail nullity or termination of collateral obligations securing it.
- it is not entirely clear whether RDL 5/2005, would apply to Spanish law security interest securing the Notes. In such case, the enforcement provisions contained therein referred to RDL 5/2005 would not be effective although such security interests could be enforced through any of the other enforcement proceedings permitted by the Spanish law and contemplated in the relevant provisions included in such security interests.
- a certified translation into Spanish by an official translator of any document not executed in Spanish will be required to make such document admissible in evidence in Spain if a translation made by a private translator is challenged by the party not having filed it.

In addition, it should be noted that when granting security for existing debt within the two year suspicious period set out in the Spanish Insolvency Act for example, on the basis of a promissory security given at the time of obtaining such debt, there is a risk that security interests governed by Spanish law may fall within the legal presumption of a harmful act to the debtor's assets provided in article 71 of the Spanish Insolvency Act and said security interests created may be challenged (please also refer to "*—Insolvency and Insolvency*" and "*—Hardening Periods and Fraudulent Transfer*").

With regard to security interests governed by Spanish law that need to be registered within a Spanish public registry, in addition to the above it should be noted that:

- such security interests are only duly created as valid security interests, constituting an effective security interest exercisable *vis-à-vis* third parties, when the notarial deed by which the security interest is granted has been recorded at the relevant Spanish registry.

- the competent Spanish registrar may refuse to register events of default or early termination events stipulated in the secured documents thereunder (irrespective of their governing law) which may be deemed contrary to the principles of Spanish law applicable to rights in rem over assets located in Spain, such as events of default or early termination events based on the breach of obligations, undertakings or covenants which are merely ancillary or complementary to the main payment undertakings of the secured documents. In such case, a Spanish court or a Spanish notary would not accept an enforcement of such security interest based on an event of default or early termination event which has not been registered in the relevant Spanish public registry.

Ukraine

70.0% of the "issued share capital" of Guala Closures Ukraine LLC will be the subject of a participatory interest pledge (the "**Ukrainian Security**"). Guala Closures Ukraine LLC is a limited liability company registered under the laws of Ukraine. Certain aspects of Ukrainian law will be relevant in relation to enforcement of the Ukrainian Security.

Effectiveness of security and specifics of enforcement

On 17 June 2018, a new Law of Ukraine "On Limited Liability and Additional Liability Companies" ("**LLC Law**") came into force. The LLC Law, among others, introduced a procedure for enforcement of a pledge over a participatory interest in a limited liability company ("**LLC**"), ending the uncertainty in the Ukrainian law and court practice, whether a participatory interest in an LLC may be pledged as collateral. At the same time, given that the LLC Law came into force just recently, the relevant court practice on the enforcement of a pledge over a participatory interest under the LLC Law is yet to be developed.

The LLC Law does not expressly mention if it is possible to levy execution upon a participatory interest through the out-of-court enforcement procedures, such as the security agent (pledgee) taking ownership over the pledged participatory interest or the sale by the pledgee of such pledged participatory interest to third parties as provided under the Ukrainian Security. As a result of such uncertainty, the out-of-court enforcement may not be possible without the cooperation of the pledgor and/or the current shareholders of Guala Closures Ukraine LLC. In particular, in order to perform the out-of-court enforcement Guala Closures Ukraine LLC's shareholders meeting would need to pass a resolution where the shareholders would agree to the assignment (alienation) of the participatory interest to the pledgee (or a third party to which the participatory interest is to be sold by the pledgee) and the pledgee or a third party purchaser becoming a new shareholder of Guala Closures Ukraine LLC replacing the pledgor. It is uncertain under Ukrainian law if such approving resolution may be granted in advance of enforcement and if granted in advance, whether it will be valid and enforceable. Although we note that issuing by the pledgor (being the majority shareholder possessing the sufficient number of votes to pass the approval resolution) of an irrevocable power of attorney to the pledgee may facilitate the out-of-court enforcement allowing the pledgee itself pass all necessary corporate approvals on behalf of the pledgor as current shareholders and perform registration activities associated with change of participant. However, we note that effectuating out-of-court enforcement based on such power of attorney has not been tested in practice and it remains to be seen whether that will be possible. That being said, the out-of-court enforcement procedures, foreseen by the Ukrainian Security, may not be available given that the LLC Law does not explicitly stipulate the out-of-court enforcement procedures or, if available and carried out, may be subsequently challenged by the pledgor in the court arguing that enforcement was performed not in line with the LLC Law enforcement procedure. In case of lack of cooperation of the current shareholders or practical difficulties with out-of-court enforcement based on a power of attorney or otherwise, the pledgee would need to enforce the Ukrainian Security through a Ukrainian court.

It should be noted that under the LLC Law the shareholders which participatory interests are not pledged may enjoy a pre-emptive right to acquire the pledged participatory interest in case of the enforcement of the latter unless otherwise is foreseen by the charter of an LLC, a shareholders' agreement or if a written waiver is provided. Although such a right may be waived, it is uncertain under Ukrainian law as to whether such waiver can be provided in advance, and whether such advance waiver would be enforceable.

Furthermore, the charter of an LLC may stipulate that a pledge over its participatory interest by a participant shall be allowed only with the consent of other participants. The relevant provision may be introduced into the LLC charter or excluded from it by a unanimous decision of the general meeting of the participants, in which all the participants of the LLC took part. No such provisions are currently contained

in the charter of Guala Closures Ukraine LLC although we note that the charter contains provisions requiring the consent of the shareholders meeting to the transfer by a participant of its participatory interest to other participants, the company or to third parties, which may be relevant in case of enforcement under the Ukrainian Security. As a matter of practice, such consent is provided in advance at the time of execution of the Ukrainian Security although there remains uncertainty if such advance consent would be enforceable.

Enforcement procedures

The Ukrainian Security can be enforced in Ukrainian courts. At the same time, it is uncertain under the LLC Law if the Ukrainian Security can be enforced by way of out-of-court enforcement, as the LLC Law does not explicitly state such option.

Out-of-court enforcement procedures are governed by a set of procedural rules which require, among other things, the issuance and registration of a cure notice at least 30 days before enforcement, notification of other registered chargees (if any) and registration of the initiation of the out-of-court enforcement procedure in the Ukrainian public encumbrances register. Nevertheless, as it was mentioned above, out-of-court enforcement procedure can be complicated due to lack of cooperation from existing shareholders/pledgor, practical difficulties with registration of change of the participant as a result of enforcement and unclear status of out-of-court enforcement under the LLC Law.

The court decision expressly stating that the pledge should be enforced by way of transfer of the participatory interest to the pledgee or to the specific third party most probably would not entail separate enforcement proceedings. In general, such court judgement can be a ground for the state registrar to input an appropriate information regarding the new owner of the participatory interest into the Ukrainian register of legal entities.

Enforcement of a court judgement is done through state or private bailiffs in accordance with the procedures set out in the Law of Ukraine “On enforcement procedure” and Article 22 of the LLC Law. In particular, in accordance with Article 22 of the LLC Law the bailiff shall serve a notice on Guala Closures Ukraine LLC on the intention to levy execution upon the pledge participatory interest and issues an order for seizure (arrest) of the pledged participatory interest. Guala Closures Ukraine LLC within 30 days after receiving such notice shall grant to the bailiff and the pledgor access to financial statements and other relevant documents, as well as provide all the needed information required for the calculation of a price of the pledged participatory interest. The bailiff within 15 days following the expiration of 30 days period, shall calculate the price of the pledged participatory interest as at the day preceding the order for seizure on the basis of the market value of the aggregate of all the participatory interests of Guala Closures Ukraine LLC in proportion to the size of the pledged participatory interest. Following the price determination, the bailiff shall offer the other shareholders to exercise their pre-emptive right to purchase the pledged participatory interest, unless such shareholders have waived in writing their pre-emptive right to purchase. In case Guala Closures Ukraine LLC fails to grant access to relevant documentation or provide necessary information, or the other shareholders choose not to exercise the pre-emptive right to acquire the pledged participatory interest or fail to make the payment for the pledged participatory interest within 10 days after executing the sale and purchase agreement, the pledged participatory interest shall be sold via a public auction.

The public authority responsible for the enforcement of court decisions in Ukraine is the State Enforcement Agency and private bailiffs. Enforcement performed by the State Enforcement Agency can be time-consuming and may not succeed for a variety of reasons, including due to the complexity of the enforcement and auction procedures under the Law “On enforcement procedure”. Recently Ukrainian legislation was changed to allow the enforcement of court decisions by private bailiffs (which have the same powers as the state bailiffs). Although the institute of private bailiffs has not yet been properly tested in practice, it may be expected that it could be more effective in comparison to enforcement via State Enforcement Agency.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement (the "**Purchase Agreement**") dated as of the date hereof, entered into by and among the Issuer, the Guarantors and Credit Suisse Securities (Europe) Limited, Banca Akros S.p.A.—Gruppo Banco BPM, Banca IMI S.p.A., Barclays Bank PLC, KKR Capital Markets Limited and UniCredit Bank AG, we have agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase from us, together with all other Initial Purchasers, Notes in the principal amount indicated in the following table:

	Principal Amount of Notes
	(€)
Credit Suisse Securities (Europe) Limited	174,674,500.00
Banca Akros S.p.A.—Gruppo Banco BPM	20,222,222.22
Banca IMI S.p.A.	78,950,925.59
Barclays Bank PLC	78,950,926.60
KKR Capital Markets Limited	23,250,500.00
UniCredit Bank AG.	78,950,925.59
Total	**455,000,000.00**

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel. Each of the Issuer and the Guarantors has agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 90 days after the date the Notes are issued, to not, without having received prior written consent provided for in the Purchase Agreement, offer, sell, contract to sell or otherwise dispose of any securities issued or guaranteed by the Issuer or such Guarantor that are substantially similar to the Notes.

Certain of the Initial Purchasers are not registered with the SEC as U.S. registered broker-dealers and will effect offers and sales solely outside of the United States or within the United States to the extent permitted by Rule 15a-6 through one or more U.S.-registered broker-dealers and as permitted by the Financial Industry Regulatory Authority regulations.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice.

The Notes have not been and will not be registered under the U.S. Securities Act. The Initial Purchasers have agreed that they will only offer or sell the Notes: (i) to non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S; and (ii) in the United States to qualified institutional buyers in reliance on Rule 144A. The terms used above have the meanings given to them by Regulation S and Rule 144A. In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of such Notes within the United States by a dealer that is not participating in the offering of the Notes may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the U.S. Securities Act. Resales of the Notes are restricted as described under "*Transfer Restrictions*".

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the Offering price set forth on the cover page hereof.

The Notes are a new issue of securities for which there currently is no market. We will apply, through our listing agent, to list the Notes on the Official List of the Luxembourg Stock Exchange and to have the Notes admitted to trading on the Euro MTF Market thereof.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"). Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does

develop, or that you will be able to sell any Notes at a particular time or at a price that will be favorable to you.

The Initial Purchasers may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the U.S. Exchange Act. Over-allotment involves sales in excess of the Offering size, which creates a short position for the relevant Initial Purchasers. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker or dealer when the Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See "*Risk Factors—Risks related to the Notes and Notes Guarantees generally—There may not be an active trading market for the Notes in which case your ability to sell the Notes will be limited*".

The Initial Purchasers expect to make offers and sales both inside and outside the United States through their selling agents. Any offers and sales in the United States will be conducted by broker-dealers registered with the U.S. Securities and Exchange Commission.

Each Initial Purchaser has represented, warranted and agreed that it:

- has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the UK Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issuance or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes in the European Economic Area retail investors, each defined as a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive.

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes described in this offering memorandum has led to the conclusion that: (i) the target market for such Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of such Notes to eligible counterparties and professional clients are appropriate. The target market and distribution channel(s) may vary in relation to sales outside the EEA in light of local regulatory regimes in force in the relevant jurisdiction. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this Offering Memorandum and resale of the Notes. See "*Important Information*", "*Notice to Certain European Investors*" and "*Transfer Restrictions*".

The Purchase Agreement provides that the Issuer and the Guarantors will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act. The Issuer has agreed to pay the Initial Purchasers a commission and pay certain fees and expenses relating to the offering of the Notes.

The Issuer has also agreed that it will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the U.S. Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this Offering Memorandum, which will be the 5th business day (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as "**T+5**"). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this Offering Memorandum or the next two succeeding business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

The Initial Purchasers and/or their respective affiliates and parent companies have engaged, and may in the future engage, in lending, advisory, investment banking, corporate finance services, commercial banking transactions and/or other commercial dealings with, and may provide services to, us and our affiliates, in the ordinary course of business to the Issuer (including its parent and group companies). In addition, in the ordinary course of their business activities, the Initial Purchasers and/or their respective affiliates and parent companies may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve our securities and/or instruments or those of our affiliates. The Initial Purchasers and/or their respective affiliates and parent companies that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, the Initial Purchasers and/or their respective affiliates and parent companies would hedge such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in securities, including, potentially, the Notes. Any such short positions could adversely affect future trading prices of the Notes and would bear the costs deriving from a possible (total or partial) cancellation of the bond hedging swaps. The Initial Purchasers and/or their respective affiliates and parent companies may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. They have received, and expect to receive, customary fees and commissions for these transactions with proceeds from the issuance of the Notes. Banca IMI S.p.A., a subsidiary of the Intesa Sanpaolo Group, is an Initial Purchaser and will subscribe and pay for the Notes. Intesa Sanpaolo S.p.A., the parent company of Banca IMI S.p.A., joint global coordinator and joint bookrunner in respect of the Notes, is a holder of certain ordinary shares and warrants of the issuer.

In addition, certain of the Initial Purchasers or their affiliates are mandated lead arrangers, bookrunners, lenders or subparticipants under the Revolving Credit Facility, and such entities may act as counterparties in the hedging arrangements in connection with the Revolving Credit Facility and/or the Notes offered hereby, and have or will receive customary fees for their services in such capacities. UniCredit Bank AG, an Initial Purchaser of the Notes, is also the Security Agent under the Intercreditor Agreement and will be the Security Agent for the Notes.

Certain proceeds from the Offering will be used to repay all outstanding amounts due under the Bridge Facility, for which certain of the Initial Purchasers or their affiliates acted as mandated lead arrangers, underwriters and lenders. In connection with their services in such capacity, they have or will receive customary fees and commissions.

TRANSFER RESTRICTIONS

Because of the following restrictions, you are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes offered hereby.

The Notes have not been and will not be registered under the U.S. Securities Act, or any state securities laws, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and other applicable state securities laws. Accordingly, the Notes offered hereby are being offered and sold only to QIBs (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A and in offshore transactions in reliance on Regulation S. Accordingly, the Issuer is offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

(a) in the United States, to "**qualified institutional buyers**", commonly referred to as "**QIBs**", as defined in Rule 144A in compliance with Rule 144A; and

(b) outside the United States, to non-U.S. persons in offshore transactions in accordance with Regulation S (and, in this case, only to investors who, if resident in a Member State of the European Economic Area, are not retail investors, each defined as a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive).

The Issuer uses the terms "**offshore transaction**", "**U.S. person**" and "**United States**" with the meanings given to them in Regulation S.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchasers as follows:

(1) It understands and acknowledges that the Notes have not been registered under the U.S. Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities laws, including sales pursuant to Rule 144A and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set out in paragraphs (4) and (5) below.

(2) It is neither the Issuer's "**affiliate**" (as defined in Rule 144), nor acting on its behalf and that either:

    (a) a person in the United States or a U.S. person who is a QIB, within the meaning of Rule 144A and is aware that any sale of these Notes to it will be made in reliance on Rule 144A, and such acquisition will be for its own account or for the account of another QIB; or

    (b) it is purchasing the Notes in an offshore transaction in accordance with Regulation S.

(3) It acknowledges that none of the Issuer or the Initial Purchasers, nor any person representing any of them, has made any representation to it with respect to the Issuer and its subsidiaries or the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It acknowledges that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this Offering Memorandum. It has had access to such financial and other information concerning the Issuer and its subsidiaries and the Notes that it deems necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.

(4) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the

property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act, or in any transaction not subject to the U.S. Securities Act.

(5) It agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "**Resale Restriction Termination Date**") that is, in the case of the Rule 144A Notes, one year after the later of the date of the original issue and the last date on which the Issuer or any of its affiliates were the owner of such Notes (or any predecessor thereof) or, in the case of the Regulation S Notes, 40 days after the later of the original issue date and the last date on which the Notes were first offered to persons other than Distributors (as defined in Rule 902 of Regulation S), only (i) to the Issuer; (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act; (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A; (iv) pursuant to offers and sales that occur outside the United States in offshore transactions in compliance with Regulation S; or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer and the Trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (v) above to require the delivery of an opinion of counsel, certification and other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, (THE "**U.S. SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT (A) IT IS A "**QUALIFIED INSTITUTIONAL BUYER**" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT ("**RULE 144A**")) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN "**OFFSHORE TRANSACTION**" PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, AND (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE RESALE RESTRICTION TERMINATION DATE, WHICH IS [IN *THE CASE OF REGULATION S NOTES:* 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF THE REGULATION S)] [IN *THE CASE OF RULE 144A NOTES:* ONE YEAR AFTER THE LATEST OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)], ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL

BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

Each Note will also contain a legend substantially to the following effect:

BY ACCEPTANCE OF A NOTE, EACH HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (A) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE OR HOLD THE NOTES CONSTITUTES THE ASSETS OF ANY EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") OR PROVISIONS UNDER ANY OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS, RULES OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE ("**SIMILAR LAWS**"), OR ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT OR (B) THE PURCHASE AND HOLDING OF THE NOTES BY SUCH HOLDER WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.

A purchaser of Notes, will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(6) It understands that the issuance of Additional Notes under the Indenture may have the effect of extending the Resale Restriction Termination Date.

(7) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on the transfer of such Notes.

(8) It acknowledges that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

(9) It acknowledges that the Registrar will not be required to accept for registration or transfer any Notes acquired by it except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set out therein have been complied with.

(10) It acknowledges that the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of the acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes are no longer accurate, it will promptly notify the Issuer and the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(11) It understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set out under "*Notice to Certain European Investors*" *and* "*Plan of Distribution*".

(12) Either (a) no portion of the assets used to acquire or hold the Notes constitutes assets of any Plan or non-U.S., governmental or church plan subject to any Similar Laws or entity whose underlying assets are considered to include "plan assets" of any such Plan, account or arrangement or (b) the purchase and holding of the Notes will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Laws.

Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering, the distribution of this Offering Memorandum and resale of the Notes. See "*Important Information*", "*Notice to Certain European investors*" and "*Plan of Distribution*".

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for the Issuer by Linklaters LLP as to matters of United States federal law, New York State law, Dutch law and Spanish law, by Studio Legale Associato in association with Linklaters LLP as to matters of English law and Italian law, by Ashurst Australia as to matters of Australian law, L.O. Baptista Advogados as to matters of Brazilian law, Bell Gully as to matters of New Zealand law, by Linklaters C. Wiśniewski i Wspólnicy Spółka Komandytowa as to matters of Polish law, by Dickson Minto WS as to matters of Scottish law, and by PwC Legal Ukraine as to matters of Ukrainian law.

Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP as to matters of United States federal law, New York State law, English law and Italian law, by MinterEllison as to matters of Australian law, by Clifford Chance LLP as to matters of Dutch law, Pinheiro Neto Advogados as to matters of Brazilian law, by Mayne Wetherell as to matters of New Zealand law, by Clifford Chance Janicka Kruzewski Namiotkiewicz i Wspolnicy Spolka Komandytowa as to matters of Polish law, by CMS McKenna as to matters of Scottish law, by Clifford Chance, S.L.P. as to matters of Spanish law, and by Redcliffe Partners LLC as to matters of Ukrainian law.

INDEPENDENT AUDITORS

The consolidated financial statements of Guala Closures S.p.A. as of December 31, 2015, 2016, and 2017, and for each of the years in the three-year period ended December 31, 2017, included in the Offering Memorandum, have been audited by KPMG S.p.A., independent auditors, as stated in their reports appearing herein.

With respect to the unaudited interim condensed consolidated financial statements for the six-months ended June 30, 2018 and 2017, included herein, the independent auditors have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included in the Guala Closures S.p.A. interim condensed consolidated financial statements for the six-months ended June 30, 2018, and included herein, states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

The consolidated financial statements of Space4 S.p.A. as of December 31, 2017 and for the period from September 19, 2017 to December 31, 2017, included in this Offering Memorandum, have been audited by KPMG S.p.A., independent auditors, as stated in their report appearing herein.

With respect to the unaudited interim condensed consolidated financial statements for the six-months ended June 30, 2018, included herein, the independent auditors have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included in the Space4 S.p.A. interim condensed financial statements for the six-months ended June 30, 2018, and included herein, states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer was incorporated as a *società per azioni* under the laws of the Republic of Italy. The Guarantors are organized or incorporated (as applicable) under the laws of Australia, Brazil, The Netherlands, New Zealand, Scotland and Spain. Substantially all of the directors and executive officers of the Issuer and of each of the Guarantors are non-residents of the United States. Substantially all of the assets of the Issuer and each of the Guarantors, and its and their directors and executive officers, are located outside the United States. As a result, any judgment obtained in the United States against the Issuer or a Guarantor or any such other person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. federal or state securities laws, may not be collectible in the United States. Furthermore, although the Issuer and each of the Guarantors will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action in relation to the Notes, the Notes Guarantees and the Indenture or under U.S. securities laws, it may not be possible for investors to effect service of process on the Issuer or on such other persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws. If a judgment is obtained in a U.S. court against an Issuer, any Guarantor, or any of their respective directors or executive officers, investors will need to enforce such judgment in jurisdictions where the relevant Issuer or individual has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for Italy, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

See also "*Limitations on Validity and Enforceability of the Notes Guarantees and the Security Interests and Certain Insolvency Law Considerations*".

Italy

We have been advised by counsel in Italy that the recognition and enforcement of a judgment rendered by a U.S. federal or New York state court in Italy is governed by Article 64 of Italian Law No. 218 of Mary 31, 1995 (*Riforma del Sistema Italiana di diritto internazionale privato*) (the "**PIL Act**") (and certain other provisions of the PIL Act).

Pursuant to the PIL Act, any judgment issued by a U.S. federal or New York state court should automatically be recognized in Italy provided that the following requirements are met:

- the relevant U.S. federal or New York state court had appropriate jurisdiction to pass judgment upon the matter (in accordance with the Italian law principles of jurisdiction);
- the defendant had received the summons in accordance with the laws of the state in which the proceedings have taken place, and the defendant had not been deprived of his fundamental right to a defense;
- the parties had appeared in the proceedings in accordance with the local procedural law, or the proceedings were conducted *in absentia* (*in contumacia*) in accordance with such local procedural law;
- the judgment rendered by the U.S. federal or New York state court must be final and binding (*passato in giudicato*) according to the law of the state in which it was issued;
- the judgment rendered by the U.S. federal or New York state court is not in conflict with any earlier final and binding judgment issued by an Italian court;
- there is no pending proceeding before any Italian court in relation to the same subject matter and between the same parties which started prior to the commencement of the proceedings before the relevant U.S. federal or New York state court; and
- the judgment rendered by the U.S. federal or New York state court is not contrary to Italian public policy.

In addition, according to Article 67 of the PIL Act, if the judgment rendered by the U.S. federal or New York state court is not complied with, its recognition is challenged or it is necessary to enforce such judgment, a proceeding must be instituted in the competent Court of Appeal to this end. The competent Court of Appeal does not consider the merits of the case but reviews exclusively the existence of all the requirements set out above (including that requiring that the judgment rendered by the U.S. federal or New York state court is not contrary to public policy in Italy).

Australia

While the Australian Foreign Judgments Act 1991 (Cth) makes provision for the enforcement of certain overseas judgments in Australia, the Australian Foreign Judgments Act 1991 (Cth) does not apply to United States judgments.

In Australia, in order to enforce without a re-examination of the merits of the issues determined by the proceedings, any final and conclusive judgment against an Australian Guarantor in a New York court arising out of or in relation to the obligations of an Australian Guarantor under its Guarantee, which judgment is for a fixed sum of money (and not being a sum in respect of taxes or in respect of a fine or other penalty), certain conditions must be met, including (but not limited to) the following: in order for the Australian Courts to enforce such a judgment, the party seeking the enforcement must bring a fresh action on the foreign judgment in an appropriate Court in Australia; the proceedings in the New York court must not have involved any denial of the principles of natural justice recognized by the Australian Courts; the judgment must not be contrary to the public policy of the laws of Australia or the law of public policy of the State of New York; the judgment must not be obtained by fraud or duress; the enforcement proceeding must have been commenced within any applicable limitation periods and any procedural rules including in relation to jurisdiction and service of process for commencement and maintenance of proceedings before the New York court must have been observed; the judgment must not be wholly satisfied (and enforcement must only be sought to the extent the judgment is not satisfied); the parties to the proceedings of the New York court and to the enforcement proceedings must be identical; and the New York court must have been jurisdictionally competent in hearing and determining the issue(s) concerned in the judgment under the rules of private international law of Australia.

Brazil

One of the Guarantors is incorporated under the laws of Brazil. All, or substantially all, of its directors and officers reside outside the United States. Substantially all of the assets of the Brazilian Guarantor are located outside of the United States. As a result, it may not be possible (or it may be difficult) for you to effect service of process upon the Brazilian Guarantor or these other persons within the United States or to enforce judgments obtained in United States courts against us or them, including those predicated upon the civil liability provisions of the federal securities laws of the United States.

Under Brazilian law, a judgment of a United States court for the payment of money, including for civil liabilities predicated upon the federal securities laws of the United States, may be enforced in Brazil, subject to certain requirements described below. A judgment against the Brazilian Guarantor, its directors and officers thereof, or certain advisors named herein obtained in the United States would be enforceable in Brazil without retrial or re-examination of the merits of the original action including, without limitation, any final judgment for payment of a sum certain of money rendered by any such court, provided that such judgment has been previously recognized by the Superior Court of Justice (*Superior Tribunal de Justica*), or "*STJ*".

In this sense, the general provision is that there will be no retrial or re-examination of the merits of the original action. However, there are cases in which there is re-examination of the merits, especially if the original action violates Brazilian public policy, as mentioned below. The recognition by the Brazilian Superior Court of Justice will be available only if the U.S. judgment:

- is issued by a competent court;
- was preceded by proper service of process is made on the parties, as required under applicable law;
- is effective in the country where it was issued and it complies with all formalities necessary for its recognition as an enforcement instrument under the laws of the jurisdiction where it was issued;
- does not violate a final and unappealable decision issued by a Brazilian Court;
- has been duly authenticated by a competent Brazilian consulate, or has been apostilled in accordance with the Convention Abolishing the Requirement of Legalisation for Foreign Public Documents dated as of October 5, 1961, and is accompanied by a sworn translation in Portuguese (*traducao publica juramentada*) except if such procedure was exempted by an international treaty to which Brazil is signatory;
- does not violate Brazilian public policy, national sovereignty or good morals;
- is final and therefore not subject to appeal; and

- does not violate the exclusive jurisdiction of the Brazilian Judiciary.

It is possible to confirm a final and unappealable judicial decision, as well as a non-judicial decision that would have a jurisdictional nature under the Brazilian law. The foreign decision may also be partially confirmed.

Furthermore, Brazilian law admits the execution of interlocutory decisions via exequatur of a rogatory letter. The interlocutory decisions to be executed in Brazil, also needs to be presented to the Superior Court of Justice, and must comply with all the requirements above—for the homologation of a foreign sentence.

The recognition process may be time-consuming and may also give rise to difficulties in enforcing the foreign judgment in Brazil. Accordingly, we cannot assure you that recognition would be obtained, that the recognition process would be conducted in a timely manner or that a Brazilian court would enforce a monetary judgment, including for violation of the securities laws of countries other than Brazil, including the federal securities laws of the United States.

We have been further advised that original actions may be brought in connection with this offering memorandum predicated solely on the federal securities laws of the United States in Brazilian courts and that, subject to applicable law, Brazilian courts may enforce liabilities in such actions against the Brazilian Guarantor or its directors and officers thereof and certain advisors named herein, provided that provisions of the federal securities laws of the United States do not contravene Brazilian public policy, national sovereignty or equitable principles and provided further that Brazilian courts can assert jurisdiction over such actions.

In addition, a plaintiff (whether Brazilian or non-Brazilian) who resides outside Brazil or is during the course of the litigation in Brazil and who does not own real estate property in Brazil must provide a bond to guarantee the payment of the defendant's legal fees and court expenses in connection with court procedures for the collection of payments under the Notes and the Guarantee by the Brazilian Guarantor. This bond must have a value sufficient to satisfy the payment of court fees and defendant attorney's fees, as determined by the Brazilian judge, except in such instances involving (i) enforcement of foreign judgments that have been duly recognized by the STJ; (ii) collection of claims based on instruments that may be enforced in Brazil without review of merit (*titulo executivo extrajudicial*), which does not include the Notes, (iii) counterclaims (*reconvencao*); or (iv) when this bond was exempted by an international treaty to which Brazil is a signatory. Notwithstanding the foregoing, we cannot assure you that recognition of any judgment will be obtained, that the process described above can be conducted in a timely manner, or that Brazilian courts will enforce a judgment for violation of the federal securities laws of the United States with respect to the Notes.

Under Brazilian law, if the Notes or the Indenture were to be declared void by a court applying the laws of the State of New York, a judgment obtained outside Brazil seeking to enforce the Guarantee of the Brazilian Guarantor may not be ratified by the Superior Tribunal of Justice in Brazil.

The Netherlands

There is no treaty regarding the reciprocal recognition and enforcement of judicial decisions (other than arbitration awards) in civil and commercial matters between the United States and The Netherlands. Therefore, an executable judgment rendered by any competent court of New York, the United States America, would not automatically be enforceable in The Netherlands. However, a final judgment obtained in a competent court of New York, the United States America, and not rendered by default, which is not subject to appeal or other means of contestation and is enforceable in the United States of America with respect to the payment of obligations of a Dutch company (such as the Dutch Guarantor) under the documents expressed to be subject to the laws of the State of New York (such as, *inter alia*, the Notes and the Indenture) would generally be upheld and be regarded by a Dutch court as conclusive evidence when asked to render a judgment in accordance with that judgment by a competent court of New York, the United States America, without substantive re-examination or re-litigation of the merits of the subject matter thereof, if (i) that judgment has been rendered by a court of competent jurisdiction, in accordance with the principles of due justice, its contents and enforcement do not conflict with Dutch public policy (*openbare orde*) and it has not been rendered in proceedings of a criminal law or revenue or other public law nature, (ii) the jurisdiction of the competent court has been based on grounds that are internationally acceptable, (iii) the judgment was rendered in legal proceedings that comply with the standards of the proper administration of justice that includes sufficient safeguards (*behoorlijke rechtspleging*) and (iv) the

judgment is not incompatible with a decision rendered between the same parties by a Dutch court, or with a previous decision rendered between the same parties by a foreign court in a dispute that concerns the same subject and is based on the same cause, provided that the previous decision qualifies for acknowledgement in The Netherlands.

Any enforcement of foreign judgments in The Netherlands will be subject to the applicable rules of civil procedure in The Netherlands. A Dutch court has the authority to make an award in a foreign currency. However, enforcement against assets in The Netherlands of a judgment for a sum of money expressed in foreign currency would be executed in Dutch legal tender and the applicable rate of exchange prevailing at the date of payment.

Enforcement of obligations before a Dutch court will be subject to the degree to which the relevant obligations are enforceable under their governing law, to the nature of the remedies available in Dutch courts, the acceptance by such courts of jurisdiction, the effect of provisions imposing prescription periods and to the availability of defenses such as set off (unless validly waived) and counter-claim; specific performance may not always be awarded.

New Zealand

There is doubt as to the enforceability in New Zealand courts of judgments of U.S. courts, obtained in actions predicated upon the liability provisions of the United States federal or state securities laws where the action is not in respect of purely civil liability, *i.e.*, it is, instead, in respect of a fine or other penalty or tax or other charges of a like nature. More generally, however, it is not contrary to public policy to enforce a judgment merely because the cause of action on which it was obtained is not known to New Zealand law.

The New Zealand Reciprocal Enforcement of Judgments Act 1934 provides the primary statutory basis for the recognition and enforcement of foreign judgments in New Zealand. However, neither the Reciprocal Enforcement of Judgments Act 1934 nor any other legislation provides for the recognition and enforcement in New Zealand of judgments of a New York State court or federal court of the United States of America sitting in New York City (or any appellate court with jurisdiction over any such court) as New Zealand and the US have no formal arrangements for enforcing judgments.

Accordingly, whether a judgment of such a court would be recognized and given effect to by a New Zealand court, following the commencement of a new action in the courts of New Zealand but without any re-trial or re-examination of the merits of the action, would be determined by applicable common law principles. Under those principles this would depend upon a number of factors, including whether:

(i) the relevant New York State court or federal court of the United States of America sitting in New York City (or any appellate court with jurisdiction over any such court) (as the case may be) had jurisdiction over the defendant, determined in accordance with the rules of private international law applied by the New Zealand courts (broadly, if the defendant has submitted or agreed to submit to the jurisdiction of the courts or is resident or present in that jurisdiction);

(ii) the judgment of such court was (1) final and conclusive; (2) for a debt or definite sum of money; (3) not in respect of taxes, fines or penalties; (4) not obtained by fraud or in a manner contrary to natural justice; and (5) not contrary to New Zealand public policy; and

(iii) service of process in relation to the proceedings in the relevant U.S. court were properly effected in accordance with New Zealand law.

In addition, subject to certain exceptions, enforcement in New Zealand courts of a U.S. court judgment must be sought within six years of the date the U.S. court judgment became enforceable in the United States.

Scotland

The following summary with respect to the enforceability of certain U.S. court judgments in Scotland is based upon advice provided to us by our Scottish legal advisers. The United States and Scotland currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the U.S. based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in Scotland. In order to enforce any such U.S. judgment in Scotland, proceedings must first be initiated

before a court of competent jurisdiction in Scotland. In such an action, a Scottish court would not generally re-examine the merits of the original matter decided by the U.S. court (subject to what is said below).

An objection may be made against the recognition and enforcement of a U.S. judgment by a Scottish court on the following grounds:

- the U.S. court lacked jurisdiction over the original proceedings according to Scottish conflicts of laws principles and rules of Scottish private international law;
- the U.S. judgment was given in breach of a jurisdiction or arbitration clause;
- the U.S. judgment is one to which section 32 of the Civil and Jurisdiction Judgments Act 1982 applies;
- the U.S. judgment was not final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a definite sum of money;
- the U.S. judgment contravened Scottish public policy or the Human Rights Act 1998;
- the U.S. judgment is for a sum payable in respect of taxes, or other charges of a like nature, or in respect of a penalty or fine, or otherwise involves the enforcement of a non-Scottish penal or revenue judgment;
- the U.S. judgment is one to which section 5 of the Protection of Trading Interests Act 1980 applies;
- the U.S. judgment was obtained in proceedings which displayed a substantial degree of unfairness or procedural irregularity, or was obtained by fraud or in breach of Scottish principles of natural justice;
- there is a prior inconsistent decision of a Scottish court in respect of the same matter involving the same parties; or
- the U.S. judgment is no longer extant or enforceable in the U.S for example by reason of prescription or limitation.

Subject to the foregoing, investors may be able to enforce in Scotland judgments in civil and commercial matters that have been obtained from U.S. federal or state courts. However, we cannot assure you that those judgments will be recognized or enforceable in Scotland. In addition, it is questionable whether a Scottish court would accept jurisdiction and impose civil liability if the original action was commenced in Scotland, instead of the United States, and predicated solely upon U.S. federal securities laws.

Spain

A final and conclusive judgment obtained against the Issuer or any of the Guarantors in any U.S. Courts or any other appellate court in the United States, would be recognized and enforced by the courts of Spain after having obtained the "exequatur", in accordance with article 523.2 of the Spanish Civil Procedure Act (*Ley 1/2000, de 7 de enero, de Enjuiciamiento Civil*) and articles 41 to 55 of the Spanish International Cooperation in Civil Matters Act (*Ley 29/2015, de 30 de julio de cooperación jurídica internacional en materia civil*), both inclusive.

Such provisions set forth that any, in principle, final and conclusive judgment rendered outside Spain may be enforced in Spain:

- in accordance with the provisions of any applicable treaty (there being none currently in existence between Spain and the United States for these purposes);
- in the absence of any treaty, in those cases in which the relevant court from a foreign country which is not a member bound by the provisions of the EU Regulation 1215/2012, if it meets the formal requirements of (i) the relevant law from said foreign country and (ii) Spanish law, to be considered authentic, *i.e.*, enacted by an authorized court (in Spain it would be required, *inter alia*, that the judgement is duly legalized or apostilled and translated into Spanish) and enforceable; and
- if it does not fall within the circumstances set forth in article 46 of the Spanish International Cooperation in Civil Matters Act, in particular:
    - that the judgement breaches Spanish public order ("*orden público*");

- that the judgement is not final (*i.e.*, subject to further appeal) and therefore is not an enforceable nature (*fuerza ejecutiva*) in the foreign jurisdiction;
- that the judgement has been rendered by clearly breaching the rights of defense of any of the parties (if a judgement has been rendered by default ("*en rebeldía*") of the defendant it would be deemed to breach his rights of defense if the defendant has not been regularly and timely notified to enable him to defend himself properly);
- that the subject matter in respect of which the judgement has been rendered falls within the exclusive jurisdiction of the Spanish courts or, in any other matters, if the foreign court jurisdiction does not have a reasonable connection with the dispute;
- that the foreign judgement is incompatible with other Spanish judgements;
- that the foreign judgement is incompatible with another country's judgement which meets the requirements to be enforceable in Spain;
- that there is an ongoing proceeding between the same parties and dealing with the same subject which was opened before a Spanish court prior to the opening of the proceedings before the foreign court; or
- the company is subject to an insolvency proceeding in Spain and the foreign judgment does not meet the requirements provided for in the Spanish Insolvency Law.

According to Article 3.2 of the Spanish International Cooperation in Civil Matters Act, the Spanish Government may establish that the Spanish authorities will not cooperate with other country's authorities when there has been a reiteration refusal of cooperation or a legal prohibition of providing cooperation by such other country's authorities.

Additionally, and according to article 47 of the Spanish International Cooperation in Civil Matters Act, there is a special provision and a special rule concerning the recognition of foreign judgments rendered in proceedings resulting from collective action, which may be recognized and enforced in Spain insofar as they satisfy the conditions set forth therein.

The United States and Spain are not party to any treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. Accordingly, any party wishing to have a U.S. ruling recognized or enforced in Spain, which would not directly be recognized or enforced in Spain, must file an application seeking declaration of enforceability of the U.S. resolution (*exequatur*) with the relevant Spanish Judge of First Instance (*Juzgado de Primera Instancia*) or Commercial Court (*Juzgado de lo Mercantil*) for which purpose the abovementioned requirements must be met.

The Spanish courts may express any such order in a currency other than euro in respect of the amount due and payable by the Issuer or a Guarantor, but in case of enforcement in Spain, the court costs and interest will be paid in euros.

A final and conclusive judgment obtained against the Issuer or any of the Guarantors in any country bound by the provisions of the EU Regulation 1215/2012 will be recognized and enforceable by the Spanish courts, without review of its merits, once the judgment has been recognized under the *exequatur* procedure.

The enforcement of any judgments in Spain entails, among others, the following actions and costs: (a) documents in a language other than Spanish must be accompanied by a sworn translation into Spanish; (b) foreign documents may be required to be legalized and apostilled; (c) certain court fees must be paid, and (d) the procedural acts of a party litigating in Spain must be directed by an attorney-at-law and the party must be represented by a court agent (procurador). In addition, Spanish civil proceedings rules cannot be amended by agreement of the parties and will therefore prevail notwithstanding any provision to the contrary in the relevant agreement.

AVAILABLE INFORMATION

We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture and so long as the Notes are outstanding, we will furnish periodic information to the holders of the Notes. See "*Description of the Notes—Certain Covenants—Reports",* and *"Listing and General Information—Listing Information*".

Each purchaser of Notes from an Initial Purchaser will be furnished with a copy of this Offering Memorandum and, to the extent provided to the Initial Purchasers by us for such purpose, any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to this Offering Memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on any of the Initial Purchasers or any person affiliated with any of the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to clause (1) above, no person has been authorized to give any information or to make any representation concerning the Notes or the Notes Guarantees offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or any of the Initial Purchasers.

For so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act, nor exempt from the reporting requirements under Rule 12g3-2(b) of the U.S. Exchange Act, provide to the holder or beneficial owner of a Note or to any prospective purchaser of a Note designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act. Any such request should be directed to the Issuer at Via Rana 12, 15122, Alessandria, Spinetta Marengo, Italy.

LISTING AND GENERAL INFORMATION

Listing Information

The Issuer has applied to list the Notes on the Official List of the Luxembourg Stock Exchange and for the admission of the Notes to trading on the Euro MTF market of the Luxembourg Stock Exchange.

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF and the rules and regulations of the Luxembourg Stock Exchange so require, each Issuer will publish notices (including financial notices) in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange require, copies of the following documents may be inspected and obtained free of charge at the specified office of the Luxembourg listing agent (Deutsche Bank Luxembourg S.A.) during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted):

(a) the organizational documents of the Issuer and each of the Guarantors;

(b) the financial statements included in this Offering Memorandum;

(c) the Indenture relating to the Notes (which includes the form of the Notes);

(d) the Intercreditor Agreement;

(e) the Security Documents; and

(f) other material agreements described in this Offering Memorandum as to which we specify that copies thereof will be made available.

The Issuer has appointed Deutsche Bank Luxembourg S.A. as Luxembourg listing agent, paying agent, transfer agent and registrar and to make payments on the Notes, when applicable, and to perform transfers of the Notes. The Issuer reserves the right to vary such appointments in accordance with the terms of the Indenture and will publish a notice of such change of appointment in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by the rules and regulations of the Luxembourg Stock Exchange, on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

The Issuer accepts responsibility for the information contained in this Offering Memorandum. The Issuer declares that, to the best of its knowledge, except as otherwise noted, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of this Offering Memorandum. This Offering Memorandum may only be used for the purposes for which it has been published.

Clearing Information

The Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of Clearstream, Luxembourg and Euroclear under common codes 188826806 and 188827098, respectively. The international securities identification number ("**ISIN**") for the Notes sold pursuant to Regulation S is XS1888268064 and the ISIN for the Notes sold pursuant to Rule 144A is XS1888270987.

Legal Information

General

Issuer

The Issuer was incorporated as a *società per azioni* under the laws of the Republic of Italy on September 19, 2017. As of the date of this Offering Memorandum, the Issuer had a total share capital of €68,906,646 fully subscribed and paid up, comprising 67,184,904 shares without nominal value of which there are 62,049,966 ordinary shares, 4,322,438 Class B special shares and 812,500 Class C special shares. The Issuer's corporate seat and principal executive offices are located at Via Rana 12, 15122, Alessandria, Spinetta Marengo, Italy. The Issuer is registered with the *Registro delle Imprese of Alessandria* with registered number and *codice fiscale* 10038620968. See also "*Certain Definitions*", "*The Transactions*" and "*Principal Shareholders*" for further information.

Pursuant to Article 3 of its articles of incorporation, the corporate purpose of the Issuer is, among other things, to manufacture, produce and sell goods and equipment for packaging.

The Issuer's financial year is from January 1 to December 31. It prepares and publishes annual audited consolidated financial statements.

The Issuer has obtained all necessary consents, approvals and authorizations in the jurisdiction of its incorporation in connection with the issuance and performance of the Notes. The creation and issuance of the Notes was authorized by the Issuer's board of directors on September 20, 2018.

Guarantors' Legal Information

The Group companies that are also expected to become Guarantors have the following corporate information:

(a) Guala Closures Australia Holdings Pty Ltd was registered as a proprietary company under the laws of Australia on December 5, 2006 (registration number: ACN 122 994 763). Guala Closures Australia Holdings Pty Ltd is a wholly owned subsidiary of Guala Closures International B.V. Its registered office is located at Ashurst Australia, Level 26, 181 William Street, Melbourne, Victoria 3000, Australia. It is a holding company.

(b) Guala Closures Australia Pty Ltd was registered as a proprietary company under the laws of Australia on March 29, 2005 (registration number: ACN 113 553 263). Guala Closures Australia Pty Ltd is a wholly owned subsidiary of Guala Closures Australia Holdings Pty Ltd. Its registered office is located at Ashurst Australia, Level 26, 181 William Street, Melbourne, Victoria 3000, Australia. It is an operating company.

(c) Guala Closures U.K. Limited was incorporated as a private limited company under the laws of Scotland on February 8, 1966 (registration number: SC043087). Guala Closures U.K. Limited is a wholly owned subsidiary of Guala Closures International B.V. Its registered office is located at Old Mill Park Estate, Kirkintilloch, Glasgow G66 1ST. It is an operating company.

(d) Guala Closures Ibérica, S.A.U. is duly incorporated as a *Sociedad Anónima* under the laws of Spain, registered with the Commercial Register of Cádiz, under Volume 1717, Sheet 118, Page CA28550, and registered with Spanish tax number (CIF) A-28187672. Guala Closures Ibérica, S.A.U. is a wholly owned subsidiary of Guala Closures International B.V. Its registered office is located at Polígono Industrial El Portal, Avenida Cantos Ropero S/N, Jerez de la Frontera, Cádiz (Spain). It is an operating Company.

(e) Guala Closures do Brasil Ltda. is a limited liability company which was originally organized as a corporation on March 13, 1984 under the laws of the Federative Republic of Brazil and on February 13, 2007 was transformed into a "*sociedade limitada*". It is registered with the Taxpayers' Registry of the Brazilian Ministry of Finance (CNPJ/MF) under No. 46.664.330/0001-82 and with the Commercial Registry of the State of São Paulo (JUCESP) under NIRE No. 35221244106. Guala Closures do Brasil Ltda. is headquartered in the City of Barueri, State of São Paulo, at Alameda Araguaia, n° 3938, CEP 06455-000. It is an operating company.

(f) Guala Closures International B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands on April 27, 1989 (trade register registration number: 33211123). Its corporate seat is in Amsterdam, The Netherlands, and its registered office is at Muiderstraat 7B, 1011 PZ Amsterdam, The Netherlands. Its telephone number is +31 20 450 9974. The address of Guala Closures International B.V.'s management board is the same as its registered office address. It is a holding company.

(g) Guala Closures New Zealand Limited was incorporated as a limited liability company under the laws of New Zealand on 5 November 2004 (company number: 1570706). Guala Closures New Zealand Limited is a wholly owned subsidiary of Guala Closures International B.V. Its registered office is c/- Bell Gully, Level 22, Vero Center, 48 Shortland Street, Auckland 1010, New Zealand. It is an operating company.

General

Except as otherwise disclosed in this Offering Memorandum:

(1) there has been no material adverse change in the Issuer's prospects and consolidated financial and trading position since June 30, 2018; and

(2) none of the Issuer nor the Guarantors nor their respective subsidiaries is involved, or has been involved during the twelve months preceding the date of this Offering Memorandum, in any litigation, administrative proceeding or arbitration relating to claims or amounts which are material in the context of the issuance of the Notes, and, so far as the Issuer and each of the Guarantors are aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

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GUALA CLOSURES GROUP

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AT JUNE 30, 2017 AND JUNE 30, 2018

KPMG S.p.A.
Revisione e organizzazione contabile
Corso Vittorio Emanuele II, 48
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Telefono +39 011 8395144
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Independent Auditors' Report on Review of Condensed Interim Consolidated Financial Statements

To the Board of Directors of
Guala Closures S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Guala Closures S.p.A. and its subsidiaries ("Guala Closures Group") as at 30 June 2018 and 2017, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month periods then ended, and notes thereto ("the condensed interim consolidated financial statements"). Management is responsible for the preparation and presentation of this condensed interim consolidated financial statements in accordance with IAS 34, 'Interim Financial Reporting', endorsed by the European Union. Our responsibility is to express a conclusion on this condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements as at 30 June 2018 and 2017 have not been prepared, in all material respects,

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

Ancona Aosta Bari Bergamo
Bologna Bolzano Brescia
Catania Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona

Società per azioni
Capitale sociale
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Registro Imprese Milano e
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20124 Milano MI ITALIA

in accordance with IAS 34, 'Interim Financial Reporting', endorsed by the European Union.

20 September 2018

KPMG S.p.A.

Roberto Bianchi
Director of Audit

GUALA CLOSURES GROUP

STATEMENT OF FINANCIAL POSITION

(Thousands of Euros)	December 31, 2016	June 30, 2017	December 31, 2017 (*)	June 30, 2018	Note
ASSETS					
Current assets					
Cash and cash equivalents	53,973	28,828	40,164	22,075	5
Current financial assets—third parties	58	61	52	54	
Current financial assets—related parties	656	603	603	1,771	6
Trade receivables—third parties	89,134	97,878	102,444	112,123	7
Trade receivables—related parties	277	378	1,208	2,069	8
Contract assets	—	—	—	25	
Inventories	67,883	90,095	82,742	97,563	9
Current direct tax assets	3,140	3,712	4,526	4,575	
Current indirect tax assets	6,340	8,337	6,970	8,169	
Financial derivative assets	533	122	—	77	
Other current assets	4,404	4,015	3,951	4,933	
Assets classified as held for sale		—	2,130	—	10
Total current assets	**226,399**	**234,031**	**244,791**	**253,434**	
Non-current assets					
Non-current financial assets—third parties	232	233	235	231	
Non-current financial assets—related parties	91,200	91,200	91,200	91,200	6
Property, plant and equipment	189,496	189,896	189,271	186,384	11
Intangible assets	373,990	373,402	377,504	375,054	12
Contract costs	—	—	—	27	
Deferred tax assets	7,293	7,317	5,744	6,135	
Other non-current assets	613	432	276	340	
Total non-current assets	**662,824**	**662,481**	**664,231**	**659,371**	
TOTAL ASSETS	**889,222**	**896,512**	**909,022**	**912,805**	
LIABILITIES AND EQUITY					
Current liabilities					
Current financial liabilities—third parties	12,446	13,058	20,440	22,282	13
Current financial liabilities—related parties	1,313	203	181	473	14
Trade payables—third parties	65,645	75,257	71,326	75,237	15
Trade payables—related parties	311	533	—	—	
Current direct tax liabilities	4,430	3,142	4,508	3,186	
Current indirect tax liabilities	4,556	3,777	4,775	4,549	
Current provisions	1,176	1,845	2,214	2,418	
Financial derivative liabilities	433	360	213	128	
Other current liabilities	26,301	25,951	25,337	28,883	
Total current liabilities	**116,611**	**124,127**	**128,994**	**137,156**	
Non-current liabilities					
Non-current financial liabilities—third parties	557,758	562,732	573,795	581,830	13
Non-current financial liabilities—related parties	31,825	30,325	26,125	22,900	14
Employee benefits	6,246	6,429	6,376	6,494	
Deferred tax liabilities	15,350	14,548	12,790	11,253	
Non-current provisions	151	207	486	488	
Other non-current liabilities	43	37	595	569	
Total non-current liabilities	**611,373**	**614,278**	**620,167**	**623,534**	
Total liabilities	**727,984**	**738,405**	**749,161**	**760,690**	
Share capital and reserves attributable to non-controlling interests	17,024	18,140	15,817	18,817	
Profit for the year attributable to non-controlling interests	8,314	3,619	8,668	3,588	
Equity attributable to non-controlling interests	**25,338**	**21,760**	**24,486**	**22,404**	17
Equity attributable to the owners of the Company					
Share capital	74,624	74,624	74,624	74,624	
Share premium reserve	184,582	184,582	184,582	—	
Legal reserve	775	775	775	—	
Participating financial instruments reserve	60,305	62,676	65,086	67,457	
Translation reserve	(46,302)	(45,335)	(52,608)	(53,650)	
Hedging reserve	(796)	(704)	(630)	(565)	
Losses carried forward and other reserves	(134,446)	(137,363)	(138,138)	48,736	
Profit / (loss) for the year	(2,842)	(2,907)	1,684	(6,891)	
Equity attributable to the owners of the Company	**135,901**	**136,347**	**135,375**	**129,711**	16
Total equity	**161,239**	**158,107**	**159,861**	**152,115**	
TOTAL LIABILITIES AND EQUITY	**889,222**	**896,512**	**909,022**	**912,805**	

(*) 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 at December 31, 2017 related to the acquisition of Axiom Propack Pvt Ltd as described in the paragraph (4.1) Acquisition of subsidiaries and business units

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

GUALA CLOSURES GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Thousands of Euros)	For the six months ended June 30, 2016	2017	2018	Note
Net revenue	**235,385**	**251,036**	**258,707**	18
Change in inventories of finished goods and semi-finished products	11,106	14,294	11,909	9
Other operating income	1,996	2,368	1,644	19
Work performed by the Group and capitalised	2,669	3,125	2,905	20
Costs for raw materials	(108,711)	(119,190)	(124,186)	21
Costs for services—third parties	(42,815)	(47,233)	(50,698)	22
Costs for services—related parties	(2,635)	(3,199)	(2,920)	23
Personnel expense	(45,463)	(48,994)	(49,018)	24
Other operating expense	(4,832)	(5,241)	(5,496)	25
Amortization, depreciation and impairment losses	(15,103)	(15,712)	(15,981)	11 - 12
Operating profit	**31,596**	**31,253**	**26,867**	
Financial income—third parties	3,810	916	2,865	26
Financial income—related parties	—	2,374	2,374	27
Financial expense—third parties	(16,215)	(22,360)	(25,330)	28
Financial expense—related parties	(7,469)	(829)	(649)	29
Net financial expense	**(19,874)**	**(19,898)**	**(20,740)**	
Profit before taxation	**11,722**	**11,355**	**6,127**	
Income taxes	(7,790)	(8,272)	(7,060)	30
Profit/(loss) for the period	**3,931**	**3,083**	**(933)**	

OTHER COMPREHENSIVE INCOME

	2016	2017	2018
Items that will never be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit liability (asset)	(401)	(75)	(60)
	(401)	***(75)***	***(60)***
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	(2,377)	1,969	(676)
Effective portion of fair value gains (losses) of cash flow hedges	(42)	4	2
Net change in fair value of cash flow hedges reclassified to profit or loss	141	116	83
Tax on items that are or may be reclassified subsequently to profit or loss	(27)	(29)	(20)
	(2,305)	***2,060***	***(611)***
Other comprehensive income (expense) for the year, net of tax	**(2,706)**	**1,985**	**(672)**
Comprehensive income for the period	**1,225**	**5,067**	**(1,604)**
Profit (loss) attributable to:			
owners of the shares of the Company	(2,366)	(2,907)	(6,891)
owners of the Participating Financial Instruments of the Company	2,384	2,371	2,371
non-controlling interests	3,913	3,619	3,588
Profit for the period	**3,931**	**3,083**	**(933)**
Comprehensive income (expense) attributable to:			
owners of the shares of the Company	(5,279)	(1,924)	(7,926)
owners of the Participating Financial Instruments of the Company	2,384	2,371	2,371
non-controlling interests	4,120	4,620	3,951
Comprehensive income for the period	**1,225**	**5,067**	**(1,604)**
Basic earnings (loss) per share (Euro)	**(0.03)**	**(0.04)**	**(0.09)**
Diluted earnings (loss) per share (Euro)	**(0.03)**	**(0.04)**	**(0.09)**

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

GUALA CLOSURES GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

(Thousands of Euros)	For the six months ended June 30, 2016	2017	2018	Note
Opening cash and cash equivalents	**61,754**	**53,973**	**40,164**	5
A) Cash flows from operating activities				
Profit before taxation	11,722	11,355	6,127	
Adjustments for:				
Amortization, depreciation and impairment losses	15,103	15,712	15,981	11 - 12
Net financial expense	19,874	19,898	20,740	26 - 27 - 28 - 29
Changes in:				
Receivables, payables and inventories	(21,209)	(23,244)	(22,178)	7 - 9 - 15
Other	(394)	(221)	(1,331)	
VAT and indirect tax assets/liabilities	(2,630)	(2,692)	(1,437)	
Income taxes paid	(9,893)	(10,949)	(10,462)	
Net cash from operating activities	**12,573**	**9,860**	**7,440**	
B) Cash flows used investing activities				
Acquisitions of property, plant and equipment and intangible assets	(16,570)	(16,634)	(16,866)	11 - 12
Proceeds from sale of property, plant and equipment and intangible assets	—	44	178	11 - 12
Proceeds from sale of assets held for sale	—	—	2,130	10
Net cash used in investing activities	**(16,570)**	**(16,590)**	**(14,558)**	
C) Cash flows used in financing activities				
Acquisition of non-controlling interest in Guala Closures Argentina	—	—	(57)	4
Interest received	930	2,942	1,544	26 - 27 - 32
Interest paid	(16,461)	(17,415)	(15,736)	28 - 29 - 32
Payment of transaction cost on Bonds and Senior Revolving Facility	—	(3,768)	—	
Other financial items	(482)	416	(298)	32
Dividends paid	(2,092)	(4,336)	(3,443)	
Proceeds from issue of share capital minority Capmetal	—	824	—	
Proceeds from new borrowings and bonds	11,457	8,613	13,538	32
Repayment of borrowings and bonds	(15,297)	(4,407)	(5,653)	32
Repayment of finance leases	(994)	(1,007)	(1,109)	32
Change in financial assets	8	(5)	2	
Net cash used in financing activities	**(22,930)**	**(18,141)**	**(11,213)**	
D) Net cash flow used in the year	**(26,926)**	**(24,871)**	**(18,331)**	
Effect of exchange rate fluctuations on cash held	(373)	(275)	241	
Closing cash and cash equivalents	**34,455**	**28,828**	**22,075**	5

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

GUALA CLOSURES GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Thousands of Euros)	Share capital	Share premium reserve	Legal reserve	Participating financial instruments	Translation reserve	Hedging reserve	Losses carried forward and other reserves	Prof for t
	Attributable to the owners of the Company							
Balance at January 1, 2016	**74,624**	**184,582**	**775**	**55,512**	**(46,077)**	**(974)**	**(122,762)**	**(1**
Allocation of 2015 profit / (loss)							(11,522)	1
Profit for the period ended June 30, 2016				2,384				(
Other comprehensive income / (expense)					(2,584)	72	(401)	
Comprehensive income for the period	—	—	—	***2,384***	***(2,584)***	***72***	***(11,924)***	
Dividends to non-controlling interests								
Total contributions by and distributions to owners of the Company	—	—	—	—	—	—	—	
Balance at June 30, 2016	**74,624**	**184,582**	**775**	**57,895**	**(48,660)**	**(902)**	**(134,686)**	**(**
Balance at January 1, 2017	**74,624**	**184,582**	**775**	**60,305**	**(46,302)**	**(796)**	**(134,446)**	**(**
Allocation of 2016 profit / (loss)							(2,842)	
Profit for the period ended June 30, 2017				2,371				(
Other comprehensive income / (expense)					968	91	(75)	
Comprehensive income for the period	—	—	—	***2,371***	***968***	***91***	***(2,917)***	
Dividends to non-controlling interests								
Total contributions by and distributions to owners of the Company	—	—	—	—	—	—	—	
Balance at June 30, 2017	**74,624**	**184,582**	**775**	**62,676**	**(45,335)**	**(704)**	**(137,363)**	**(**
Balance at January 1, 2018	**74,624**	**184,582**	**775**	**65,086**	**(52,608)**	**(630)**	**(138,138)**	
Allocation of 2017 profit / (loss)							1,684	(
Profit (loss) for the period ended June 30, 2018				2,371				(
Other comprehensive income/(expense)			—		(1,042)	65	(57)	
Comprehensive income for the period	—	—	—	**2,371**	**(1,042)**	**65**	**1,628**	**(**
Dividends to non-controlling interests								
Other movements		(184,582)	(775)				185,357	
Total contributions by and distributions to owners of the Company	—	**(184,582)**	**(775)**	—	—	—	**185,357**	
Acquisition of non-controlling equity of Guala Closures Argentina							(110)	
Total changes in ownership interests	—	—	—	—	—	—	***(110)***	
Balance at June 30, 2018	**74,624**	—	—	**67,457**	**(53,650)**	**(565)**	**48,736**	**(**

The accompanying notes are an integral part of the condensed interim consolidated finan

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2017 AND JUNE 30, 2018

GENERAL INFORMATION

(1) General information

Guala Closures Group's main activities involve the design and manufacturing of closures for spirits, wine and non-alcoholic drinks such as water, olive oil and vinegar, as well as pharma products to be sold on the domestic and international markets.

The Group is also active in the field of production of PET plastic preforms and bottles.

The Group's activities are separated into two divisions:

- the Closures division, representing the Group's core business, specialized in the production of safety closures (safety product line), roll on (standard) aluminum closures, customized plastic and aluminum closures (luxury product line) and closures for other sectors and accessories; the division also produces aluminum, plastic and rubber closures for the pharmaceutical sector;
- the PET division, which produces preforms and bottles for carbonated soft drinks (CSD product line) and preforms, bottles, molds, jars, flasks and miniature drinks bottles and containers for cosmetics, beauty products and pharmaceuticals and foodstuffs (custom molding product line). This division is no longer considered as a core business.

Currently, the Group is the European and international leader in the production of safety closures for spirits bottles, with over 60 years' experience in the sector.

It is also the leading European producer of aluminum closures for spirits bottles.

These are the the relevant events occurred in the first six-months period ("1H") 2018, 1H 2017 and 1H 2016:

• Accident at the Magenta plant:

On January 30, 2017, an accident took place at the plant in Magenta (MI), which resulted in the death of an employee during maintenance and set-up of a decoration line.

Following the accident, the production line was immediately confiscated and the competent authorities prescribed safety measures, giving the company 45 days from the date the line was confiscated on March 15, 2017 to implement said measures. Such safety measures have been complied with as required by the competent authorities. The line was deconfiscated on May 4, 2017 and production then resumed.

On July 5, 2018 the Company entered into a settlement agreement with the heirs of Mr. Pietro Acri, according to which the parties agreed the indemnities due by the Company and, on the other hand, the heirs renounced to any claim towards the Company, upon the payment of the relevant amounts.

The payments have been done on July 11, so from such date the waiver of any heirs' actions is actually effective.

It has to be remarked that more than 80% of related expenses were covered by the company's insurance, while the remaining amount was covered by the provisions made in the 2017 balance sheet.

• Change in company name:

On January 1, 2018, Pharma Trade S.r.l. changed its name to GCL Pharma S.r.l..

• Sale of the building located in Torre d'Isola (Italy):

On February 19, 2018, the preliminary sale of the building located in Torre d'Isola (Italy) was signed in Milan. The consideration agreed with the buyer amounts to €2.1 million.

The completion of the transaction, with the signing of the notarial deed and related payment, occurred on June 29, 2018.

• Acquisition of a non-controlling interest in Guala Closures Argentina S.A.:

On March 20, 2018, the Group acquired a residual non-controlling interest (1.62%) in Guala Closures Argentina S.A. through its holding company Guala Closures International B.V. for €0.1 million.

(1) General information (Continued)

For further details on the above-mentioned acquisition, please see note 4) Acquisitions of subsidiaries, business units and non-controlling interests to the condensed interim consolidated financial statements.

- **Transfer of plant and machinery to a single plant with Guala Closures UK Ltd:**

A process to streamline production activities in Glasgow began in the first quarter of 2018, envisaging the transfer of plant and machinery from the secondary site of Broomhill to the main site of Kirkintilloch. The process is expected to be completed by the end of the first quarter of 2019. €0.7 million was accrued at June 30, 2018 in relation to such restructuring plan.

- **Merger between group companies:**

On June 26, 2018, the merger between Guala Closures Bulgaria A.D. and Guala Closures Tools EAD was completed and the new merged company remains Guala Closures Bulgaria A.D..

The purpose of the above mergers is to concentrate and rationalize the resources of the companies, realising cost savings and, as a result, increasing the overall efficiency of the Group's structure.

- **Business combinations**

(A) On April 16, 2018, the boards of directors of Space4 S.p.A., GCL Holdings S.C.A., Peninsula Capital II S.à.r.l. and Guala Closures S.p.A. approved the business combination by means of a master agreement envisaging (i) the acquisition of approximately 80% of Guala Closures S.p.A. ("**Guala Closures**") by Space4 and Peninsula Capital II S.à.r.l.; (ii) the merger of Guala Closures into Space4 S.p.A., and (iii) the admission to listing of the ordinary shares resulting from the merger of Guala Closures into Space4 S.p.A., on the STAR segment of the Italian Stock Exchange organized and managed by Borsa Italiana S.p.A. (the "**Business Combination**").

(B) In accordance with the above master agreement the completion of the Space4-Guala Closures transaction was subject to conditional clauses, including the transfer of some goods, assets, liabilities and legal relationships (the "**GCL business unit"**) from the parent GCL Holdings S.C.A. to Guala Closures Group. On May 7, 2018, Guala Closures International B.V. acquired an investment in GCL International S.à r.l. and, on May 25, 2018, the board of directors of the parent GCL Holdings S.C.A. approved GCL Holdings S.C.A.'s transfer of the GCL business unit to GCL International S.à r.l.. The business unit comprises GCL Holdings S.C.A.'s goods, assets, liabilities and legal relationships related, *inter alia*, to research and development activities, as well as a portion of the trade receivables and payables of GCL Holdings S.C.A. due from/to Guala Closures, except for the balances arising from the intragroup loans granted to the latter.

(2) Accounting policies

The condensed interim consolidated financial statements of Guala Closures S.p.A. and its subsidiaries at June 30, 2017 and June 30, 2018 ("the interim financial statements") have been prepared on a voluntary basis in accordance with the International Accounting Standard IAS 34, "Interim Financial Reporting". They should be read in conjunction with the annual consolidated financial statements and the notes thereto in the Company annual report for the year ended December 31, 2017 and December 31, 2016 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by European Union ("E.U.").

The Board of directors of Guala Closures S.p.A. approved these condensed interim consolidated financial statements on September 11, 2018.

The format and content of the condensed interim consolidated financial statements comply with that set out in IAS 34—Interim financial reporting for condensed interim financial statements. Consequently, they do not include all of the information required for annual financial statements and should be read in conjunction with the consolidated financial statements at December 31, 2017 and 2016. Indeed, the aim is to provide an update on the latest annual consolidated financial statements, focusing on new operations,

(2) Accounting policies (Continued)

facts and circumstances which occurred in the period between December 31, 2017 and June 30, 2018 and December 31, 2016 and June 30, 2017 and to describe the transactions and facts necessary to understand the changes in the financial position and results of operations of the period.

The accounting policies and measurement criteria used to prepare these condensed interim consolidated financial statements, which were applied consistently by all group companies, are the same as those adopted to prepare the latest annual consolidated financial statements, to which reference should be made, except for that set out in paragraph 2.1 Changes in accounting policies, accounting estimates and errors.

The condensed interim consolidated financial statements have been prepared in Euros, rounding the amounts to the nearest thousand. Any discrepancies between financial statements balances and those on the tables of the notes to the condensed consolidated interim financial statements are due exclusively to the rounding and do not alter their reliability or substance.

Figures are shown in thousands of Euros, unless otherwise stated.

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for derivatives, asset held for sale and put option on non-controlling interests which are measured at fair value, and on a going concern basis. There are no business risks and/or any identified uncertainties which may cast doubts on the Group's ability to continue as a going concern.

They have been prepared using the following formats:

- statement of financial position captions are classified by current and non-current assets and liabilities;
- statement of profit or loss and other comprehensive income ("OCI") captions are classified by nature;
- the statement of cash flows has been prepared using the indirect method;
- the statement of changes in equity has been prepared in accordance with the structure of changes in equity.

For each assets and liabilities caption including amounts due within and after one year, the amount which is expected to be received or paid after one year is shown.

The condensed interim consolidated financial statements has been prepared with the comparative information presented as comparative Financial Statements. In details, the statement of financial position was prepared at the reporting date and the corresponding figures refer to the prior year annual consolidated financial statements. The statement of profit or loss and other comprehensive income was prepared with the comparative information of first six month period ended June 30, 2017 and 2016.

The notes are presented on a selective basis and describe the facts and transactions necessary to understand the changes in the financial position and results of operations after the 2017 and 2016 year end. The statement of financial position, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity provide the reference to the relevant notes.

In preparing the condensed interim consolidated financial statements in accordance with IFRS, management has made estimates and assumptions that affect the carrying amount of recognized assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. Actual results may differ from these estimates. Estimates are made to recognize the allowance for impairment, the provision for inventory write-down, assets classified as held for sale, depreciation/amortization and impairment losses on non-current assets, employee benefits, taxes, provisions, measurement of derivatives and measurement of the effects of business combinations.

In accordance with IAS 34—Interim financial reporting, the interim measurement of the figures of the condensed interim consolidated financial statements may rely on a higher level of estimates than that used in respect of annual consolidated financial statements. The measurement procedures carried out to this end ensure the reliability of the information provided and that all material financial information necessary to understand the Group's financial position and results of operations is provided.

(2) Accounting policies (Continued)

Guala Closures Group operates in five different continents and sells its closures to over 100 countries. However, it is exposed to seasonality effects to the extent of specific types of products (specifically, wine closures), with sales volumes up in the second half of each year and, in particular, during holiday periods. Consequently, the half year results of Guala Closures Group do not contribute evenly to the calculation of the financial performance of each year. Therefore, the performance of the first half year shall not be considered as representative of the Group's performance for the entire year.

The group companies are listed below, stating name, registered office, share/quota capital, direct and indirect investments held by the parent and each subsidiary and method of consolidation at June 30, 2018, June 30, 2017 and June 30, 2016.

List of investments in subsidiaries at June 30, 2018

Company name	Registered office	Currency	Share capital	Investment percentage	Type of investment	Method of consolidation
EUROPE						
Guala Closures International B.V.	The Netherlands	EUR	92,000	100%	Direct	Line-by-line
GCL Pharma S.r.l.	Italy	EUR	100,000	100%	Direct	Line-by-line
Guala Closures UK Ltd.	Great Britain	GBP	134,000	100%	Indirect	Line-by-line
Guala Closures Iberica, S.A.	Spain	EUR	4,979,964	100%	Indirect	Line-by-line
Guala Closures France SAS	France	EUR	2,748,000	70%	Indirect	Line-by-line
Guala Closures Ukraine LLC	Ukraine	UAH	90,000,000	70%	Indirect	Line-by-line
Guala Closures Bulgaria AD	Bulgaria	BGN	10,420,200	70%	Indirect	Line-by-line
Guala Closures DGS Poland S.A.	Poland	PLN	595,000	70%	Indirect	Line-by-line
ASIA						
Guala Closures India pvt Ltd.	India	INR	170,000,000	95.0%	Indirect	Line-by-line
Axiom Propack pvt Ltd.	India	INR	188,658,000	95.0%	Indirect	Line-by-line
Beijing Guala Closures Co. Ltd.	China	CNY	20,278,800	100%	Indirect	Line-by-line
Guala Closures Japan KK	Japan	JPY	65,962,000	100%	Indirect	Line-by-line
LATIN AMERICA						
Guala Closures Mexico, S.A. de C.V.	Mexico	MXN	94,630,010	100%	Indirect	Line-by-line
Guala Closures Servicios Mexico, S.A. de C.V.	Mexico	MXN	50,000	100%	Indirect	Line-by-line
Guala Closures Argentina S.A.	Argentina	ARS	47,875,310	100%	Indirect	Line-by-line
Guala Closures do Brasil LTDA	Brazil	BRL	10,736,287	100%	Indirect	Line-by-line
Guala Closures de Colombia LTDA	Colombia	COP	8,691,219,554	93.20%	Indirect	Line-by-line
Guala Closures Chile SpA	Chile	CLP	1,861,730,369	100%	Indirect	Line-by-line
OCEANIA						
Guala Closures New Zealand Ltd.	New Zealand	NZD	5,700,000	100%	Indirect	Line-by-line
Guala Closures Australia Holdings Pty Ltd.	Australia	AUD	34,450,501	100%	Indirect	Line-by-line
Guala Closures Australia Pty Ltd.	Australia	AUD	810	100%	Indirect	Line-by-line
AFRICA						
Guala Closures South Africa Pty Ltd.	South Africa	ZAR	60,000,000	100%	Indirect	Line-by-line
REST OF THE WORLD						
Guala Closures North America, Inc.	United States	USD	60,000	100%	Indirect	Line-by-line

(2) Accounting policies (Continued)

List of investments in subsidiaries at June 30, 2017

Company name	Registered office	Currency	Share capital	Investment percentage	Type of investment	Method of consolidation
EUROPE						
Guala Closures International B.V.	The Netherlands	EUR	92,000	100%	Direct	Line-by-line
Pharma Trade S.r.l.	Italy	EUR	100,000	100%	Direct	Line-by-line
Guala Closures UK Ltd.	Great Britain	GBP	134,000	100%	Indirect	Line-by-line
Guala Closures Iberica, S.A.	Spain	EUR	2,479,966	100%	Indirect	Line-by-line
Capmetal SAS	France	EUR	2,748,000	70%	Indirect	Line-by-line
Guala Closures Ukraine LLC	Ukraine	UAH	90,000,000	70%	Indirect	Line-by-line
Guala Closures Bulgaria AD	Bulgaria	BGN	10,420,200	70%	Indirect	Line-by-line
Guala Closures Tools AD	Bulgaria	BGN	2,375,700	70%	Indirect	Line-by-line
Guala Closures DGS Poland S.A.	Poland	PLN	595,000	70%	Indirect	Line-by-line
ASIA						
Guala Closures India pvt Ltd.	India	INR	170,000,000	95.0%	Indirect	Line-by-line
Beijing Guala Closures Co. Ltd.	China	CNY	20,278,800	100%	Indirect	Line-by-line
Guala Closures Japan KK	Japan	JPY	32,229,500	100%	Indirect	Line-by-line
LATIN AMERICA						
Guala Closures Mexico, S.A. de C.V.	Mexico	MXN	94,630,010	100%	Indirect	Line-by-line
Guala Closures Servicios Mexico, S.A. de C.V.	Mexico	MXN	50,000	100%	Indirect	Line-by-line
Guala Closures Argentina S.A.	Argentina	ARS	17,702,910	98.38%	Indirect	Line-by-line
Guala Closures do Brasil LTDA	Brazil	BRL	10,736,287	100%	Indirect	Line-by-line
Guala Closures de Colombia LTDA	Colombia	COP	8,691,219,554	93.20%	Indirect	Line-by-line
Guala Closures Chile SpA	Chile	CLP	36,729,000	100%	Indirect	Line-by-line
OCEANIA						
Guala Closures New Zealand Ltd.	New Zealand	NZD	5,700,000	100%	Indirect	Line-by-line
Guala Closures Australia Holdings Pty Ltd.	Australia	AUD	34,450,501	100%	Indirect	Line-by-line
Guala Closures Australia Pty Ltd.	Australia	AUD	810	100%	Indirect	Line-by-line
AFRICA						
Guala Closures South Africa Pty Ltd.	South Africa	ZAR	60,000,000	100%	Indirect	Line-by-line
REST OF THE WORLD						
Guala Closures North America, Inc.	United States	USD	60,000	100%	Indirect	Line-by-line

(2) Accounting policies (Continued)

List of investments in subsidiaries at June 30, 2016

Company name	Registered office	Currency	Share capital	Investment percentage	Type of investment	Method of consolidation
EUROPE						
Guala Closures International B.V.	The Netherlands	EUR	92,000	100%	Direct	Line-by-line
Pharma Trade S.r.l.	Italy	EUR	100,000	100%	Direct	Line-by-line
Guala Closures UK Ltd.	Great Britain	GBP	134,000	100%	Indirect	Line-by-line
Guala Closures Iberica, S.A.	Spain	EUR	2,479,966	100%	Indirect	Line-by-line
Guala Closures Ukraine LLC	Ukraine	UAH	90,000,000	70%	Indirect	Line-by-line
Guala Closures Bulgaria A.D.	Bulgaria	BGN	10,420,200	70%	Indirect	Line-by-line
Guala Closures Tools A.D.	Bulgaria	BGN	2,375,700	70%	Indirect	Line-by-line
Guala Closures DGS Poland S.A.	Poland	PLN	595,000	70%	Indirect	Line-by-line
ASIA						
Guala Closures India pvt Ltd.	India	INR	170,000,000	95.0%	Indirect	Line-by-line
Beijing Guala Closures Co. Ltd.	China	CNY	20,278,800	100%	Indirect	Line-by-line
Guala Closures Japan KK	Japan	JPY	5,000,000	100%	Indirect	Line-by-line
LATIN AMERICA						
Guala Closures Mexico, S.A. de C.V.	Mexico	MXN	94,630,010	100%	Indirect	Line-by-line
Guala Closures Servicios Mexico, S.A. de C.V.	Mexico	MXN	50,000	100%	Indirect	Line-by-line
Guala Closures Argentina S.A.	Argentina	ARS	17,702,910	98.38%	Indirect	Line-by-line
Guala Closures do Brasil LTDA	Brazil	BRL	10,736,287	100%	Indirect	Line-by-line
Guala Closures de Colombia LTDA	Colombia	COP	8,691,219,554	93.20%	Indirect	Line-by-line
Guala Closures Chile SpA	Chile	CLP	36,729,000	100%	Indirect	Line-by-line
OCEANIA						
Guala Closures New Zealand Ltd.	New Zealand	NZD	5,700,000	100%	Indirect	Line-by-line
Guala Closures Australia Holdings Pty Ltd.	Australia	AUD	34,450,501	100%	Indirect	Line-by-line
Guala Closures Australia Pty Ltd.	Australia	AUD	810	100%	Indirect	Line-by-line
AFRICA						
Guala Closures South Africa Pty Ltd.	South Africa	ZAR	60,000,000	100%	Indirect	Line-by-line
REST OF THE WORLD						
Guala Closures North America, Inc.	United States	USD	60,000	100%	Indirect	Line-by-line

The consolidation scope between January 1, 2017 and June 30, 2017 is unchanged. Conversely, it changed between July 1, 2017 and December 31, 2017 to include the acquisition of AXIOM and ICSA's activities: for additional information about the acquisitions, reference should be made to the Group's consolidated financial statements at December 31, 2017.

With the exception of the acquisition of minority of Guala Closures Argentina S.A. where the Group acquired a residual non-controlling interest (1.62%) (please see note 4) Acquisitions of subsidiaries, business units and non-controlling interests to the condensed interim consolidated financial statements), no further changes took place in the consolidation scope between January 1, 2018 and June 30, 2018.

(2) Accounting policies (Continued)

The following exchange rates are applied to translate those financial statements presented in currencies that are not legal tender in Italy:

Statement of financial position

1 Euro = x foreign currency	December 31, 2016	June 30, 2017	December 31, 2017	June 30, 2018
Pound sterling	0.85618	0.87933	0.88723	0.88605
US dollar	1.05410	1.14120	1.19930	1.16580
Indian rupee	71.59350	73.74450	76.60550	79.81300
Mexican peso	21.77190	20.58390	23.66120	22.88170
Colombian peso	3,169.49219	3,478.65001	3,580.19000	3,437.56000
Brazilian real	3.43050	3.76000	3.97290	4.48760
Chinese renmimbi	7.32020	7.73850	7.80440	7.71700
Argentinean peso	16.74881	18.88512	22.93100	32.70480
Polish zloty	4.41030	4.22590	4.17700	4.37320
New Zealand dollar	1.51580	1.55540	1.68500	1.72470
Australian dollar	1.45960	1.48510	1.53460	1.57870
Ukrainian hryvnia	28.73860	29.74372	33.73180	30.68680
Bulgarian lev	1.95580	1.95580	1.95580	1.95580
South African Rand	14.45700	14.92000	14.80540	16.04840
Japan Yen	123.40000	127.75000	135.01000	129.04000
Chilean peso	704.94519	758.21432	737.29000	757.26000

Statement of profit or loss and other comprehensive income

1 Euro = x foreign currency	June 2016	June 2017	June 2018
Pound sterling	0.77849	0.86006	0.87973
US dollar	1.11553	1.08253	1.21083
Indian rupee	74.97762	71.12440	79.51232
Mexican peso	20.15993	21.02797	23.08025
Colombian peso	3,485.44333	3,162.04833	3,449.14667
Brazilian real	4.13492	3.43930	4.14135
Chinese renmimbi	7.29366	7.44174	7.70997
Argentinean peso	15.98963	16.99755	26.02512
Polish zloty	4.36861	4.26847	4.22003
New Zealand dollar	1.64848	1.52917	1.69088
Australian dollar	1.52206	1.43559	1.56932
Ukrainian hryvnia	28.40308	28.96553	32.37402
Bulgarian lev	1.95580	1.95580	1.95580
South African Rand	17.20373	14.31000	14.88948
Japan Yen	124.50150	121.65867	131.61065
Chilean peso	769.26150	714.13067	740.17167

(2.1) Changes in accounting policies, accounting estimates and errors

A change in the accounting policies applied in the preparation of the condensed interim consolidated financial statements at June 30, 2018 and 2017 compared to those used to draw up the previous annual consolidated financial statements only exists if the change, reflected with respect respectively to 2017 and 2016, or to be reflected in the next annual consolidated financial statements with respect respectively to 2018 and 2017, is due to a new standard or contributes to providing more reliable and significant information about the effects of the transactions carried out on the financial position, results of operations and the cash flows of the entity.

Changes in accounting standards are recognized:

- based on that set out in the specific transitional provisions of the relevant standard, where available;

(2) Accounting policies (Continued)

- retrospectively, when the standard has no transitional provisions, or is changed voluntarily, taking the related effect to opening equity. The other corresponding prior year figures are adjusted similarly as if the new standard had been applied since the beginning.

The prospective approach is used only when the specific effects on the period or the cumulative effect of the change on all prior years cannot be determined.

The following accounting policies apply to the first six month period ended June 30, 2018 condensed interim consolidated financial statements:

- IFRS 15 Revenue from contracts with customers;
- IFRS 9—Financial instruments.

These standards, which became applicable on 1 January 2018, led to the following changes.

IFRS 15 Revenue from contracts with customers.

This standard was issued by the IASB in May 2014 and amended in April 2016. It introduces a general framework to establish the nature, amount and timing of revenue recognition. It replaced IAS 18 Revenue, IAS 11 Construction contracts and IFRIC 13 Customer loyalty programmes.

Specifically, IFRS 15 introduces a five-step model framework for revenue recognition:

- identify the contract(s) with a customer
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract;
- recognize revenue when (or as) the entity satisfies a performance obligation.

Upon first-time adoption of this standard, the Group opted for the cumulative effect method to recognize prior year impacts.

The adoption of IFRS 15 had no impact. Consequently, it was not necessary to adjust retained earnings or losses carried forward and, therefore equity.

IFRS 9—Financial instruments.

The IASB issued the final version of IFRS 9 Financial instruments in July 2014, replacing IAS 39 Financial instruments: recognition and measurement. IFRS 9 combines all three aspects related to the project focused on financial instruments recognition: classification and measurement, impairment losses and hedge accounting. Except for hedge accounting, this standard is to be applied retrospectively. However, the provision of comparative figures is not mandatory.

IFRS 9 introduces new provisions about the classification and measurement of financial assets which reflect the business model to manage the financial assets and the characteristics of their cash flows. IFRS 9 classifies financial assets into three main categories: at amortized cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL). The categories established in IAS 39 (held until maturity, loans and receivables and available for sale) are eliminated.

Consequently, following the adoption of IFRS 9 on a prospective basis, the corresponding figures for 2017 and 2016 will be presented under IAS 39 categories, while those for 2018 will be in line with IFRS 9 categories.

IFRS 9 replaces the incurred loss model under IAS 39 with the expected credit loss (ECL) model. This model envisages a significant level of measurement of the impact of the changes in economic factors on the ECL which will be weighted based on probability.

IFRS 9 substantially confirms the provisions of IAS 39 about the classification of financial liabilities.

(2) Accounting policies (Continued)

However, while under IAS 39 all changes in the fair value of the liabilities designated at FVTPL shall be recognized in the profit or loss for the year, under IFRS 9, these changes shall be presented as follows:

- the fair value changes attributable to the changes in the credit risk of the liability shall be presented under other comprehensive income; and
- the residual amount of the fair value changes shall be recognized in the profit or loss for the year.

The Group did not designate any financial liability at FVTPL nor does it intend to do so at present.

With respect to hedge accounting strategies, under IFRS 9, the Group shall ensure that these relationships are in line with targets and its risk management strategy and that a more qualitative and forward-looking approach is applied when evaluating the effectiveness of the hedge. Furthermore, IFRS 9 introduces new provisions which rebalance hedging relationships and prevent the voluntary discontinuation of hedge accounting. Under the new model, more risk management strategies, specifically those that also hedge a risk component (other than the currency risk) of a non-financial element, may be eligible for hedge accounting. At present, the Group does not hedge these risk components.

The Group enters into interest rate swaps (IRS) to hedge the changes in the cash flows arising from the floating-rate finance leases related to the Spinetta Marengo plant against interest rates fluctuations.

In accordance with the preliminary assessment carried out by the Group, the hedge accounting relationships previously designated under IAS 39 meet IFRS 9 requirements. Indeed, the Group completed the changes required for monitoring processes and internal documentation.

Given the limited number of transactions which fall under the scope of IFRS 9, there are no effects. Specifically, the adoption of the ECL approach, instead of the incurred loss approach, does not cause any change in the allowance for impairment of trade receivables. Indeed, the current group policy already envisages the assessment of the credit risk associated with customers, similarly to the notion of expected credit losses under IFRS 9.

(2.2) New applicable accounting standards

The IASB and the IFRIC have already approved some amendments to the IFRS currently in force and have issued new standards and new IFRIC. As the effective date of these documents is deferred, they have not been adopted in the preparation of these condensed interim consolidated financial statements. They will be applied on their mandatory enforcement date. The main changes are as follows:

Accounting standards, amendments and interpretations endorsed by the European Union not yet in force and which the Group has not adopted early

- IFRS 16 Leases: this standard introduces significant changes to the accounting treatment of leases in the financial statements of lessees. The latter shall recognize lease assets and liabilities without distinguishing between operating and finance leases. Specifically, a lessee shall recognize lease liabilities at the present value of the future lease payments. Furthermore, it shall recognize the right to use the asset covered by the lease at the same amount allocated to the related liability. Subsequent to initial recognition, the right to use the asset will be amortized over the term of the lease or the useful life of the asset, if lower. The liability will be progressively repaid through the lease payments. Interest will accrue thereon. The calculation of the liability shall only consider the fixed component set out in the lease and any inflation-related components, excluding any variable components. The resulting future payments will be discounted using the contractual or the interest rate of the lessee's marginal loan over the period the lease is deemed non-cancellable. According to the IASB, the standard applies to annual reporting periods beginning on or after January 1, 2019. Early application is permitted for companies which also apply IFRS 15 Revenue from contracts with customers. In 2017 and in the first six months of 2018, the Group began an assessment of the potential effects arising from the application of the new standard in order to assess the potential impact on the consolidated financial statements. The application of the new standard may have significant effects whose impact is yet to determined.

(2) Accounting policies (Continued)

- Amendments to IFRS 4: these amendments are intended to address concerns about adopting IFRS 9 Financial instruments before IFRS 17 Insurance contracts, which replaces IFRS 4. They introduce two options for entities that issue insurance contracts. These amendments, endorsed by the European Union, are applicable from January 1, 2018. They are not relevant to the Group.

Accounting standards, amendments and interpretations not endorsed by the European Union not yet in force and which the Group has not adopted early

- Amendment to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures: these amendments deal with the inconsistencies between the requirements of IFRS 10 and IAS 28 when losing control of a subsidiary which is sold or contributed to an associate or a joint venture. The amendments clarify that gains or losses on the sale or contribution of an asset that involves a business, as defined in IFRS 3, between an investor and its associate or joint venture, shall be recognized in full. Furthermore, any gain or loss on the sale or contribution of assets that do not constitute a business is recognized only to the extent of unrelated investors' interests in the associate or joint venture. The IASB postponed indefinitely the application date of these amendments, however, early application is permitted. The Group will apply these amendments once they come into force.
- IFRIC 23 Uncertainty over income tax treatments: the interpretation clarifies the accounting for uncertainties in income taxes which have an effect on the application of IAS 12. It does not apply to taxes which are outside the scope of IAS 12 nor sets out specific requirements applicable to interest or penalties related to uncertain tax treatments. In particular, it covers the following aspects:
  - whether uncertain tax treatments should be considered independently;
  - the entity's assumptions for taxation authorities' examinations;
  - how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
  - how an entity treats the effect of changes in facts and circumstances.

An entity is required to use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision should be based on which approach provides better predictions of the resolution of the uncertainty. The interpretation, yet to be endorsed by the European Union, is effective for annual reporting periods beginning on or after January 1, 2019. Some transition facilitation measures are also available.

- Annual improvements to IFRSs: 2015-2017 Cycle: in December 2017, the IASB issued a series of amendments to the following standards, which will be effective for annual reporting periods beginning on or after January 1, 2019 and which are yet to be endorsed by the European Union. Specifically, they relate to:
  - IFRS 3 Business combinations: when an entity obtains joint control of a business that is a joint operation, it must be recognized as a business combination achieved in stages and the acquiring party premeasures the previously held interest at fair value at the acquisition date;
  - IFRS 11 Joint arrangements: when an entity obtains joint control of a business that is a joint operation, the previously held interest shall not be remeasured at fair value;
  - IAS 12 Income taxes: the accounting treatment of the income tax consequences of dividends on financial instruments classified as equity shall follow that of transactions or events that generated distributable profits;
  - IAS 23 Borrowing costs: if any specific borrowing related to a qualifying asset remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows.

(3) Operating segments

Reportable segments are the Group's strategic divisions as determined in accordance with the quantitative and qualitative requirements of IFRS 8.

The Group has only one reportable segment, the Closures division. The Group's CEO (the chief operating decision maker) reviews internal management reports on a monthly basis. The following summary describes the operations in this reportable segment.

The Closures division represents the Group's core business. Other operations include the PET division that does not meet any of the quantitative thresholds for determining reportable segments in the first six months of 2018 and the first six months of 2017 under IFRS 8.

Information regarding the results of the Group's reportable segment is included below. Performance is measured based on segment revenue, operating profit, depreciation and amortization, trade receivables, inventories, property, plant and equipment, trade payables and capital expenditure as included in the internal management reports that are reviewed by the CEO and by the board of directors.

Management considers the above information as the most suitable to evaluate the results of the segment compared to other entities that operate in these industries.

All other asset and liability figures are non reportable by segment as the management believes that the availability of such information by segment is not relevant.

	Closures			Other Operations			Total		
Thousands of Euros	**June 30, 2016**	**June 30, 2017**	**June 30, 2018**	**June 30, 2016**	**June 30, 2017**	**June 30, 2018**	**June 30, 2016**	**June 30, 2017**	**June 30, 2018**
External revenue	233,942	249,099	257,158	1,443	1,937	1,550	235,385	251,036	258,707
Operating profit	31,596	31,178	27,091	1	75	(225)	31,596	31,253	26,867
Amortization, depreciation and impairment losses	(15,036)	(15,646)	(15,930)	(68)	(66)	(52)	(15,103)	(15,712)	(15,981)

(3) Operating segments (Continued)

Thousands of Euros	Closures				Other Operations			
	December 31, 2016	June 30, 2017	December 31, 2017	June 30, 2018	December 31, 2016	June 30, 2017	December 31, 2017	Jun 20
Trade receivables—third parties	88,501	97,298	102,044	111,178	633	580	400	9
Trade receivables—related parties	277	378	1,208	2,069	—		—	
Inventories	67,430	89,601	82,275	96,970	453	494	467	5
Trade payables—third parties	(65,095)	(74,785)	(71,010)	(74,397)	(550)	(472)	(316)	(8
Trade payables—related parties	(311)	(533)	—	—	—		—	
Property, plant and equipment	189,052	189,462	188,905	186,005	444	435	366	3

Thousands of Euros	Closures			Other Operations		
	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2016	June 30, 2017	
Capital expenditure (net of disposals)	16,566	16,533	16,623	4	56	

Capital expenditure as at June 30, 2018 does not include the sale of assets held for sale (€2.1 million)

(3) Operating segments (Continued)

Geographical information

The Closures division operates from many manufacturing facilities primarily in Italy, India, Poland, the United Kingdom, Ukraine, Spain, Mexico, Australia, South Africa and Argentina.

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the assets/subsidiaries.

Thousands of Euros	Net revenue		
	June 30, 2016	June 30, 2017	June 30, 2018
Italy	28,251	31,467	32,861
India	32,426	29,441	31,875
Poland	29,501	29,692	29,987
UK	23,847	21,835	22,889
Ukraine	20,877	22,096	22,579
Spain	21,691	21,166	21,845
Mexico	17,463	17,757	18,282
Australia	16,561	17,536	14,114
South Africa	6,522	8,029	8,180
Argentina	8,712	9,726	8,525
Other countries	29,533	42,291	47,572
Net revenue	**235,385**	**251,036**	**258,707**

Thousands of Euros	Non-current assets other than financial instruments and deferred tax assets: Property, plant and equipment and Intangible assets			
	December 31, 2016	June 30, 2017	December 31, 2017 (*)	June 30, 2018
Italy	323,559	321,739	316,092	314,877
Australia	70,132	68,295	66,082	64,357
India	26,634	26,544	36,995	34,149
Poland	31,046	32,312	30,789	27,738
Spain	20,534	20,842	21,016	20,984
Mexico	13,550	14,557	13,470	15,423
Ukraine	11,235	12,253	11,146	13,730
Brasil	12,968	11,564	10,724	9,357
South Africa	11,369	10,975	10,489	10,193
Other countries	27,361	27,590	31,530	26,470
Consolidation adjustments	15,098	16,628	18,442	24,160
Property, plant and equipment and Intangible assets	**563,486**	**563,299**	**566,776**	**561,439**

(3) Operating segments (Continued)

Thousands of Euros	Deferred Tax Assets			
	December 31, 2016	June 30, 2017	December 31, 2017 (*)	June 30, 2018
Australia	1,559	1,463	1,415	1,290
Italy	2,644	2,429	1,215	1,224
Argentina	678	952	1,062	1,471
India		33	93	85
Spain	415	365	337	333
New Zealand	250	270	248	215
South Africa		—	141	75
China	98	93	102	103
Ukraine	326	447	47	23
North America	110	102	110	92
Mexico	58	62	65	67
Chile	0	15	0	291
UK	0	5	0	122
Other countries	67	29	51	37
Consolidation adjustments	1,088	1,054	859	708
Deferred Tax Assets	**7,293**	**7,317**	**5,744**	**6,135**

(*) 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 at December 31, 2017 related to the acquisition of Axiom Propack Pvt Ltd as described in the paragraph (4.1) Acquisition of subsidiaries and business units)

The Group is not exposed to significant geographical risks other than normal business risks.

Information about major customers

In the Closures segment, at June 30, 2018 there are two customers with a percentage of revenue over 10%: the turnover of the first customer amounts to around €28 million in 1H 2018 (10.9% of net revenue) (around €27 million in 1H 2017, or 10.6% of net revenue), while the turnover of the second customer amounts to around €27 million in 1H 2018 (or 10.3% of net revenue) (around €23 million in 1H 2017 or 9.1% of net revenue).

In the Closures segment, at June 30, 2017 and 2016 there is only one customer with a percentage of revenue over 10% and the turnover amounts to around € 27 million in 1H 2017 (10.6% of net revenue) (€ 29 million in 1H 2016, 12.5% of net revenue).

(4) Acquisition of subsidiaries, business units and non-controlling interests

(4.1) Acquisition of subsidiaries and business units

On October 13, 2017, Guala Closures India Pvt Ltd completed the acquisition of 100% of Axiom Propack Pvt Ltd, an India-based company which produces safety closures for spirits.

The net cash flows used by the acquisition are composed as follows:

Thousands of Euros	
Consideration paid at the date of acquisition	5,365
Net cash flow used at the date of acquisition	**5,365**
Consideration to be paid within 18 months	574
Total cost of the acquisition	**5,939**

The impact of the acquisition of Axiom Propack Pvt Ltd on the Group's assets and liabilities is as follows:

Thousands of Euros	Carrying amounts before acquisition	Provisional adjustments for fair value measurement	Provisional amounts recognized at the acquisition date	Provisional adjustments for fair value measurement	Restated amounts recognized at acquisition
Property, plant and equipment	6,932		6,932	(10)	6,922
Intangible assets	67		67		67
Inventories	465		465	(82)	383
Trade receivables	735		735		735
Tax liabilities	(68)		(68)		(68)
Other current assets	47		47	(1)	44
Non-current financial assets	196		196		196
Cash and cash equivalents	—		—	64	64
Deferred tax assets	592		592	(455)	139
Trade payables	(1,035)		(1,035)	357	(677)
Employee benefits	(30)		(30)		(30)
Other current liabilities	(77)		(77)	(504)	(582)
Current financial liabilities	(5,637)		(5,637)	176	(5,461)
Net identifiable assets and liabilities	**2,186**	**—**	**2,186**	**(455)**	**1,731**
Goodwill arising from the acquisition	**3,753**	**—**	**3,753**	**455**	**4,208**
Consideration paid at the date of acquisition	**5,365**		**5,365**		**5,365**
Consideration to be paid within 18 months	**574**		**574**		**574**

(4) Acquisition of subsidiaries, business units and non-controlling interests (Continued)

Measurement of fair values

The valuation techniques used for measuring the fair value of property, plant and equipment acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	*Market comparison technique and cost technique:* the valuation model considers quoted market prices for similar items when they are available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Inventories	*Market comparison technique*: the fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale and a reasonable profit margin based on the effort required to complete and sell the inventories.

The transaction had only been recognized provisionally in the consolidated financial statements as at and for the year ended December 31, 2017 as the net assets and liabilities acquired were restated considering the fair value of the identifiable net assets acquired and liabilities assumed.

Following the evaluation of intangible assets which arose from the completion of the procedure to recognize the business combination in 2018, the goodwill arising from the acquisition was recalculated and amounts to €4,208 thousand.

The acquisition of Axiom Propack Pvt Ltd impacted the Group's net financial indebtedness at December 31, 2017 by €5 million as a result of the acquisition of initial indebtedness of Axiom Propack Pvt Ltd.

The total cost of the combination includes a consideration to be paid within 18 months of €0.6 million.

Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Thousands of Euros	Provisional amounts recognized at acquisition	Restated amounts recognized at acquisition
Consideration paid at the acquisition	5,365	5,365
Consideration to be paid within 18 months	574	574
Fair value of identifiable net assets	(2,186)	(1,731)
Goodwill	**3,753**	**4,208**

In relation to the acquisition of Guala Closures France SAS (formerly CapMetal SAS) done in December 2016, no additional adjustements were recognized in the provisional accounting on the net assets and liabilities acquired in both the first six month period ended June 30, 2017 and the year ended December 31, 2017.

(4.2) Acquisition of non-controlling interests

On March 20, 2018, the Group acquired a residual non-controlling interest in Guala Closures Argentina S.A. through Guala Closures International B.V., increasing its percentage of investment from 98.38% to 100%.

The carrying amount of NCI acquired was €4 thousand, the consideration to be paid by July 31, 2018 is €114 thousand and the impact on the equity attributable to the owners of the parent is negative for €110 thousand. As at June 30, 2018, the consideration was paid for €57 thousand; the remaining portion of €57 thousand has been paid in July 2018.

(4) Acquisition of subsidiaries, business units and non-controlling interests (Continued)

STATEMENT OF FINANCIAL POSITION

(5) Cash and cash equivalents

Cash and cash equivalents amount to €22,075 thousand at June 30, 2018 (€40,164 thousand at December 31, 2017) and to €28,828 thousand at June 30, 2017 (€53,973 thousand at December 31, 2016): the reduction is mainly due to the seasonal trend of net working capital in the six months of the year compared to the last quarter of the previous year.

(6) Current and non-current financial assets—related parties

This caption relates to transactions between Guala Closures S.p.A. and the parent GCL Holdings S.C.A. as at December 31, 2016, June 30, 2017, December 31, 2017 and June 30, 2018.

This note provides information on the contractual terms regulating the loan agreement:

Thousands of Euros	June 30, 2018 and 2017
Lender	Guala Closures S.p.A.
Beneficiary	GCL Holdings S.C.A.
Contract date	November 11, 2016
Contract expiry date	November 15, 2021
Original amount	€91,200
Outstanding amount at June 30, 2018 and 2017	€91,200
Outstanding amount at December 31, 2016 and 2017	€91,200
Interest rate	Euribor 3M + 5.25%

Current and non-current financial assets due from the parent GCL Holdings S.C.A. at June 30, 2017 and June 30, 2018 may be analyzed as follows:

Thousands of Euros		Date	Nominal amount		
			Total	Current financial assets	Non-current financial assets
Loan assets from:	**Lender**				
GCL Holdings S.C.A.	Guala Closures S.p.A.	30.06.2018	92,971	1,771	91,200
Loan assets from:	**Lender**				
GCL Holdings S.C.A.	Guala Closures S.p.A.	31.12.2017	91,803	603	91,200
Loan assets from:	**Lender**				
GCL Holdings S.C.A.	Guala Closures S.p.A.	30.06.2017	91,803	603	91,200
Loan assets from:	**Lender**				
GCL Holdings S.C.A.	Guala Closures S.p.A.	31.12.2016	91,856	656	91,200

(7) Trade receivables—third parties

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2016	June 30, 2017	December 31, 2017	June 30, 2018
Trade receivables	96,878	105,466	104,705	114,343
Allowance for impairment	(7,744)	(7,588)	(2,261)	(2,220)
Total	**89,134**	**97,878**	**102,444**	**112,123**

The allowance for impairment changed as follows:

Thousands of Euros	Six months ended June 30, 2017	Six months ended June 30, 2018
Opening allowance for impairment	7,744	2,261
Exchange rate (gains)/losses	37	(2)
Allowance of the year	37	137
Utilization/releases	(230)	(176)
Closing allowance for impairment	**7,588**	**2,220**

(7) Trade receivables—third parties (Continued)

The allowance at June 30, 2018 and 2017 relates to a few customers that have indicated that they do not expect to be able to pay their outstanding balances, mainly due to their financial difficulties.

The utilization of the last quarter of 2017, which marks the difference between the allowance at June 30, 2017 and 2018, is due to the write-off of old receivables already impaired in the past since the Group's lawyer definitively assessed them as non-recoverable.

(8) Trade receivables—related parties

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2016	June 30, 2017	December 31, 2017	June 30, 2018
Receivables from the parent GCL Holdings S.C.A.	277	378	1,208	2,069
Total	**277**	**378**	**1,208**	**2,069**

The change in the various periods is due to the different timing in invoicing/recharging by GCL Holdings S.C.A. and Guala Closures S.p.A..

(9) Inventories

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2016	Six months ended June 30, 2017	December 31, 2017	Six months ended June 30, 2018
Raw materials, consumables and supplies	33,105	41,232	41,844	44,803
(Allowance for inventory write-down)	(1,193)	(1,087)	(1,152)	(920)
Work in progress and semi-finished products	16,296	24,179	19,869	25,941
(Allowance for inventory write-down)	(685)	(524)	(569)	(698)
Finished products and goods	21,169	27,065	23,404	28,863
(Allowance for inventory write-down)	(1,042)	(1,067)	(928)	(813)
Payments on account	233	297	273	388
Total	**67,883**	**90,095**	**82,742**	**97,563**

The increase in inventories at period end is mainly due to the seasonal nature of sales.

Changes in the first six months of 2018 and 2017 are as follows:

Thousands of Euros	Six months ended June 30, 2018
January 1, 2018	82,742
Exchange rate gains	(1,906)
Change in raw materials, consumables and supplies	4,704
Change in semi-finished products and finished goods	11,909
Change in payments on account	114
Balance at June 30, 2018	**97,563**

Thousands of Euros	Six months ended June 30, 2017
January 1, 2017	67,883
Exchange rate gains	(1,004)
Change in raw materials, consumables and supplies	8,859
Change in inventories of finished goods and semi-finished products	14,294
Change in payments on account	63
Balance at June 30, 2017	**90,095**

(9) Inventories (Continued)

The allowance for inventory write-down varied as follows:

Thousands of Euros	Six months ended June 30, 2017	Six months ended June 30, 2018
Opening allowance for inventory write-down	2,920	2,649
Exchange rate (gains) / losses	(25)	26
Allowance of the period	446	331
Utilization	(664)	(574)
Closing allowance for inventory write-down	**2,678**	**2,431**

(10) Assets classified as held for sale

At December 31, 2017, these assets of €2,130 thousand refer to the discontinued plant of Torre d'Isola that include land (€1,001 thousand), buildings (€1,062 thousand) and plant and machinery (€67 thousand). Such plant, discontinued in 2014, have been sold in June 2018 based on the agreement signed in February 2018. Its fair value corresponds to the purchase price agreed with the buyer. The carrying amount of such plant, which is entirely attributable to the Closures division at the time of the change in classification, amounted to €3.9 million in the 2017 consolidated financial statements with an impairment loss of approximately €1.8 million accounted for in the statement of profit or loss and other comprehensive income.

There were no assets classified as held for sale at June 30, 2017 and December 31, 2016.

(11) Property, plant and equipment

The following table shows the changes in this caption in the first six months of 2018:

Thousands of Euros	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at December 31, 2017	70,767	402,119	63,186	9,031	7,883	**552,986**
Accumulated depreciation and impairment at December 31, 2017	(17,662)	(286,037)	(51,836)	(8,180)	—	**(363,715)**
Carrying amount at December 31, 2017	**53,105**	**116,081**	**11,350**	**851**	**7,883**	**189,271**
Carrying amount at January 1, 2018	**53,105**	**116,081**	**11,350**	**851**	**7,883**	**189,271**
Exchange rate gains/(losses)	(1,495)	(2,294)	(8)	(26)	11	**(3,812)**
Additions	9	3,264	71	51	11,764	**15,160**
Disposals	—	(165)	(2)	(11)	(1)	**(179)**
Impairment losses	(5)	(185)	(115)	—	—	**(306)**
Reclassifications	120	9,054	1,096	57	(10,327)	**1**
Depreciation	(946)	(11,462)	(1,208)	(133)	—	**(13,750)**
Historical cost at June 30, 2018	69,012	409,758	64,103	9,108	9,330	**561,311**
Accumulated depreciation and impairment at June 30, 2018	(18,223)	(295,465)	(52,925)	(8,313)	—	**(374,926)**
Carrying amount at June 30, 2018	**50,789**	**114,293**	**11,178**	**795**	**9,330**	**186,384**

Property, plant and equipment include the amounts arising from work performed by the Group and capitalized.

(11) Property, plant and equipment (Continued)

At June 30, 2018, the caption includes the carrying amount of leased assets (€13,170 thousand), against which the Group recognized current financial liabilities (€2,486 thousand) and non-current financial liabilities (€4,535 thousand).

At June 30, 2018, collateral on property, plant and equipment is unchanged on the consolidated financial statements at December 31, 2017.

The main additions for the first six months of 2018 refer to Italy, Ukraine, Mexico and Poland.

The following table shows the changes in this caption in the first six months of 2017:

Thousands of Euros	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at December 31, 2016	78,556	381,588	62,007	8,676	6,125	**536,952**
Accumulated depreciation and impairment at December 31, 2016	(19,605)	(270,316)	(49,643)	(7,892)	—	**(347,457)**
Carrying amount at December 31, 2016	**58,951**	**111,272**	**12,363**	**784**	**6,125**	**189,496**
Carrying amount at January 1, 2017	**58,951**	**111,272**	**12,363**	**784**	**6,125**	**189,496**
Exchange rate gains/(losses)	(658)	(1,126)	154	(11)	59	**(1,583)**
Business combinations	—	—	—	—	3	**3**
Additions	1	2,540	65	146	13,015	**15,768**
Disposals	(1)	(8)	—	(21)	—	**(30)**
Impairment losses	(5)	(277)	—	—	—	**(282)**
Reclassifications	98	4,641	283	87	(5,109)	**—**
Depreciation	(993)	(11,061)	(1,271)	(150)	—	**(13,475)**
Historical cost at June 30, 2017	77,828	387,410	62,614	8,878	14,093	**550,822**
Accumulated depreciation and impairment at June 30, 2017	(20,434)	(281,429)	(51,020)	(8,042)	—	**(360,926)**
Carrying amount at June 30, 2017	**57,393**	**105,980**	**11,594**	**836**	**14,093**	**189,896**

Property, plant and equipment include the amounts arising from work performed by the Group and capitalized.

At June 30, 2017, the caption includes the carrying amount of leased assets (€14,608 thousand), against which the Group recognized current financial liabilities (€2,124 thousand) and non-current financial liabilities (€6,690 thousand).

At June 30, 2017, collateral on property, plant and equipment is unchanged on the consolidated financial statements at December 31, 2016.

The main additions for the first six months of 2017 refer to Ukraine, Italy, India and Poland.

(12) Intangible assets

The following table shows the changes in this caption in the first six months of 2018:

Thousands of Euros	Development expenditure	Licences and patents	Goodwill	Other	Assets under development and payments on account	Total
Historical cost at December 31, 2017	8,350	71,582	362,170	15,281	1,361	**458,744**
Accumulated amortization and impairment at December 31, 2017	(7,083)	(60,862)	—	(13,749)	—	**(81,695)**
Carrying amount at December 31, 2017	**1,267**	**10,720**	**362,170**	**1,531**	**1,361**	**377,049**
Impact of Axiom Propack Pvt Ltd PPA re-statement of provisional adjustment for FV measurement			455			**455**
Carrying amount at January 1, 2018	**1,267**	**10,720**	**362,625**	**1,531**	**1,361**	**377,504**
Exchange rate gains/(losses)	(11)	(2)	(989)	(38)	(1)	**(1,040)**
Additions	—	3	—	16	493	**512**
Reclassifications	(0)	109	(0)	—	(109)	**(1)**
Amortization	(289)	(862)	—	(770)	—	**(1,921)**
Historical cost at June 30, 2018	8,318	71,701	361,636	14,868	1,743	**458,268**
Accumulated amortization and impairment at June 30, 2018	(7,350)	(61,734)	—	(14,129)	—	**(83,213)**
Carrying amount at June 30, 2018	**968**	**9,968**	**361,636**	**739**	**1,743**	**375,054**

The following table shows the changes in this caption in the first six months of 2017:

Thousands of Euros	Development expenditure	Licences and patents	Goodwill	Other	Assets under development and payments on account	Total
Historical cost at December 31, 2016	8,065	71,174	356,627	15,021	1,225	**452,112**
Accumulated amortization and impairment at December 31, 2016	(6,847)	(59,092)	—	(12,182)	—	**(78,122)**
Carrying amount at December 31, 2016	**1,218**	**12,081**	**356,627**	**2,839**	**1,225**	**373,990**
Carrying amount at January 1, 2017	**1,218**	**12,081**	**356,627**	**2,839**	**1,225**	**373,990**
Exchange rate gains/(losses)	(16)	(0)	764	77	(1)	**824**
Additions	—	—	—	67	489	**556**
Disposals	—	(2)	—	—	(11)	**(14)**
Impairment losses	—	—	—	—	(65)	**(65)**
Reclassifications	99	—	—	—	(99)	**—**
Amortization	(169)	(972)	—	(748)	—	**(1,889)**
Historical cost at June 30, 2017	8,128	71,102	357,390	15,388	1,538	**453,547**
Accumulated amortization and impairment at June 30, 2017	(6,997)	(59,995)	—	(13,153)	—	**(80,145)**
Carrying amount at June 30, 2017	**1,132**	**11,107**	**357,390**	**2,235**	**1,538**	**373,402**

(12) Intangible assets (Continued)

The fluctuation of goodwill compared to the previous year may be analyzed as follows:

Thousands of Euros	December 31, 2016	June 30, 2017	December 31, 2017 (*)	June 30, 2018
Goodwill attributable to Guala Closures Group	317,227	317,227	317,227	317,227
Goodwill attributable to Guala Closures DGS Poland S.A.	24,076	25,078	25,358	24,270
Goodwill attributable to Guala Closures Ukraine LLC	5,290	5,112	4,507	4,954
Goodwill attributable to GC Bulgaria AD	3,203	3,203	3,203	3,203
Goodwill attributable to GC Tools EAD	722	722	722	722
Goodwill attributable to GCL Pharma (formerly Pharma Trade)	2,512	2,512	2,512	2,512
Goodwill attributable to MCL division acquired by Guala Closures South Africa	1,928	1,869	1,883	1,738
Goodwill attributable to Metalprint assets acquired by Guala Closures S.p.A.	182	182	182	182
Goodwill attributable to Guala Closures France SAS (formerly CapMetal SAS)	1,487	1,487	1,487	1,487
Goodwill attributable to ICSA assets acquired by Guala Closures Chile S.p.A.	—	—	1,331	1,296
Goodwill attributable to Axiom Propack Pvt Ltd.	—	—	4,213	4,044
Total	**356,627**	**357,390**	**362,625**	**361,636**

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

The impairment test was carried out at each reporting date, checking whether there are any indications that an asset may be impaired. The recoverable amount of goodwill and intangible assets with a finite useful is tested annually.

The impairment test is carried out annually and whenever necessary, e.g., in the case of trigger events.

As there were no trigger events in the first six months of 2018 and 2017, no impairment test was carried out at such dates. The enterprise value taken into consideration by Space4, Peninsula and Quaestio for the acquisition of Guala Closures Group supports the goodwill accounted for in the condensed interim consolidated financial statements as of June 30, 2018.

(13) Current and non-current financial liabilities—third parties

This section provides information on the contractual terms governing the Group's bank overdrafts, loans and bonds.

Reference should be made to note 33) Fair value of financial instruments and sensitivity analysis to these condensed interim consolidated financial statements for further information on the Group's exposure to interest and currency risks.

(13) Current and non-current financial liabilities—third parties (Continued)

The guarantees given in respect of these loans are unchanged compared to December 31, 2017. Reference should be made to note 35) Commitments and guarantees to these condensed interim consolidated financial statements.

Overall, at June 30, 2018 and 2017 and at December 31, 2017 and 2016, all covenants and commitments set out in all current financing contracts and the financing contracts in place during the period, were largely met.

Financial liabilities at December 31, 2016, June 30, 2017, December 31, 2017 and June 30, 2018, may be analyzed as follows:

Thousands of Euros	December 31, 2016	June 30, 2017	December 31, 2017	June 30, 2018
Current financial liabilities				
Bonds	3,365	3,095	3,095	3,095
Bank loans and borrowings	6,299	7,824	14,295	15,582
Other financial liabilities	2,782	2,139	3,050	3,604
	12,446	13,058	20,440	22,282
Non-current financial liabilities				
Bonds	499,698	500,749	501,789	502,836
Bank loans and borrowings	34,346	39,375	49,636	57,760
Other financial liabilities	23,714	22,607	22,370	21,235
	557,758	562,732	573,795	581,830
Total	**570,204**	**575,790**	**594,235**	**604,112**

(13) Current and non-current financial liabilities—third parties (Continued)

The terms and expiry dates of the financial liabilities at December 31, 2017 and June 30, 2018 are shown below:

		Nominal amount				
Thousands of Euros	Total December 31, 2017	Within one year	Between one and five years	More than five years	Current	Non-current
Bonds						
Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A.	510,000	—	510,000	—	—	510,000
Accrued interest and expenses Guala Closures S.p.A.	3,095	3,095	—	—	3,095	—
Transaction costs	(8,211)	—	(8,211)	—	—	(8,211)
TOTAL FRSSN 2021 GUALA CLOSURES S.p.A.	**504,884**	**3,095**	**501,789**	**—**	**3,095**	**501,789**
Bank loans and borrowings:						
Senior Revolving Facility	50,000	—	50,000	—	—	50,000
Transaction costs	(1,182)	—	(1,182)	—	—	(1,182)
Total Senior Revolving Facility	**48,818**	**—**	**48,818**	**—**	**—**	**48,818**
Accrued interest and expenses Guala Closures S.p.A.	(14)	(14)	—	—	(14)	—
Yes Bank loan and bank overdraft Axiom Propack (India)	5,958	5,958	—	—	5,958	—
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	4,622	4,622	—	—	4,622	—
Banco de la Nacion Argentina loan (Chile)	576	192	384	—	192	384
Bancolombia loan (Colombia)	58	58	—	—	58	—
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	486	461	25	—	461	25
Advances on receivables and loans (Argentina)	2,629	2,512	118	—	2,512	118
Banamex loan (Mexico)	797	505	291	—	505	291
Total bank loans and borrowings	**63,931**	**14,295**	**49,636**	**—**	**14,295**	**49,636**
Other financial liabilities:						
Guala Closures S.p.A. finance leases	7,772	2,223	5,549	—	2,223	5,549
Liability to the Ukrainian non-controlling investors	16,800	—	—	16,800	—	16,800
Other payables	848	827	21	—	827	21
Total other financial liabilities	**25,420**	**3,050**	**5,570**	**16,800**	**3,050**	**22,370**
TOTAL	**594,235**	**20,440**	**556,995**	**16,800**	**20,440**	**573,795**

(13) Current and non-current financial liabilities—third parties (Continued)

		Nominal amount				
Thousands of Euros	Total June 30, 2018	Within one year	From one to five years	After five years	Current	Non-current
Bonds						
Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A.	510,000	—	510,000	—	—	510,000
Accrued interest—Guala Closures S.p.A.	3,095	3,095	—	—	3,095	—
Transaction costs	(7,164)	—	(7,164)	—	—	(7,164)
TOTAL FRSSN 2021 Guala Closures S.p.A.	**505,931**	**3,095**	**502,836**	**—**	**3,095**	**502,836**
Bank loans and borrowings:						
Senior Revolving Facility	55,000	—	55,000	—	—	55,000
Transaction costs	(1,031)	—	(1,031)	—	—	(1,031)
Total Senior Revolving Facility	**53,969**	**—**	**53,969**	**—**	**—**	**53,969**
Accrued interest and expense—Guala Closures S.p.A.	(14)	(14)	—	—	(14)	—
Yes Bank loan and bank overdraft Axiom Propack (India)	5,005	5,005	—	—	5,005	—
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	3,770	3,770	—	—	3,770	—
Banco de la Nacion Argentina loan (Chile)	467	171	296	—	171	296
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	380	321	59	—	321	59
Advances on receivables and loans (Argentina)	1,943	1,903	40	—	1,903	40
Banamex / Bancomer loans (Mexico)	7,821	4,426	3,395	—	4,426	3,395
Total bank loans and borrowings	**73,342**	**15,582**	**57,760**	**—**	**15,582**	**57,760**
Other financial liabilities:						
Guala Closures S.p.A. finance leases	6,663	2,280	4,383	—	2,280	4,383
Other companies finance leases	358	206	151	—	206	151
Liability to the Ukrainian non-controlling investors	16,700	—	—	16,700	—	16,700
Other liabilities	1,119	1,119	—	—	1,119	—
Total other financial liabilities	**24,839**	**3,604**	**4,535**	**16,700**	**3,604**	**21,235**
TOTAL	**604,112**	**22,282**	**565,130**	**16,700**	**22,282**	**581,830**

(13) Current and non-current financial liabilities—third parties (Continued)

The terms and expiry dates of the financial liabilities at December 31, 2016 and June 30, 2017 are shown below:

Thousands of Euros	Total December 31, 2016	Nominal amount Within one year	Between one and five years	More than five years	Current	Non-current
Bonds						
Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A.	510,000	—	510,000	—	—	510,000
Accrued interest and expenses Guala Closures S.p.A.	3,365	3,365	—	—	3,365	—
Transaction costs	(10,302)	—	(10,302)	—	—	(10,302)
TOTAL FRSSN 2021 Guala Closures S.p.A.	**503,063**	**3,365**	**499,698**	**—**	**3,365**	**499,698**
Bank loans and borrowings:						
Senior Revolving Facility	34,000	—	34,000	—	—	34,000
Transaction costs	(1,487)	—	(1,487)	—	—	(1,487)
Total Senior Revolving Facility	**32,513**	**—**	**32,513**	**—**	**—**	**32,513**
Accrued interest and expenses Guala Closures S.p.A.	(4)	(4)	—	—	(4)	—
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	3,586	3,586	—	—	3,586	—
Bancolombia loan (Colombia)	287	221	66	—	221	66
Bradesco / ITAU loan (Brazil)	1,179	719	460	—	719	460
Advances on receivables and loans (Argentina)	1,434	1,022	411	—	1,022	411
Bancomer loan (Mexico)	1,652	756	896	—	756	896
Total bank loans and borrowings	**40,645**	**6,299**	**34,346**	**—**	**6,299**	**34,346**
Other financial liabilities:						
Guala Closures S.p.A. finance leases	9,821	2,034	7,787	—	2,034	7,787
Payable due to the Ukrainian non-controlling investors	15,900	—	—	15,900	—	15,900
Other liabilities	775	748	27	—	748	27
Total other financial liabilities	**26,496**	**2,782**	**7,814**	**15,900**	**2,782**	**23,714**
TOTAL	**570,204**	**12,446**	**541,858**	**15,900**	**12,446**	**557,758**

(13) Current and non-current financial liabilities—third parties (Continued)

Thousands of Euros	Total June 30, 2017	Nominal amount			Current	Non-current
		Within one year	From one to five years	After five years		
BONDS:						
Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A.	510,000	—	510,000	—	—	510,000
Accrued interest—Guala Closures S.p.A.	3,095	3,095	—	—	3,095	—
Transaction costs	(9,251)	—	(9,251)	—	—	(9,251)
TOTAL FRSSN 2021 Guala Closures S.p.A.	**503,844**	**3,095**	**500,749**	**—**	**3,095**	**500,749**
BANK LOANS AND BORROWINGS:						
Senior Revolving Facility	39,000	—	39,000	—	—	39,000
Transaction costs	(1,336)	—	(1,336)	—	—	(1,336)
Total Senior Revolving Facility	**37,664**	**—**	**37,664**	**—**	**—**	**37,664**
Accrued interest and expense—Guala Closures S.p.A.	8	8	—	—	8	—
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	4,485	4,485	—	—	4,485	—
Banco de la Nacion Argentina loan (Chile)	560	93	467	—	93	467
Bancolombia loan (Colombia)	161	161	—	—	161	—
Bradesco / ITAU loan (Brazil)	682	262	420	—	262	420
Advances on receivables and loans (Argentina)	2,564	2,319	245	—	2,319	245
Bancomer loan (Mexico)	1,076	497	579	—	497	579
TOTAL BANK LOANS AND BORROWINGS	**47,200**	**7,824**	**39,375**	**—**	**7,824**	**39,375**
OTHER FINANCIAL LIABILITIES:						
Guala Closures S.p.A. finance leases	8,814	2,124	6,690	—	2,124	6,690
Put option on non-controlling interests	15,900	—	—	15,900	—	15,900
Other liabilities	32	15	17	—	15	17
TOTAL OTHER FINANCIAL LIABILITIES	**24,746**	**2,139**	**6,707**	**15,900**	**2,139**	**22,607**
TOTAL	**575,790**	**13,058**	**546,832**	**15,900**	**13,058**	**562,732**

The liability to the Ukrainian non-controlling investors relates to recognition of these investors' right to exercise a put option if certain conditions are met. It represents the discounted estimated value of the put option at its estimated time of exercise.

This caption has been recognized using the present access method since 2008, whereby the financial liability was recognized as a reduction in equity in the first year. The fluctuation in each year, if any, is recognized under financial income (expense) in profit or loss and the non-controlling interests continue to be presented separately as, to all effects, the non-controlling investors have the right to access the profit or loss pertaining to their investment.

Reference should be made to note 33) Fair value of financial instruments and sensitivity analysis to these condensed interim consolidated financial statements for further details.

(13) Current and non-current financial liabilities—third parties (Continued)

The interest rates and expiry dates of the financial liabilities at December 31, 2017 and June 30, 2018 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2017
Bonds				
Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A.	€	Euribor 3M + 4.75%	2021	510,000
Accrued interest and expenses Guala Closures S.p.A.	€	n.a.	2018	3,095
Transaction costs	€	n.a.	2021	(8,211)
TOT. BOND FRSSN 2021 Guala Closures S.p.A.				**504,884**
Bank loans and borrowings:				
Senior Revolving Facility due in 2021	€	Euribor 3M + 4.00%	2021	50,000
Transaction costs	€	n.a.	2021	(1,182)
Total Senior Revolving Facility				**48,818**
Accrued interest and expenses Guala Closures S.p.A.	€	n.a.	2018	(14)
Yes Bank loan and bank overdraft Axiom Propack (India)	INR	8.50%	n.a.	5,958
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	PLN	Wibor 1M(*)	n.a.	4,622
Banco de la Nacion Argentina loan (Chile)	CLP	7.56%	2020	576
Bancolombia loan (Colombia)	COP	I.B.R. + 3.25%(**)	2018	58
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	BRL	n.a.	2019	486
Advances on loans and receivables (Argentina)	ARS	n.a.	n.a.	2,629
Banamex loan (Mexico)	US$	3.62%	2019	797
Total bank loans and borrowings				**63,931**
Other financial liabilities:				
Guala Closures S.p.A. finance leases	€	Euribor + 1.5%(***)	2020	7,772
Liability to the Ukrainian non-controlling investors	€	n.a.	n.a.	16,800
Other payables	€	n.a.	n.a.	848
Total other financial liabilities				**25,420**
TOTAL				**594,235**

(*) Wibor stands for "Warsaw Inter-bank Bid and Offered Rate"

(**) I.B.R. stands for "Indicador Bancario de Referencia"

(***) Nominal interest rate on the property finance lease

(13) Current and non-current financial liabilities—third parties (Continued)

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total June 30, 2018
Bonds				
Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A.	EUR	Euribor 3M + 4.75%	2021	510,000
Accrued interest—Guala Closures S.p.A.	EUR	n.a.	2018	3,095
Transaction costs	EUR	n.a.	2021	(7,164)
TOT. BOND FRSSN 2021 Guala Closures S.p.A.				**505,931**
Bank loans and borrowings:				
Senior Revolving Facility due in 2021	EUR	Euribor 3M + 4.00%	2021	55,000
Transaction costs	EUR	n.a.	2021	(1,031)
Total Senior Revolving Facility				**53,969**
Accrued interest and expense—Guala Closures S.p.A.	EUR	n.a.	2018	(14)
Yes Bank loan and bank overdraft Axiom Propack (India)	INR	8.50%	n.a.	5,005
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	PLN	Wibor 1M (*)	n.a.	3,770
Banco de la Nacion Argentina loan (Chile)	CLP	7.56%	2020	467
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	BRL	n.a.	2019	380
Advances on receivables and loans (Argentina)	ARS	n.a.	n.a.	1,943
Banamex / Bancomer loan (Mexico)	USD	3.75%	2023	7,821
Total bank loans and borrowings				**73,342**
Other financial liabilities:				
Guala Closures S.p.A. finance leases	EUR	Euribor + 1.5% (***)	2020	6,663
Other companies finance leases	EUR	n.a.	n.a.	358
Liability to the Ukrainian non-controlling investors	EUR	n.a.	n.a.	16,700
Other liabilities	EUR	n.a.	n.a.	1,119
Total other financial liabilities				**24,839**
TOTAL				**604,112**

(*) Wibor stands for "Warsaw Inter-bank Bid and Offered Rate"

(**) I.B.R. stands for "Indicador Bancario de Referencia"

(***) Nominal interest rate on the property finance lease

(13) Current and non-current financial liabilities—third parties (Continued)

The interest rates and expiry dates of the financial liabilities at December 31, 2016 and June 30, 2017 are shown below:

Thousands of Euros		nominal interest rate	expiry date	December 31, 2016
Bonds				
Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A.	€	Euribor 3M + 4.75%	2021	510,000
Accrued interest and expenses Guala Closures S.p.A.	€	n.a.	2017	3,365
Transaction costs	€	n.a.	2021	(10,302)
TOT. BOND FRSSN 2021 Guala Closures S.p.A.				**503,063**
Bank loans and borrowings:				
Senior Revolving Facility due in 2021	€	Euribor 3M + 4.00%	2021	34,000
Transaction costs	€	n.a.	2021	(1,487)
Total Senior Revolving Facility				**32,513**
Accrued interest and expenses Guala Closures S.p.A.	€	n.a.	2017	(4)
Millennium Bank / Handlowy Bank overdraft (Poland)	PLN	Wibor 1m(*)	n.a.	3,586
Bancolombia loan (Colombia)	COP	I.B.R. + 3.25%(**)	2018	287
Bradesco / ITAU loan (Brazil)	BRL	n.a.	2019	1,179
Advances on loans and receivables (Argentina)	ARS	n.a.	n.a.	1,434
Bancomer loan (Mexico)	US$	3.62%	2019	1,652
Total bank loans and borrowings				**40,645**
Other financial liabilities:				
Guala Closures S.p.A. finance leases	€	Euribor + 1.5%(***)	2020	9,821
Payable due to the Ukrainian non-controlling investors	€	n.a.	n.a.	15,900
Other liabilities	€	n.a.	n.a.	775
Total other financial liabilities				**26,496**
TOTAL				**570,204**

(*) Wibor stands for "Warsaw Inter-bank Bid and Offered Rate"

(**) I.B.R. stands for "Indicador Bancario de Referencia"

(***) Nominal interest rate on the property finance lease

(13) Current and non-current financial liabilities—third parties (Continued)

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total June 30, 2017
Bonds				
Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A.	EUR	Euribor 3M + 4.75%	2021	510,000
Accrued interest—Guala Closures S.p.A.	EUR	n.a.	2017	3,095
Transaction costs	EUR	n.a.	2021	(9,251)
TOT. BOND FRSSN 2021 Guala Closures S.p.A.				**503,844**
Bank loans and borrowings:				
Senior Revolving Facility due in 2021	EUR	Euribor 3M + 4.00%	2021	39,000
Transaction costs	EUR	n.a.	2021	(1,336)
Total Senior Revolving Facility				**37,664**
Accrued interest and expense—Guala Closures S.p.A.	EUR	n.a.	2017	8
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	PLN	Wibor 1M (*)	n.a.	4,485
Banco de la Nacion Argentina loan (Chile)	CLP	n.a.	2020	560
Bancolombia loan (Colombia)	COP	I.B.R. + 3.25% (**)	2018	161
Bradesco / ITAU loan (Brazil)	BRL	n.a.	2019	682
Advances on receivables and loans (Argentina)	ARS	n.a.	n.a.	2,564
Bancomer loan (Mexico)	USD	3.62%	2019	1,076
Total bank loans and borrowings				**47,200**
Other financial liabilities:				
Guala Closures S.p.A. finance leases	EUR	Euribor + 1.5% (***)	2020	8,814
Put option on non-controlling interests	EUR	n.a.	n.a.	15,900
Other liabilities	EUR	n.a.	n.a.	32
Total other financial liabilities				**24,746**
TOTAL				**575,790**

(*) Wibor stands for "Warsaw Inter-bank Bid and Offered Rate"

(**) I.B.R. stands for "Indicador Bancario de Referencia"

(***) Nominal interest rate on the property finance lease

The Senior Revolving Facility's availability at June 30, 2018 and 2017 is shown in the table below:

	Available amount (thousands of Euros)	Amount used at June 30, 2018	Residual amount available at June 30, 2018
Revolving Facility due 2021	65,000	55,000	10,000
Total	**65,000**	**55,000**	**10,000**

	Available amount (thousands of Euros)	Amount used at June 30, 2017	Residual amount available at June 30, 2017
Revolving Facility due 2021	65,000	39,000	26,000
Total	**65,000**	**39,000**	**26,000**

(14) Current and non-current financial liabilities—related parties

This section discloses the contractual terms governing the loans granted by GCL Holdings S.C.A. (parent of Guala Closures S.p.A.).

The terms and expiry dates of the loans at December 31, 2017 and June 30, 2018 are shown below:

Thousands of Euros	Total December 31, 2017	Within one year	Between one and five years	More than five years	Current	Non-current
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V.—due 2021	26,306	181	26,125	—	181	26,125
TOTAL	**26,306**	**181**	**26,125**	**—**	**181**	**26,125**

Thousands of Euros	Total June 30, 2018	Within one year	Between one and five years	More than five years	Current	Non-current
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V.—due 2021	23,373	473	22,900	—	473	22,900
TOTAL	**23,373**	**473**	**22,900**	**—**	**473**	**22,900**

The terms and expiry dates of the loans at December 31, 2016 and June 30, 2017 are shown below:

Thousands of Euros	Total December 31, 2016	Within one year	Between one and five years	More than five years	Current	Non-current
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V.—due 2021	33,138	1,313	31,825	—	1,313	31,825
TOTAL	**33,138**	**1,313**	**31,825**	**—**	**1,313**	**31,825**

Thousands of Euros	Total June 30, 2017	Due within one year	Between one and five years	More than five years	Current	Non-current
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V.—due 2021	30,528	203	30,325	—	203	30,325
TOTAL	**30,528**	**203**	**30,325**	**—**	**203**	**30,325**

The interest rates of the loans at December 31, 2017 and June 30, 2018 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Total December 31, 2017
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V.—due 2021	€	Euribor 3M + 5.25%	26,306
Total			**26,306**

Thousands of Euros	Currency	Nominal interest rate	Total June 30, 2018
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V.—due 2021	€	Euribor 3M + 5.25%	23,373
Total			**23,373**

(14) Current and non-current financial liabilities—related parties (Continued)

The interest rates of the loans at December 31, 2016 and June 30, 2017 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Total December 31, 2016
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V.—due 2021	€	Euribor 3M + 5.25%	33,138
Total			**33,138**

Thousands of Euros	Currency	Nominal interest rate	Total June 30, 2017
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V.—due 2021	€	Euribor 3M + 5.25%	30,528
Total			**30,528**

(15) Trade payables—third parties

These may be analyzed as follows:

Thousands of Euros	December 31, 2016	June 30, 2017	December 31, 2017	June 30, 2018
Suppliers	63,614	74,477	69,933	74,357
Payments on account	2,032	780	1,393	880
Total	**65,645**	**75,257**	**71,326**	**75,237**

(16) Equity attributable to the owners of the parent

At June 30, 2018 and 2017, Guala Closures S.p.A. is a single-member company limited by shares wholly owned by GCL Holdings S.C.A..

At June 30, 2018 and 2017, Guala Closures S.p.A. has subscribed and paid-up share capital of €74,624 thousand, consisting of 74,624,491 ordinary shares with a nominal amount of €1 each.

At their extraordinary meeting on December 22, 2014, the shareholders of Guala Closures S.p.A. approved the issuance, pursuant to article 2346, last paragraph, of the Italian Civil Code, of 50.7 million participating financial instruments ("SFP") with a nominal amount of €1.00 each and a duration equal to that of the company, against a contribution in cash of €50.7 million, reserved to the sole shareholder GCL Holdings S.C.A..

The main features of the SFP are:

- the participating financial instruments are perpetual and are subordinate to the Group's other creditors. The purpose of issuing participating financial instruments was to strengthen the Group's capital base;
- coupons on the SFP are settled from time to time by Guala Closures S.p.A. in accordance with the relevant resolutions (if any) of the competent corporate bodies of the company. The coupon rate of the participating financial instruments is 9.3%. Coupon payments and their tax effect are recognized directly in equity;
- Guala Closures S.p.A. may, at its sole discretion, omit or defer coupon payments to the holders. However, deferred coupon payments will fall due for payment in the event of Guala Closures S.p.A. subsequently making any distributions to its shareholders, both as dividends and reserves;
- the SFP Holder(s) may freely transfer, in whole or in part, the SFPs to any third party;
- pursuant to the SFP Rules, the SFPs shall be redeemable at any time, in whole or in part, at the option of the parent's board of directors only and within the amount of the distributable profits and

(16) Equity attributable to the owners of the parent (Continued)

distributable reserves as recorded in the financial statements of the parent as duly approved by the competent corporate bodies.

As the SFP satisfy the IAS 32 criteria for equity, they have been recognized as part of equity.

In the first six months of 2017 and 2018, like in previous years, no coupons on the SFP are declared by Guala Closures S.p.A.'s management.

The increase in the equity reserve "Participating financial instruments reserve" is due to income attributable to the owners of the Participating Financial Instruments of the parent related to such instruments.

On April 27, 2018, Guala Closures' shareholders' meeting:

(i) resolved to amend Guala Closures's by-laws to (a) remove the indication of the nominal amount of the company's ordinary shares; (b) include the issue of 6,400,000 Guala Closures B shares—special shares carrying multiple votes—which were assigned to GCL by converting 6,400,000 ordinary shares of the company held by the same;

(ii) resolved to increase the share capital against consideration, to be carried out by the date of the Business Combination, for approximately €25 million and reserved to the sole shareholder "GCL Holdings S.C.A." and/or, possibly, to a company controlled by the managers, as per the project for the proposed merger, by issuing up to 3,701,614 ordinary shares of the company, with no nominal amount and a par value of €0.10 per share, to be fully freed by paying a unit subscription amount of €6.75381 per share. The shares issued as part of the Managers' capital increase are accompanied by 1,480,646 GC management warrants which were issued in the ratio of 4 GC management warrants to every 10 ordinary shares of the company issued as part of the capital increase. The GC Management Warrants will be exchange against the Management Warrants as part of the merger.

On May 28, 2018, the shareholders' meeting of Guala Closures resolved to simplify the net equity structure through the compensation of the positive reserves and the partial reduction of the losses carried forward from the previous financial years by using the share premium reserve (*riserva sovrapprezzo azioni*) and the legal reserve while maintaining the reserve relating to the financial participating instruments issued by Guala Closures ("**SFP**") and the negative hedging reserve. Furthermore, on May 31, 2018 the extraordinary shareholders' meeting of Guala Closures resolved to amend the SFP regulation in order to allow the SFP redemption at any time to be carried out upon specific resolution of the Board of Directors, within the limits of the distributable profits and available reserves resulting from the last approved financial statement or, if higher, as determined by the Board of Directors also taking into account the capital reserves accrued after the approval of the last financial statement.

Neither the parent nor its subsidiaries hold treasury shares either directly or indirectly through trustees or nominees.

Reference should be made to the statement of changes in equity for changes in, and details of, the components of equity.

As per the Senior Revolving Facility Agreement and for the Floating Rate Senior Secured Notes, there are certain restrictions to the transfer of funds between Guala Closures subsidiaries and Guala Closures S.p.A. and between Guala Closures S.p.A. and the parent GCL Holdings S.C.A..

The Group's objectives in capital management are to create value for shareholders, safeguard the Group's future and to support its development.

Equity and participating financial instruments are considered to be capital.

The Group thus seeks to maintain a sufficient level of capitalization, while giving shareholders satisfactory returns and ensuring the Group has access to external sources of financing at acceptable terms, including via maintaining an adequate rating.

The Group monitors the debt/equity ratio on an ongoing basis, particularly in terms of net indebtedness and cash flows generated by operating activities.

(16) Equity attributable to the owners of the parent (Continued)

The board of directors carefully monitors the balance between greater returns through the right level of indebtedness and the advantages of a sound financial position.

To achieve these objectives, the Group strives to continuously make its operations more profitable.

The board of directors monitors the return on share capital, being total equity pertaining to owners of the parent, excluding non-controlling interests, and the amount of dividends to be distributed to holders of ordinary shares.

The Group's capital management policies have not changed during the six months ended June 30, 2018 and 2017.

Please refer to the note 37) Events after the reporting period for all changes occurred to the Group equity after June 30, 2018.

(17) Equity attributable to non-controlling interests

Equity attributable to non-controlling interests relates to the following consolidated companies:

	Non-controlling interests % December 31, 2017	Non-controlling interests % June 30, 2018	Balance at December 31, 2017	Balance at June 30, 2018
Guala Closures Ukraine LLC	30.0%	30.0%	7,979	8,598
Guala Closures India Pvt Ltd. CONS	5.0%	5.0%	2,150	2,071
Guala Closures Argentina S.A.	1.6%	—	4	—
Guala Closures de Colombia LTDA	6.8%	6.8%	547	421
Guala Closures Bulgaria A.D.	30.0%	30.0%	2,033	1,999
Guala Closures DGS Poland S.A.	30.0%	30.0%	11,694	9,195
Guala Closures France SAS	30.0%	30.0%	78	120
Total			**24,486**	**22,404**

	Non-controlling interests % December 31, 2016	Non-controlling interests % June 30, 2017	Balance at December 31, 2016	Balance at June 30, 2017
Guala Closures Ukraine LLC	30.0%	30.0%	9,112	7,169
Guala Closures India Pvt Ltd.	5.0%	5.0%	1,938	1,937
Guala Closures Argentina S.A.	1.6%	1.6%	31	15
Guala Closures de Colombia LTDA	6.8%	6.8%	562	445
Guala Closures Bulgaria A.D. CONS	30.0%	30.0%	2,290	2,295
Guala Closures DGS Poland S.A.	30.0%	30.0%	11,234	9,736
Guala Closures France SAS	30.0%	30.0%	171	163
Total			**25,338**	**21,760**

Reference should be made to the statement of changes in equity for changes in equity attributable to the non-controlling interests.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(18) Net revenue

The table below illustrates the geographical distribution of net revenue based on the geographical location from where the product is sold by the group companies:

Thousands of Euros	For the six months ended June 30, 2016	2017	2018
Europe	131,195	140,042	144,494
Asia	36,183	32,692	39,752
Latin America and North America	39,289	45,978	46,570
Oceania	22,197	24,296	19,711
Africa	6,522	8,029	8,180
Total	**235,385**	**251,036**	**258,707**

(19) Other operating income

This caption includes:

Thousands of Euros	For the six months ended June 30, 2016	2017	2018
Sundry recoveries/repayments	1,430	1,770	1,460
Gains on sale of fixed assets	89	14	8
Other	477	584	176
Total	**1,996**	**2,368**	**1,644**

(20) Internal work capitalized

This caption amounts to €2,905 thousand in the first six months of 2018 and includes €389 thousand of capitalized development expenditure related to new closures and €2,517 thousand of extraordinary maintenance carried out on property, plant and equipment, of which extraordinary maintenance and upgrading of the production capacity of Guala Closures S.p.A. amounting to €288 thousand and foreign companies amounting to €2,228 thousand.

This caption amounts to €3,125 thousand in the first six months of 2017 and includes €289 thousand of capitalized development expenditure related to new closures and €2,835 thousand of extraordinary maintenance carried out on property, plant and equipment, of which extraordinary maintenance and upgrading of the production capacity of Guala Closures S.p.A. amounting to €304 thousand and foreign companies amounting to €2,531 thousand.

This caption amounts to €2,669 thousand in the first six months of 2016 and includes €277 thousand of capitalized development expenditure related to new closures and €2,391 thousand of extraordinary maintenance carried out on property, plant and equipment, of which extraordinary maintenance and upgrading of the production capacity of Guala Closures S.p.A. amounting to €441 thousand and foreign companies amounting to €1,951 thousand.

(21) Costs for raw materials

This caption includes:

Thousands of Euros	For the six months ended June 30, 2016	2017	2018
Raw materials and supplies	103,484	115,518	116,103
Packaging	4,547	4,785	5,635
Consumables and maintenance	5,540	5,524	4,476
Fuels	197	236	227
Other purchases	1,170	1,986	2,449
Change in inventories	(6,227)	(8,859)	(4,704)
Total	**108,711**	**119,190**	**124,186**

Costs for raw materials rose from €119.2 million in the first six months of 2017 to €124.2 million in the same period of 2018, with a substantially stable percentage impact on net revenue.

(22) Costs for services—third parties

This caption includes:

Thousands of Euros	For the six months ended June 30, 2016	2017	2018
Electricity / heating	10,724	11,274	11,450
Transport	9,712	10,895	11,221
External processing	3,785	5,223	4,947
External labor / porterage	2,295	3,185	3,121
Maintenance	2,700	2,829	3,395
Sundry industrial services	2,889	2,906	2,682
Travel	2,021	2,168	2,124
Insurance	1,529	1,542	1,527
Legal and consulting fees	1,497	1,481	4,532
Directors' fees	481	507	716
Administrative services	1,158	977	1,013
Cleaning service	542	548	569
Technical assistance	467	661	483
Commissions	416	480	551
Entertainment expenses	454	403	342
Telephone costs	369	376	289
Security	232	213	235
Advertising services	159	144	149
Commercial services	132	139	166
Expos and trade fairs	173	123	105
Other	1,079	1,158	1,081
Total	**42,815**	**47,233**	**50,698**

Details of fees paid to the key management personnel are provided in note 36) Related party transactions.

(23) Costs for services—related parties

This caption includes:

Thousands of Euros	For the six months ended June 30, 2016	2017	2018
Admistrative consultancy—GCL Holdings S.C.A.	2,635	3,199	2,920
Total	**2,635**	**3,199**	**2,920**

(24) Personnel expense

This caption includes:

Thousands of Euros	For the six months ended June 30,		
	2016	2017	2018
Wages and salaries	37,208	39,834	39,435
Social security contributions	6,294	6,874	6,896
Expense/(Income) from defined benefit plans	740	729	778
Other costs	1,221	1,558	1,909
Total	**45,463**	**48,994**	**49,018**

At December 31, 2017 and June 30, 2018, the Group had the following number of employees:

Number	December 31, 2017	June 30, 2018
Blue collars	3,112	3,113
White collars	902	915
Managers	210	214
Total	**4,224**	**4,242**

(25) Other operating expense

This caption includes:

Thousands of Euros	For the six months ended June 30,		
	2016	2017	2018
Rent and leases	2,248	2,343	2,549
Other provisions	416	384	932
Taxes and duties	903	1,027	914
Other costs for the use of third party assets	790	768	653
Allowance for bad debts	—	92	40
Other charges	476	627	408
Total	**4,832**	**5,241**	**5,496**

(26) Financial income—third parties

This caption includes:

Thousands of Euros	For the six months ended June 30,		
	2016	2017	2018
Exchange rate gains	2,357	396	2,530
Interest income	839	456	192
Financial income on liability versus non-controlling investors in the Ukrainian company	—	—	100
Other financial income	614	64	43
Total	**3,810**	**916**	**2,865**

Interest income decreased in the first six months of 2018 compared to the same period of 2017 mainly as a result of the greater liquidity held in the first six months of 2017 compared to the same period of 2018.

Financial income—non-controlling investors in the Ukrainian company refers to the recognition of the increase in the financial liability for these investors' right to exercise a put option if certain conditions are met. The liability was determined by discounting the estimated value of the put option at its estimated time of exercise.

(27) Financial income—related parties

This caption includes:

Thousands of Euros	For the six months ended June 30, 2016	2017	2018
Interest income—GCL Holdings S.C.A.	—	2,374	2,374
Total	**—**	**2,374**	**2,374**

Interest income versus GCL Holdings S.C.A. increased in the first six months of 2017 compared to the first six months of 2016 due to the Group refinancing occurred in November 2016.

(28) Financial expense—third parties

This caption includes:

Thousands of Euros	For the six months ended June 30, 2016	2017	2018
Interest expense	9,544	14,958	15,621
Exchange rate losses	5,239	5,870	9,126
Financial expense on liability versus non-controlling investors in the Ukrainian company	950	—	—
Other financial expense	482	1,532	582
Total	**16,215**	**22,360**	**25,330**

Financial expense—non-controlling investors in the Ukrainian company refers to the recognition of the increase in the financial liability for these investors' right to exercise a put option if certain conditions are met. The liability was determined by discounting the estimated value of the put option at its estimated time of exercise.

In 1H 2017, net interest expense—third parties increased by €7.4 million compared to 1H 2016 due to several factors: (a) increase of € 5.0 million due to higher interest expense on the Notes (after the Group's refinancing in November 2016, there is a lower interest rate, but a higher principal amount; (b) increase of € 0.9 million due to lower interest income on cash held; (c) increase of € 0.8 million due to the accrual for taxes and related interest of Guala Closures S.p.A. in relation to tax dating to the period 2012-2016; (d) increase of € 0.6 million due to higher amortization of transaction costs on the refinancing.

(29) Financial expense—related parties

This caption includes:

Thousands of Euros	For the six months ended June 30, 2016	2017	2018
Interest expense—GCL Holdings S.C.A.	7,469	829	649
Total	**7,469**	**829**	**649**

Interest expense versus GCL Holdings S.C.A. decreased in the first six months of 2017 compared to the first six months of 2016 due to the Group refinancing occurred in November 2016.

(30) Income taxes

This caption includes:

Thousands of Euros	For the six months ended June 30, 2016	2017	2018
Current taxes	(7,697)	(9,072)	(9,118)
Deferred tax income	(94)	799	2,058
Total	**(7,790)**	**(8,272)**	**(7,060)**

(30) Income taxes (Continued)

The change in deferred taxes recognized in profit or loss differ from that in the corresponding statement of financial position captions allocated directly to equity (€-20 thousand at June 30, 2018, €-29 thousand at June 30, 2017 and €-27 thousand at June 30, 2016).

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended June 30, 2018 was 115% (six months ended 30 June 2017: 73%) while were almost stable in the six months ended June 30, 2017 versus six months ended June 30, 2016: 67%. The increase in effective tax rate in the six months ended June 30, 2018 versus June 30, 2017 was due mainly by the operating tax losses of the period of Guala Closures S.p.A. not capitalized in the deferred tax.

(31) Earnings per share—basic and diluted

	For the six months ended June 30,		
Migliaia di €	**2016**	**2017**	**2018**
Profit/(loss) for the period attributable to the owners of the parent	(2,366)	(2,907)	(6,891)
Weighted average number of shares	74,624	74,624	74,624
Earnings/(loss) per share—basic and diluted (in Euro)	**(0.03)**	**(0.04)**	**(0.09)**

The diluted loss per share is the same as the loss per share as no financial instruments with potential dilutive effects have been issued.

(32) Net financial indebtedness

Net financial indebtedness at June 30, 2018, December 31, 2017, June 30, 2017 and December 31, 2016, is analyzed below and calculated in accordance with ESMA/2013/319 recommendations:

		June 30,		December 31,	
	(in thousands of Euros)	**2017**	**2018**	**2016**	**2017**
A	Cash	—	—	—	—
B	Other cash and cash equivalents	28,828	22,075	53,973	40,164
C	Securities held for trading	—	—	—	—
D	**Cash (A+B+C)**	**28,828**	**22,075**	**53,973**	**40,164**
E	**Current loan assets**	**665**	**1,825**	**714**	**655**
F	Current bank loans and borrowings	6,804	13,817	4,608	13,092
G	Current portion of non-current indebtedness	4,116	4,860	5,057	4,297
H	Other current loans and borrowings	2,342	4,078	4,095	3,231
	Of which: to related parties	*203*	*473*	*1,313*	*181*
I	**Current financial indebtedness (F+G+H)**	**13,262**	**22,755**	**13,760**	**20,620**
J	**Net current financial indebtedness (I-E-D)**	**(16,231)**	**(1,144)**	**(40,927)**	**(20,199)**
K	Non-current bank loans and borrowings	39,375	57,760	34,346	49,636
L	Bonds issued	500,749	502,836	499,698	501,789
M	Other non-current liabilities	52,932	44,135	55,539	48,495
	Of which: to related parties	*30,325*	*22,900*	*31,825*	*26,125*
N	**Non-current financial indebtedness (K+L+M)**	**593,057**	**604,730**	**589,583**	**599,920**
O	**Net financial indebtedness (J+N) as per ESMA's recommendation**	**576,826**	**603,586**	**548,656**	**579,721**

The Group monitors the performance of its financial indebtedness using a parameter which includes the amounts shown in the above table and non-current financial assets.

(32) Net financial indebtedness (Continued)

The table below shows the reconciliation of the total net financial indebtedness and the structure of net financial indebtedness as per the ESMA's recommendation:

	(in thousands of Euros)	June 30, 2017	June 30, 2018	December 31, 2016	December 31, 2017
O	Net financial indebtedness as per ESMA's recommendation	576,826	603,586	548,656	579,721
P	Non-current financial assets	91,433	91,431	91,432	91,435
	Of which: to related parties	91,200	91,200	*91,200*	*91,200*
Q	**Total net financial indebtedness (O-P)**	**485,393**	**512,155**	**457,224**	**488,286**

The change in net financial indebtedness at June 30, 2018 compared to December 31, 2017 and at June 30, 2017 compared to December 31, 2016 is mainly due to the cash flows used to finance the increase in net working capital following the seasonality nature of December and June of each year.

OTHER INFORMATION

(33) Fair value of financial instruments and sensitivity analysis

(a) Accounting classifications and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including December 31, 2017, June 30, 2018, December 31, 2016 and June 30, 2017. They do not include fair value information fo measured at fair value as their carrying amount is a reasonable approximation of fair value. There were no movements f months of 2018 and 2017.

June 30, 2018

Thousands of Euros	Note	Carrying amount Fair value - Held-for-trading	Designated at FVTPL	Fair value - hedging instruments	Loans and receivables	Other financial liabilities
Financial assets measured at fair value						
Aluminium derivatives used for trading	—	77				
		77	**—**	**—**	**—**	**—**
Financial assets not measured at fair value (*)						
Trade receivables—third parties	7				112,123	
Trade receivables—related parties	8				2,069	
Financial assets—third parties					285	
Intragroup loans	6				92,971	
Cash and cash equivalents	5				22,075	
		—	**—**	**—**	**229,523**	**—**
Financial liabilities measured at fair value						
Interest rate swaps used for hedging				(128)		
Put option on non-controlling interests	13		(16,700)			
		—	**(16,700)**	**(128)**	**—**	**—**
Financial liabilities not measured at fair value (*)						
Bank overdraft	13					(8,775
Secured bank loans	13					(63,719
Unsecured bank loans	13					(848
Secured bond issues	13					(505,931
Intragroup loans	14					(23,373
Finance lease liabilities	13					(7,021
Trade payables—third parties	15					(75,237
Other payables	13					(1,119
		—	**—**	**—**	**—**	**(686,022**

(*) The Group has not disclosed the fair values of some financial instruments such as current trade receivables, financial assets—third parties and cu a reasonable approximation of fair values.

(33) Fair value of financial instruments and sensitivity analysis (Continued)

December 31, 2017		Carrying amount						
Thousands of Euros	**Note**	**Fair value - Held-for-trading**	**Designated at FVTPL**	**Fair value - hedging instruments**	**Held-to-maturity**	**Loans and receivables**	**Available-for-sale**	**Other financia liabiliti**
Financial assets not measured at fair value (*)								
Trade receivables—third parties	7					102,444		
Trade receivables—related parties	8					1,208		
Financial assets—third parties						287		
Intragroup loans	6					91,803		
Cash and cash equivalents	5					40,164		
		—	—	—	—	**235,907**	—	-
Financial liabilities measured at fair value								
Interest rate swaps used for hedging				(213)				
Put option on non-controlling interests	13		(16,800)					
		—	**(16,800)**	**(213)**	—	—	—	-
Financial liabilities not measured at fair value (*)								
Bank overdraft	13							(10,58
Secured bank loans	13							(52,23
Unsecured bank loans	13							(1,12
Secured bonds issues	13							(504,88
Intragroup loans	14							(26,30
Finance lease liabilities	13							(7,77
Trade payables—third parties	15							(71,32
Other liabilities	13							(84
		—	—	—	—	—	—	**(675,06**

(*) The Group has not disclosed the fair values of some financial instruments such as current trade receivables, financial assets—third parties and cu a reasonable approximation of fair values.

(33) Fair value of financial instruments and sensitivity analysis (Continued)

June 30, 2017		Carrying amount						
Thousands of Euros	Note	Fair value - Held-for-trading	Designated at FVTPL	Fair value - hedging instruments	Held-to-maturity	Loans and receivables	Available-for-sale	Other financia liabiliti
Financial assets measured at fair value								
Aluminium derivatives used for trading		122						
		122	**—**	**—**	**—**	**—**	**—**	**-**
Financial assets not measured at fair value (*)								
Trade receivables—third parties	7					97,878		
Trade receivables—related parties	8					378		
Financial assets—third parties						294		
Intragroup loans	6					91,803		
Cash and cash equivalents	5					28,828		
		—	**—**	**—**	**—**	**219,182**	**—**	**-**
Financial liabilities measured at fair value								
Interest rate swaps used for hedging				(311)				
Aluminium derivatives used for trading		(49)						
Put option on non-controlling interests	13		(15,900)					
		(49)	**(15,900)**	**(311)**	**—**	**—**	**—**	**-**
Financial liabilities not measured at fair value (*)								
Bank overdraft	13							(4,48
Secured bank loans	13							(41,3
Unsecured bank loans	13							(1,40
Secured bond issues	13							(503,84
Intragroup loans	14							(30,52
Finance lease liabilities	13							(8,8
Trade payables—third parties	15							(75,25
Trade payables—related parties								(5
Other payables	13							(
		—	**—**	**—**	**—**	**—**	**—**	**(666,2**

(*) The Group has not disclosed the fair values of some financial instruments such as current trade receivables, financial assets—third parties and cu a reasonable approximation of fair values.

(33) Fair value of financial instruments and sensitivity analysis (Continued)

December 31, 2016		Carrying amount						
Thousands of Euros	Note	Fair value - Held-for-trading	Designated at FVTPL	Fair value - hedging instruments	Held-to-maturity	Loans and receivables	Available-for-sale	Oth finan liabil
Financial assets measured at fair value								
Aluminium derivatives used for trading		533						
		533	**—**	**—**	**—**	**—**	**—**	
Financial assets not measured at fair value (*)								
Trade receivables—third parties	7					89,134		
Trade receivables—related parties	8					277		
Financial assets—third parties						290		
Intragroup loans	6					91,856		
Cash and cash equivalents	5					53,973		
		—	**—**	**—**	**—**	**235,530**	**—**	
Financial liabilities measured at fair value								
Interest rate swaps used for hedging				(431)				
Aluminium derivatives used for trading		(2)						
Put option on non-controlling interests	13		(15,900)					
		(2)	**(15,900)**	**(431)**	**—**	**—**	**—**	
Financial liabilities not measured at fair value (*)								
Bank overdraft	13							(3,
Secured bank loans	13							(35,
Unsecured bank loans	13							(1,
Secured bond issues	13							(503,
Intragroup loans	14							(33,
Finance lease liabilities	13							(9,
Trade payables—third parties	15							(65,
Trade payables—related parties								(
Other liabilities	13							(
		—	**—**	**—**	**—**	**—**	**—**	**(653,**

(*) The Group has not disclosed the fair values of some financial instruments such as current trade receivables, financial assets—third parties and cu a reasonable approximation of fair values.

(33) Fair value of financial instruments and sensitivity analysis (Continued)

(b) Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Put option on non-controlling interests	*Discounted cash flows:* The fair value is determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast EBITDA of the Ukrainian subsidiary.	• Forecast EBITDA (average of last 2 years—2016 and 2017—and 2018 budget figures) • Net financial position of the Ukrainian subsidiary as at June 30, 2018 • Risk-adjusted discount rate (7.4%) • Expected date of put option exercise	The estimated fair value would increase if: • the EBITDA was higher • the net financial position was higher • the risk-adjusted discount rate was lower • the expected date of put option was exercised early
Forward interest rate swaps	*Market comparison technique:* The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Secured bond issues	Discounted cash flows	Not applicable.
Intragroup loans		
Finance lease liabilities		

Although the guaranteed bond issue is listed on OTC markets such as the Extra-MOT in Milan and the Eur-MTF in Luxembourg, during the period, no significant transactions took place. Therefore, this financial instrument was classified under level 2.

(33) Fair value of financial instruments and sensitivity analysis (Continued)

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

Thousands of Euros	June 30, 2016	June 30, 2017	June 30, 2018
Balance at January 1	13,500	15,900	16,800
(Profit)/ loss included in "(financial income) / financial expense"	950	—	(100)
– Net change in fair value (unrealised)			
Balance at June 30	**14,450**	**15,900**	**16,700**

Sensitivity analysis

For the fair value of the put option on non-controlling interests, reasonably possible changes at June 30, 2018 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

Thousands of Euros	Increase/ (decrease) in unobservable inputs	Favourable/ (unfavourable) impact on profit or loss
Forecast EBITDA	10%	(800)
	(10%)	800
Net financial position	+ 1 million €	(100)
	- 1 million €	100
Risk-adjusted discount rate	1%	750
	(1%)	(800)
Expected date of put option exercise	+ 1 year	600
	- 1 year	(600)

For the fair value of the put option on non-controlling interests, reasonably possible changes at June 30, 2017 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

Thousands of Euros	Increase/ (decrease) in unobservable inputs	Favourable/ (unfavourable) impact on profit or loss
Forecast EBITDA	10%	(750)
	(10%)	750
Net financial position	+ 1 million €	(100)
	- 1 million €	100
Risk-adjusted discount rate	1%	750
	(1%)	(850)
Expected date of put option exercise	+ 1 year	500
	- 1 year	(550)

(33) Fair value of financial instruments and sensitivity analysis (Continued)

For the fair value of the put option on non-controlling interests, reasonably possible changes at June 30, 2016 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

Thousands of Euros	Increase/ (decrease) in unobservable inputs	Favourable/ (unfavourable) impact on profit or loss
Forecast EBITDA	10%	(700)
	(10%)	700
Net financial position	+ 1 million €	(100)
	- 1 million €	100
Risk-adjusted discount rate	1%	800
	(1%)	(950)
Expected date of put option exercise	+ 1 year	500
	- 1 year	(500)

(c) Financial risk management

The Group is exposed to the following risks as a result of its operations:

- credit risk;
- liquidity risk;
- interest rate risk;
- currency risk;
- other price risk,

There are no changes with respect to the analysis carried out for the purposes of the Group's consolidated financial statements at December 31, 2017 and 2016.

(34) Contingent liabilities

At the date of publication of these condensed interim consolidated financial statements, there were no significant contingent liabilities in relation to which the Group can currently foresee future expenditure.

(35) Commitments and guarantees

The Group's commitments and guarantees given at June 30, 2018 and 2017 refer to the Senior Facilities Agreement and the Senior Secured Notes due in 2021 and other guarantees in place with other group companies. No changes occurred with respect to that set out in the consolidated financial statements at December 31, 2017 and 2016.

(36) Related party transactions

Reference should be made to the following notes to these condensed interim consolidated financial statements for information on relationship with parent: (6) Current and non-current financial assets—related parties; 8) Trade receivables—related parties; 14) Current and non-current financial liabilities—related parties; 23) Cost for services—related parties; 27) Financial income—related parties; 29) Financial expense—related parties.

Intragroup transactions and balances with subsidiaries are eliminated on consolidation and, therefore, do not appear in the condensed interim consolidated financial statements figures and are not disclosed in this report.

(36) Related party transactions (Continued)

Transactions with the key management personnel are set out below:

Thousands of Euros	Costs recognized in the first six months of 2018							Liabilities at June 30, 2018	Cash flows for the first quarter of 2018
	Fees for position held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Non-cash benefits	Other benefits	Total		
Total key management personnel transactions	290	287	167	11	7	—	**762**	10	729

Furthermore, in relation to services provided by key management personnel which act as managers of the parent GCL Holdings S.C.A., the Group received a recharge in 2018 of around €1.2 million.

Melville S.r.l. is considered a related party of the Group.

The relationships between Melville S.r.l. and the Group at June 30, 2018, 2017 and 2016 are summarized below:

- at June 30, 2018, 2017 and 2016, Melville S.r.l. had a representative on the board of directors and a representative on the board of statutory auditors of Guala Closures S.p.A.;
- at June 30, 2018, 2017 and 2016, Melville S.r.l. had a representative on the board of directors of GCL Holdings S.C.A.;
- at June 30, 2018, 2017 and 2016, Melville S.r.l. had a representative on the board of directors of GCL Holdings GP S.à r.l.;
- at June 30, 2018, 2017 and 2016, Melville S.r.l. had a representative on the board of directors of GCL Holdings LP S.à r.l.;
- at June 30, 2018, 2017 and 2016, Melville S.r.l. controlled an ultimate beneficial voting interest of 19.6%, via an investment in GCL Holdings L.P. S.à r.l.
- transactions with Melville took place on an arm's length basis.

In addition, Merchant Banking Funds is considered to be a related party of the Group.

aPriori Capital Partners L.P. manages the Merchant Banking Funds.

The transactions and relationships between Merchant Banking Funds and the Group at June 30, 2018 are summarized below:

- at June 30, 2018, 2017 and 2016, aPriori Capital Partners L.P. had five representatives on the board of directors of Guala Closures S.p.A.;
- at June 30, 2018, 2017 and 2016, aPriori Capital Partners L.P. had seven representatives on the board of directors of GCL Holdings S,C.A.;
- at June 30, 2018, 2017 and 2016, aPriori Capital Partners L.P. had four representatives on the board of directors of GCL Holdings GP S.à r. l.;
- at June 30, 2018, 2017 and 2016, aPriori Capital Partners L.P. had two representatives on the board of directors of GCL Holdings LP S.à r. l.;
- at June 30, 2018, 2017 and 2016, MB Overseas Partners IV, L.P., Merchant Banking Partners IV (Pacific), L.P., Offshore Partners IV, L.P., MBP IV Plan Investors, L.P. and MB Overseas IV AIV, L.P. were collectively the beneficial owners of 58% of GCL Holdings S.C.A. via their ownership of GCL Holdings L.P. S.à r.l.;
- transactions with aPriori Capital Partners L.P. took place on an arm's length basis.

Related parties also include a pension fund for employees of the former Metal Closures Ltd. (now Guala Closures UK Ltd.) managed by Metal Closures Group Trustees Ltd.. Considering the performance

(36) Related party transactions (Continued)

of the pension fund, the English company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 20) Employee benefits to the consolidated financial statements at December 31, 2017 for additional information.

Some of Guala Closures S.p.A. managers, who are also the managers of the parent GCL Holdings S.C.A., also hold Class B shares (without voting rights attached) of the parent GCL Holdings S.C.A, whose share capital of €141,217.50 is divided into 39,578 Class A shares, 5,610 Class B shares, 67,785 preferred shares and one management share.

Should GCL Holdings LP S.à r.l. sell a controlling stake in GCL Holdings S.C.A., any holder of Class B share shall have its shares converted into Class A shares (with one vote per share).

Around 12% of Class A and 100% of Class B shares are owned by members of the management of GCL Holdings S.C.A..

(37) Events after the reporting period

- **Business combinations**

(A) On July 30, 2018, a Managers' capital increase has been fully subscribed and paid-in by GCL Holdings S.C.A. ("GCL") for an amount equal to Euro 25,000,000 (of which Euro 370,161.40 allocated to share capital and Euro 24,629,838.60 to share premium reserve), against the issuance by Guala Closures S.p.A. ("Guala Closures") of No. 3,701,614 ordinary shares, together with No. 1,480,646 Guala Closures Management Warrants (for an equivalent ratio of 4 Guala Closures Management Warrants every 10 issued ordinary shares). Such amount has been made available to GCL through a facility agreement with Credit Suisse entered into on the same date guaranteed through a pledge over the Guala Closures' shares held by GCL.

(B) Further to the above, on July 30, 2018 the Board of Directors of Guala Closures resolved to (i) use part of the share premium reserve (created with the Managers' capital increase) to cover the losses carried forward from the previous financial years which have not been already covered further to the resolution of May 28, 2018 referred under paragraph (1) General information equal to Euro 4,893,059, the further losses resulting from the quarterly financial statement as of March 31, 2018, for an overall amount equal to Euro 4,913,235 as well the additional Euro 3,897,765 losses estimated as of July 30, 2018 on the basis of the budget of Guala Closures; and (ii) redeem all the SFP, by using the SFP reserve and the remaining part of the share premium reserve created with the Managers' capital increase.

(C) The redemption of the SFP held by GCL has been carried out through the offset of a receivable held by Guala Closures *vis-à-vis* GCL. Such offset is part of a broader intercompany netting transaction which has led to the write-off all the payables and receivables existing among Guala Closures, its parent company (GCL) and its subsidiaries (Guala Closures International B.V.). Particularly, on July 31, 2018, the intercompany loan granted in 2016 from Guala Closures to GCL for an amount equal to Euro 91,200,000, plus interests, has been extinguished through the compensation with (i) the debt of Guala Closures towards GCL arising from the SFP redemption described above, and (ii) the assignment to Guala Closures of the receivables of GCL towards Guala Closures International B.V..

(D) As a consequence of the resolutions and intercompany netting transactions mentioned under letter (G) above, as of July 31, 2018 the total debt of GCL towards Guala Closures amounted to Euro 3,676,144. Such receivable has been partially repaid on the same date through the payment by GCL of an amount equal to Euro 2,219,000. The residual amount, equal to Euro 1,457,144, has been waived by Guala Closures, which therefore has no other outstanding debt or receivables towards GCL as of July 31, 2018.

Guala Closures' financial indebtedness

(E) On June 28, 2018, Guala Closures, in agreement with Space4, has started two different consent solicitation procedures with the purpose of obtaining a waiver by (i) the bondholders under the

(37) Events after the reporting period (Continued)

bond issued by Guala Closures in 2016 (the "**Guala Closures Bond**") and (ii) the revolving credit facility lenders under the 2016 revolving credit facility agreement (the "**RCF**") in relation to their right to exercise the change of control clauses provided under the Guala Closures Bond and the RCF which would have been triggered upon completion of the Business Combination. Within the same procedures, the bondholders under the Guala Closures Bond and the RCF lenders have also been requested to release certain security interests created to secure their obligations under the relevant agreements. On July 20, 2018 and on July 19, 2018, the bondholders under the Guala Closures Bond and the RCF lenders respectively, agreed to grant the abovementioned waivers and carried out the necessary activities to release the relevant security interests.

(F) As a consequence of the consent solicitation procedure described under letter (E) above, on August 1, 2018 Guala Closures, in agreement with Space4, has fully repaid the Guala Closures Bond and the RCF for an amount equal to 100% of the relevant amounts and of any outstanding interests as of the repayment date, by using the proceeds of the intercompany loan equal to Euro 552,475,766.67 made available by Space4 on July 20, 2018. It shall be noted that part of the amount of such intercompany loan has been made available to Space4 on the same date further to the execution by the latter of a bridge facility agreement entered into with UniCredit Bank AG, Milan Branch, as agent, and the original bridge lenders (Credit Suisse AG, Milan Branch, Banca IMI S.p.A., Banco BPM S.p.A., Barclays Bank PLC and UniCredit S.p.A.) for an amount equal to Euro 450,000,000.00 ("**Bridge Facility Agreement**"), which shall be repaid within one year from its first utilization.

(G) Furthermore, on July 20, 2018, Space4 also entered into with UniCredit Bank AG, Milan Branch, as agent, and the original lenders (Credit Suisse International, Banco BPM S.p.A., Barclays Bank PLC, Intesa Sanpaolo S.p.A. and Unicredit S.P.A.,) a new revolving credit facility agreement governed by the law of England and Wales, for a maximum amount equal to Euro 80,000,000.00 (the "**New RCF**"). The New RCF will expire five years and six months after the first utilization of the bridge financing described under letter (F) above.

(H) Following the Merger (as defined below), Guala Closures will be liable for all the obligations arising under the Bridge Facility Agreement and the New RCF.

Closing of the Business Combination and admission to listing

(I) On the closing date of the Business Combination (*i.e.* on July 31, 2018) the acquisition of the 61,200,000 ordinary shares of Guala Closures (equal to 78.13% of its share capital) has been completed with the transfer by GCL of (i) No. 52,316,125 ordinary shares of Guala Closures to Space4, (ii) No. 7,403,229 ordinary shares of Guala Closures to PII G S.à r.l.[1], and (iii) No. 1,480,646 ordinary shares of Guala Closures to Quaestio Capital SGR S.p.A., against the payment of the agreed consideration. Furthermore, on the same date Guala Closures and Space4 executed the merger deed, the effects of which have been conditioned to the approval by Consob (the Italian supervisory authority) of the prospectus for the listing of Guala Closures post-merger (the "**Prospectus**").

(J) Finally, further to the approval by Consob of the Prospectus, the merger of Guala Closures into Space4 become effective on August 6, 2018 (the "**Merger**"). The company resulting from the Merger adopted the corporate name of "Guala Closures S.p.A." and its ordinary shares and market warrant have been traded starting from August 6, 2018 on the Italian Stock Exchange (*Mercato Telematico Azionario*), within the Star Segment.

• **Argentina operation**

Three-year cumulative inflation in Argentina using the wholesale price index has now exceeded 100% indicating that Argentina is a hyper-inflationary economy for accounting purposes and should be

[1] By means of the designation by Peninsula of its affiliate PII G S.à.r.l. as purchaser of the shares of Guala Closures pursuant to the master agreement referred under letter (A) above.

(37) Events after the reporting period (Continued)

considered as such from July 1, 2018. The Group will apply IAS 29 to the results of our Argentinian operations from this date.

As of and for the six month period ended June 30, 2018 the Group's operations in Argentina represented approximately 3% of its revenues, 2% of its EBITDA and 1% of its net assets.

On behalf of the Board of directors
The Chairman
Marco Giovannini

September 11, 2018

GUALA CLOSURES GROUP

CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2017

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Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the sole shareholder of
Guala Closures S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Guala Closures Group (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Guala Closures Group as at 31 December 2017 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Guala Closures S.p.A. (the "Company") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Guala Closures S.p.A. for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

Ancona Aosta Bari Bergamo
Bologna Bolzano Brescia
Catania Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona

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20124 Milano MI ITALIA

Standards endorsed by the European Union and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the Company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

— conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Turin, 9 April 2018

KPMG S.p.A.

Roberto Bianchi
Director of Audit

GUALA CLOSURES GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousands of Euros)	December 31, 2016	December 31, 2017	Note
ASSETS			
Current assets			
Cash and cash equivalents	53,973	40,164	5
Current financial assets—third parties	58	52	
Current financial assets—related parties	656	603	6
Trade receivables—third parties	89,134	102,444	7
Trade receivables—related parties	277	1,208	8
Inventories	67,883	82,742	9
Current direct tax assets	3,140	4,526	
Current indirect tax assets	6,340	6,970	
Financial derivative assets	533	—	
Other current assets	4,404	3,951	
Assets classified as held for sale	—	2,130	10
Total current assets	**226,399**	**244,791**	
Non-current assets			
Non-current financial assets—third parties	232	235	
Non-current financial assets—related parties	91,200	91,200	6
Property, plant and equipment	189,496	189,271	11
Intangible assets	373,990	377,049	12
Deferred tax assets	7,293	6,199	13
Other non-current assets	613	276	
Total non-current assets	**662,824**	**664,231**	
TOTAL ASSETS	**889,223**	**909,022**	
LIABILITIES AND EQUITY			
Current liabilities			
Current financial liabilities—third parties	12,446	20,440	14
Current financial liabilities—related parties	1,313	181	15
Trade payables—third parties	65,645	71,326	16
Trade payables—related parties	311	—	
Current direct tax liabilities	4,430	4,508	
Current indirect tax liabilities	4,556	4,775	
Current provisions	1,176	2,214	17
Financial derivative liabilities	433	213	18
Other current liabilities	26,301	25,337	19
Total current liabilities	**116,611**	**128,994**	
Non-current liabilities			
Non-current financial liabilities—third parties	557,758	573,795	14
Non-current financial liabilities—related parties	31,825	26,125	15
Employee benefits	6,246	6,376	20
Deferred tax liabilities	15,350	12,790	13
Non-current provisions	151	486	17
Other non-current liabilities	43	595	21
Total non-current liabilities	**611,373**	**620,167**	
Total liabilities	**727,984**	**749,161**	
Share capital and reserves attributable to non-controlling interests	17,024	15,817	
Profit for the year attributable to non-controlling interests	8,314	8,668	
Equity attributable to non-controlling interests	**25,338**	**24,486**	23
Equity attributable to the owners of the Company			
Share capital	74,624	74,624	
Share premium reserve	184,582	184,582	
Legal reserve	775	775	
Participating financial instruments reserve	60,305	65,086	
Translation reserve	(46,302)	(52,608)	
Hedging reserve	(796)	(630)	
Losses carried forward and other reserves	(134,446)	(138,138)	
Profit / (loss) for the year	(2,842)	1,684	
Equity attributable to the owners of the Company	**135,901**	**135,375**	22
Total equity	**161,239**	**159,861**	
TOTAL LIABILITIES AND EQUITY	**889,223**	**909,022**	

The accompanying notes are an integral part of the consolidated financial statements.

GUALA CLOSURES GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Thousands of Euros)	2016	2017	Note
Net revenue	**500,268**	**534,819**	24
Change in inventories of finished goods and semi-finished products	1,279	6,850	9
Other operating income	3,938	4,326	25
Work performed by the Group and capitalised	6,615	4,908	26
Costs for raw materials	(218,436)	(235,927)	27
Costs for services—third parties	(86,515)	(93,128)	28
Costs for services—related parties	(4,663)	(5,132)	29
Personnel expense	(90,282)	(96,825)	30
Other operating expense	(9,897)	(10,364)	31
Amortization, depreciation and impairment losses	(30,865)	(33,213)	11 - 12
Operating profit	**71,443**	**76,315**	
Financial income—third parties	8,045	3,553	32
Financial income—related parties	656	4,788	33
Financial expense—third parties	(37,064)	(47,509)	34
Financial expense—related parties	(13,133)	(1,597)	35
Net financial expense	**(41,496)**	**(40,764)**	
Profit before taxation	**29,947**	**35,551**	
Income taxes	(19,681)	(20,417)	37
Profit for the year	**10,266**	**15,133**	

OTHER COMPREHENSIVE INCOME

	2016	2017
Items that will never be reclassified to profit or loss:		
Actuarial gains/(losses) on defined benefit liability (asset)	(162)	15
	(162)	***15***
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	429	(6,178)
Effective portion of fair value gains (losses) of cash flow hedges	(29)	2
Net change in fair value of cash flow hedges reclassified to profit or loss	275	216
Tax on items that are or may be reclassified subsequently to profit or loss	(68)	(52)
	608	***(6,013)***
Other comprehensive income (expense) for the year, net of tax	**445**	**(5,998)**
Comprehensive income for the year	**10,711**	**9,136**
Profit (loss) attributable to:		
owners of the shares of the Company	(2,842)	1,684
owners of the Participating Financial Instruments of the Company	4,794	4,781
non-controlling interests	8,314	8,668
Profit for the year	**10,266**	**15,133**
Comprehensive income (expense) attributable to:		
owners of the shares of the Company	(3,050)	(4,445)
owners of the Participating Financial Instruments of the Company	4,794	4,781
non-controlling interests	8,968	8,800
Comprehensive income for the year	**10,711**	**9,136**

The accompanying notes are an integral part of the consolidated financial statements.

GUALA CLOSURES GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

(Thousands of Euros)	2016	2017	Note
Opening cash and cash equivalents	**61,754**	**53,973**	**5**
A) Cash flows from operating activities			
Profit before taxation	29,947	35,551	
Adjustments for:			
Amortization, depreciation and impairment losses	30,865	33,213	11 - 12
Net financial expense	41,496	40,764	32 - 33 - 34 - 35
Changes in:			
Receivables, payables and inventories	(9,218)	(28,563)	7 - 9 - 16
Other	816	(2,997)	
VAT and indirect tax assets/liabilities	(408)	(168)	
Income taxes paid	(21,689)	(22,542)	
Net cash from operating activities	**71,808**	**55,258**	
B) Cash flows used in investing activities			
Acquisitions of property, plant and equipment and intangible assets	(31,212)	(27,802)	11 - 12 - 19
Proceeds from sale of property, plant and equipment and intangible assets	80	515	11 - 12
Acquisition of Limat activities (Mexico)	—	(1,226)	4
Acquisition of ICSA activities (Chile)	—	(4,509)	4
Acquisition of Axiom Propack Ltd (India)	—	(5,365)	4
Acquisition of Capmetal, net of cash	(1,057)	—	
Net cash used in investing activities	**(32,189)**	**(38,386)**	
C) Cash flows used in financing activities			
Acquisition of non-controlling interest in Guala Closures Tools EAD	—	(1,050)	4
Interest received	1,774	5,558	32 - 33 - 38
Interest paid	(34,594)	(33,827)	34 - 35 - 38
Payment of transaction cost on Bonds and Senior Revolving Facility	(8,332)	(3,768)	
Other financial items	(1,180)	265	38
Dividends paid	(6,302)	(6,819)	
Proceeds from issue of share capital minority Capmetal	—	824	
Proceeds from new borrowings and bonds	563,010	24,330	38
Repayment of borrowings and bonds	(467,819)	(12,053)	38
Repayment of finance leases	(2,024)	(2,049)	38
Change in financial assets	(91,151)	2	
Net cash used in financing activities	**(46,619)**	**(28,588)**	
D) Net cash flow used in the year	**(6,999)**	**(11,716)**	
Effect of exchange rate fluctuations on cash held	(781)	(2,093)	
Closing cash and cash equivalents	**53,973**	**40,164**	5

The accompanying notes are an integral part of the consolidated financial statements.

GUALA CLOSURES GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Thousands of Euros)	Attributable to the owners of the Company							
	Share capital	Share premium reserve	Legal reserve	Participating financial instruments	Translation reserve	Hedging reserve	Losses carried forward and other reserves	Profit /(for the
Balance at January 1, 2016	**74,624**	**184,582**	**775**	**55,512**	**(46,077)**	**(974)**	**(122,762)**	**(11,5**
Allocation of 2015 profit / (loss)							(11,522)	11,5
Profit / (loss) for the year ended December 31, 2016				4,794				(2,8
Other comprehensive income / (expense)					(226)	178	(161)	
Comprehensive income for the year	**—**	**—**	**—**	***4,794***	***(226)***	***178***	***(11,684)***	***8,6***
Dividends to non-controlling interests								
Total contributions by and distributions to owners of the Company	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**-**
Acquisition of Guala Closures France SAS (formerly Capmetal SAS)							—	
Total changes in ownership interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**-**
Balance at December 31, 2016	**74,624**	**184,582**	**775**	**60,305**	**(46,302)**	**(796)**	**(134,446)**	**(2,8**
Balance at January 1, 2017	**74,624**	**184,582**	**775**	**60,305**	**(46,302)**	**(796)**	**(134,446)**	**(2,8**
Allocation of 2016 profit / (loss)							(2,842)	2,8
Profit for the year ended December 31, 2017				4,781				1,6
Other comprehensive income/(expense)			—		(6,306)	166	11	
Comprehensive income for the year	**—**	**—**	**—**	**4,781**	**(6,306)**	**166**	**(2,831)**	**4,5**
Dividends to non-controlling interests								
Other movements							(191)	
Total contributions by and distributions to owners of the Company	**—**	**—**	**—**	**—**	**—**	**—**	**(191)**	**-**
Acquisition of non-controlling equity of Guala Closures Tools							(671)	
Total changes in ownership interests	**—**	**—**	**—**	**—**	**—**	**—**	***(671)***	**-**
Balance at December 31, 2017	**74,624**	**184,582**	**775**	**65,086**	**(52,608)**	**(630)**	**(138,138)**	**1,6**

The accompanying notes are an integral part of the consolidated financial stater

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2017

GENERAL INFORMATION

(1) The Group's activities and key changes in its structure during the year

Guala Closures Group's main activities involve the design and manufacturing of closures for spirits, wine and non-alcoholic drinks such as water, olive oil and vinegar, as well as pharma products to be sold on the domestic and international markets.

The Group is also active in the field of production of PET plastic preforms and bottles.

The Group's activities are separated into two divisions:

- the Closures division, representing the Group's core business, specialized in the production of safety closures (safety product line), roll on (standard) aluminum closures, customized plastic and aluminum closures (luxury product line) and closures for other sectors and accessories; the division also produces aluminum, plastic and rubber closures for the pharmaceutical sector;
- the PET division, which produces preforms and bottles for carbonated soft drinks (CSD product line) and preforms, bottles, molds, jars, flasks and miniature drink bottles and containers for cosmetics, beauty products and pharmaceuticals and foodstuffs (custom molding product line). This division is no longer considered as a core business.

Currently, the Group is the European and international leader in the production of safety closures for spirits bottles, with over 60 years' experience in the sector.

It is also the leading European producer of aluminum closures for spirits bottles.

The following events took place in 2017:

- **Acquisition of the Indian company AXIOM Propack Pvt Ltd:**

On July 5, 2017, the Group signed in Mumbai an agreement for the purchase of 100% of the shares of Axiom Propack Pvt Ltd, an Indian company active in the production of safety closures for spirits; the completion of the deal occurred on October 13, 2017, as it was subject to customary closing conditions as per Indian law.

Axiom has a production unit in Karnataka. It serves the Indian IMFL (Indian Made Foreign Liquors) market and it commenced operations in 2016 with a first year turnover of about € 6 million.

The total consideration for this acquisition is € 5.4 million; the acquired subsidiary also includes € 5.4 million of financial indebtedness.

The transaction has only been recognized provisionally.

With this acquisition, the Group aims to reinforce its position in the area and to increase its production capacity in order to properly meet to the growing demand for protection against product counterfeiting.

For further details on the above mentioned acquisition, please see note 4) Acquisitions of subsidiaries, business units and non-controlling interests to the consolidated financial statements.

- **Acquisition of the activities of LIMAT S.A. de C.V.:**

On July 13, 2017, the Group signed an agreement for the acquisition of the activities of LIMAT S.A. de C.V., a Mexican company specialized in the manufacturing of wood overcaps for top-range spirit bottles.

Limat's operations are based in Mexico City and it recorded a turnover of approximately € 1 million in 2016.

With this acquisition, the Group continues its production integration, in order to develop its products to the top of the spirits range, especially Tequila.

The total consideration for this acquisition is € 1.2 million.

The transaction has only been recognized provisionally.

(1) The Group's activities and key changes in its structure during the year (Continued)

For further details on the above mentioned acquisition, please see note 4) Acquisitions of subsidiaries, business units and non-controlling interests to the consolidated financial statements.

• **Change in company denomination:**

On September 1, 2017, Capmetal SAS changed its name to Guala Closures France SAS.

• **Acquisition of non-controlling interest in Guala Closures Tools A.D.:**

On September 11, 2017, the Group acquired a residual non-controlling interest (30%) in Guala Closures Tools A.D. (Bulgaria) through its holding company Guala Closures Bulgaria A.D. for € 1.1 million.

On October 5, 2017, Guala Closures Tools A.D. changed its name to Guala Closures Tools EAD.

For further details on the above mentioned acquisition, please see note 4) Acquisitions of subsidiaries, business units and non-controlling interests to the consolidated financial statements.

• **Acquisition of the activities of the Chilean company ICSA:**

On October 17, 2017, the Group completed the acquisition of the screw caps activities of ICSA (Industria Corchera S.A.), the Chilean company specialized in promoting and selling packaging products for the wine industry in South America.

The acquired activities of ICSA, based in Santiago de Chile, recorded a turnover of approximately € 4 million in 2016; this deal increases the Group's local production capacity to meet the growing demand of South American wine-makers.

The total consideration for this acquisition is € 4.5 million.

The transaction has only been recognized provisionally.

For further details on the above mentioned acquisition, please see note 4) Acquisitions of subsidiaries, business units and non-controlling interests to the consolidated financial statements.

(2) Accounting policies

The consolidated financial statements at December 31, 2017 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union ("EU"), and related interpretations. They include the financial information of the parent and all subsidiaries shown in the Group structure at December 31, 2017.

The consolidated financial statements have been prepared on a historical cost basis, except for derivatives, asset held for sale and put option to non-controlling interest which are measured at fair value, and on a going concern basis. There are no business risks and/or any identified uncertainties which may cast doubts on the Group ability to continue as a going concern.

The consolidated financial statements have been prepared using the following formats:

- captions of the statement of financial position are classified by current and non-current assets and liabilities;
- statement of profit or loss and other comprehensive income ("OCI") captions are classified by nature;
- the statement of cash flows has been prepared using the indirect method;
- the statement of changes in equity has been prepared in accordance with the structure of changes in equity.

(2) Accounting policies (Continued)

The consolidated financial statements have been prepared in Euros, which is the Group's presentation currency, rounding the amounts to the nearest thousand. Any discrepancies between financial statements balances and those of the tables of the notes to the consolidated financial statements are due exclusively to rounding and do not alter their reliability or substance.

Guala Closures S.p.A.'s board of directors approved the consolidated financial statements on March 23, 2018.

The shareholders who will be called to approve the parent's separate financial statements have the power to request changes to the consolidated financial statements.

The most important accounting policies used by the Group to draw up its consolidated financial statements are consistent with those used for the consolidated financial statements as at and for the year ended December 31, 2016 apart from that stated in paragraph (c) Changes in accounting standards. They are described below.

The consolidated figures of Guala Closures Group are included in the consolidated financial statements prepared by the parent GCL Holdings S.C.A., incorporated and domiciled in Luxembourg, 8A, rue Albert Borschette, L-1246, which prepares the consolidated financial statements for GCL Holdings S.C.A. and its subsidiaries. GCL Holdings S.C.A. is the ultimate parent that prepares the consolidated financial statements for the whole Group.

The accounting policies have been applied consistently across all group companies.

(a) Basis of consolidation

Accounting for business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Acquisitions on or after January 1, 2010

For acquisitions on or after January 1, 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss in the other income caption.

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are generally recognized in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for in equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the

(2) Accounting policies (Continued)

business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between January 1, 2004 and January 1, 2010

For acquisitions between January 1, 2004 and January 1, 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognized immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations, were capitalized as part of the cost of the acquisition.

Acquisitions prior to January 1, 2004 (date of transition to IFRSs)

As part of its transition to IFRSs, the Group elected to restate only those business combinations that occurred on or after January 1, 2004. In respect of acquisitions prior to January 1, 2004, goodwill represents the amount recognized under the Group's previous accounting framework, Italian GAAP.

Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(2) Accounting policies (Continued)

The entities included in the consolidation scope are listed in the following table:

List of investments in subsidiaries at December 31, 2017

Company name	Registered office	Currency	Share capital	Investment percentage	Type of investment	Method of consolidation
EUROPE						
Guala Closures International B.V.	The Netherlands	EUR	92,000	100%	Direct	Line-by-line
Pharma Trade S.r.l.	Italy	EUR	100,000	100%	Direct	Line-by-line
Guala Closures UK Ltd.	Great Britain	GBP	134,000	100%	Indirect	Line-by-line
Guala Closures Iberica, S.A.	Spain	EUR	4,979,964	100%	Indirect	Line-by-line
Guala Closures France SAS	France	EUR	2,748,000	70%	Indirect	Line-by-line
Guala Closures Ukraine LLC	Ukraine	UAH	90,000,000	70%	Indirect	Line-by-line
Guala Closures Bulgaria AD	Bulgaria	BGN	10,420,200	70%	Indirect	Line-by-line
Guala Closures Tools EAD	Bulgaria	BGN	2,375,700	70%	Indirect	Line-by-line
Guala Closures DGS Poland S.A.	Poland	PLN	595,000	70%	Indirect	Line-by-line
ASIA						
Guala Closures India pvt Ltd.	India	INR	170,000,000	95.0%	Indirect	Line-by-line
Axiom Propack pvt Ltd.	India	INR	188,658,000	95.0%	Indirect	Line-by-line
Beijing Guala Closures Co. Ltd.	China	CNY	20,278,800	100%	Indirect	Line-by-line
Guala Closures Japan KK	Japan	JPY	32,229,500	100%	Indirect	Line-by-line
LATIN AMERICA						
Guala Closures Mexico, S.A. de C.V.	Mexico	MXN	94,630,010	100%	Indirect	Line-by-line
Guala Closures Servicios Mexico, S.A. de C.V.	Mexico	MXN	50,000	100%	Indirect	Line-by-line
Guala Closures Argentina S.A.	Argentina	ARS	17,702,910	98.38%	Indirect	Line-by-line
Guala Closures do Brasil LTDA	Brazil	BRL	10,736,287	100%	Indirect	Line-by-line
Guala Closures de Colombia LTDA	Colombia	COP	8,691,219,554	93.20%	Indirect	Line-by-line
Guala Closures Chile SpA	Chile	CLP	1,861,730,369	100%	Indirect	Line-by-line
OCEANIA						
Guala Closures New Zealand Ltd.	New Zealand	NZD	5,700,000	100%	Indirect	Line-by-line
Guala Closures Australia Holdings Pty Ltd.	Australia	AUD	34,450,501	100%	Indirect	Line-by-line
Guala Closures Australia Pty Ltd.	Australia	AUD	810	100%	Indirect	Line-by-line
AFRICA						
Guala Closures South Africa Pty Ltd.	South Africa	ZAR	60,000,000	100%	Indirect	Line-by-line
REST OF THE WORLD						
Guala Closures North America, Inc.	United States	USD	60,000	100%	Indirect	Line-by-line

Note:

The table does not include the figures for Metal Closures Group Trustee Ltd. (the company that manages the Metal Closures pension schemes—see note 20) "Employee benefits") as they are not consolidated due to their immaterial size.

Consolidation procedures

The financial statements of the subsidiaries are prepared for each reporting period using the same accounting policies as those of the parent. Consolidation adjustments are recognized to make those captions impacted by the application of different accounting policies consistent. All intragroup balances and transactions, including any unrealized profits on transactions within the Group, are completely eliminated. Unrealized losses, other than impairment losses, are eliminated. The related tax effects are measured on all consolidation adjustments.

(b) Use of estimates and judgments

Management has to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, costs and revenue. Estimates and the related assumptions are based on past experience and other factors considered to be reasonable in the circumstances. They are adopted to estimate the carrying amount of assets and liabilities that cannot easily be assumed from other sources. However, as they are estimates, the actual figure may not match the result of the estimate. Information about assumptions and estimation uncertainties that have a significant risk of

(2) Accounting policies (Continued)

resulting in a material adjustment in the year ended December 31, 2018 is included in the following notes: allowances for impairment (note 7) and inventory write-down (note 9), assets classified as held for sale (note 10), amortization and depreciation and impairment of non-current assets (notes 11-12), employee benefits (note 20), taxes (note 37), provisions (note 17), and to measure financial derivatives (notes 18) and effects of business combinations (note 4).

Such estimates and assumptions are reviewed regularly. Any changes arising therefrom are recognized in the year in which the review takes place if this only affects that year. If the review relates to both current and future years, the change is recognized in the year in which the review takes place and in the related future year.

(c) Changes in accounting standards

The following new standards and amendments applicable from January 1, 2017 were adopted by the Group:

- Amendments to IAS 12—*Income Taxes* that clarify how to account for deferred tax assets related to debt instruments measured at fair value. The adoption of these amendments had no effect on the consolidated financial statements;
- Amendments to IAS 7—*Statement of Cash Flows* introducing additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The required disclosures have been included in note 38) Explanatory notes to the consolidated statement of cash flows.

(d) Foreign currency

Functional currency and presentation currency

The figures stated in the financial statements of each group company are measured using their functional currency, being the currency of the primary economic environment in which the company operates. The consolidated financial statements are drawn up in Euros, the parent's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions, including the effects of fair value adjustments arising from business combinations and goodwill from acquisitions of entities whose functional currency is not the Euro, are translated into the functional currency applying the exchange rate ruling on the date of the transaction.

Monetary items in foreign currency existing at the reporting date are translated into Euros using the closing rate. Exchange rate gains and losses are taken to profit or loss. Non-monetary items measured at their historical cost in foreign currency are translated using the exchange rate ruling on the transaction date. Non-monetary items measured at fair value in foreign currency are translated into Euros using the exchange rates ruling on the date their fair value was determined.

Financial statements of the foreign companies

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euros at the closing rates. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into Euros at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group

(2) Accounting policies (Continued)

disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

The following exchange rates are applied to translate those financial statements presented in currencies that are not legal tender in Italy:

Statement of financial position

1 Euro = x foreign currency	December 31, 2016	December 31, 2017
Pound sterling	0.85618	0.88723
US dollar	1.05410	1.19930
Indian rupee	71.59350	76.60550
Mexican peso	21.77190	23.66120
Colombian peso	3,169.49219	3,580.19000
Brazilian real	3.43050	3.97290
Chinese renmimbi	7.32020	7.80440
Argentinean peso	16.74881	22.93100
Polish zloty	4.41030	4.17700
New Zealand dollar	1.51580	1.68500
Australian dollar	1.45960	1.53460
Ukrainian hryvnia	28.73860	33.73180
Bulgarian lev	1.95580	1.95580
South African Rand	14.45700	14.80540
Japan Yen	123.40000	135.01000
Chilean peso	704.94519	737.29000

Statement of profit or loss and other comprehensive income

1 Euro = x foreign currency	2016	2017
Pound sterling	0.81890	0.87615
US dollar	1.10660	1.12928
Indian rupee	74.35527	73.49803
Mexican peso	20.65497	21.32782
Colombian peso	3,378.73682	3,333.83667
Brazilian real	3.86163	3.60411
Chinese renmimbi	7.34958	7.62643
Argentinean peso	16.33360	18.72601
Polish zloty	4.36364	4.25631
New Zealand dollar	1.58945	1.58952
Australian dollar	1.48860	1.47294
Ukrainian hryvnia	28.27617	30.02755
Bulgarian lev	1.95580	1.95580
South African Rand	16.27719	15.04338
Japan Yen	120.31373	126.65452
Chilean peso	748.65053	732.18783

(e) Cash and cash equivalents

Cash and cash equivalents include cash balances and on-demand deposits as well as all highly-liquid investments with an original expiry date equal to or of less than three months.

Cash and cash equivalents are calculated in the same way for both the statement of financial position and statement of cash flows.

(2) Accounting policies (Continued)

(f) Derivatives

The Group uses derivatives solely to hedge interest rate risks, the risk of fluctuations in the purchase price of aluminum and currency risk related to purchase and sales transactions.

In line with its treasury policy, the Group does not hold or issue derivatives for speculative or trading purposes. Nevertheless, those derivatives that do not qualify for hedge accounting are recognized as trading instruments.

Derivative financial assets and liabilities are initially measured at fair value which is then remeasured at each reporting date.

The fair value of interest rate swaps is the present value of the difference between the rate to pay/ receive and the interest rate based on market trends at the same date as the swap.

The fair value of currency swaps, currency options and derivatives related to the price of raw materials is calculated by leading financial institutions on the basis of market conditions.

To reduce the risk of default, the counterparties in the derivative contracts are usually leading banks and financial institutions.

Cash flow hedges

The effective part of changes in the fair value of those derivatives that qualify as cash flow hedges and which are highly effective is recognized in other comprehensive income and presented in the hedging reserve in equity. The amounts included in this reserve and subsequent changes in the fair value of the derivatives are reclassified to profit or loss in the year in which the flows generated by the hedged captions affect profit and loss.

Changes in the fair value of those derivatives that do not qualify as cash flow hedges and the ineffective portion of those which do qualify are recognized in profit or loss. If hedge accounting is not applied to a derivative instrument that is entered into as an economic hedge, then derivative gains and losses are shown in profit or loss as either operating or financing items, depending on the nature of the item being economically hedged.

(g) Trade and other receivables

Trade and other receivables with due dates in line with generally accepted current trade terms are initially recognized at fair value, which generally equals their nominal amount. They are subsequently measured at amortized cost, net of identified impairment losses. The estimate of the amounts considered unrecoverable is based on the present value of estimated future cash flows.

Impairment losses are recognized in profit and loss under other operating expense.

(h) Inventories

Inventories are measured at the lower of purchase or production cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

The production cost of finished goods includes the portions of the costs of raw materials and external materials and processing, as well as all other direct and indirect production costs reasonably attributable to the products, excluding financial expense.

Purchase or production cost is calculated on a weighted average cost basis.

Obsolete and/or slow-moving inventories are written down on the basis of their estimated possibility of use or future realizable value, through an accrual to the specific allowance adjusting the value of inventories. The amount is reinstated if, in subsequent years, the reasons for the write-down no longer exist.

(2) Accounting policies (Continued)

(i) Assets held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

(j) Property, plant and equipment

Property, plant and equipment are recognized at historical cost, including directly related ancillary costs necessary for the use of the asset. Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

Property, plant and equipment are shown net of accumulated depreciation and any impairment losses determined as set out later on.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The depreciation periods are as follows:

	Depreciation period (years)
Buildings	30 – 35
Light constructions	8 – 10
Specific plant, machinery, presses and molds	4 – 12
Generic plant	10 – 13
Laboratory equipment	2 – 3
Canteen equipment, office furniture and equipment and fittings for exhibitions and trade fairs	8 – 10
Vehicles, canteen facilities	4 – 6
Internal means of transport, electronic equipment and mobile phones	5 – 8

The carrying amount of property, plant and equipment is tested for impairment if events or changed circumstances suggest that the carrying amount may not be recovered. If there is an indication of this type and in the event the carrying amount exceeds the estimated realizable value, the assets are adjusted to their realizable value. The realizable value of property, plant and equipment is the higher of an asset's net selling price and its value in use. Value in use is defined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market estimate of the time value of money and specific risks of the item of property, plant and equipment. Impairment losses are recognized in profit or loss under

(2) Accounting policies (Continued)

amortization, depreciation and impairment losses. Such impairment losses are reversed if the reasons for impairment are no longer valid.

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

At the time of disposal or when there are no expected future economic benefits from an asset's use, the caption is derecognized. Any gain or loss (calculated as the difference between the sales amount and carrying amount) is taken to profit or loss in the year of derecognition.

(k) Leases

Finance leases

Leases for property, plant and equipment where the Group substantially takes on all risks and rewards incidental to ownership are classified as finance leases. Plant and machinery acquired under finance leases are recognized at the lower of fair value and the present value of the minimum lease payments due at the inception of the lease, net of accumulated depreciation and any impairment losses. The related assets, liabilities, revenue and expense deriving from the lease are recognized under the financial method at the inception of the lease, i.e., when the lessee is authorized to exercise its right to use the leased asset. Property, plant and equipment acquired under finance leases are depreciated over the related asset's useful life.

Interest expense on finance lease payments is recognized in profit or loss using the effective interest method.

Operating leases

Those leases where the Group does not substantially take on all risks and rewards incidental to ownership are recognized as operating leases. Operating lease payments are taken to profit or loss on a straight-line basis over the lease term.

(l) Intangible assets

Goodwill

Goodwill arising from the acquisition of subsidiaries is initially recognized at cost. After initial recognition, goodwill is adjusted for any accumulated impairment losses, determined using the criteria described later on.

Goodwill is tested for impairment on an annual basis at least, or more frequently if events or changes in circumstances take place that could give rise to impairment losses. At the date of acquisition, any goodwill is allocated to each of the cash-generating units that are expected to benefit from the synergic effects of the acquisition. Any impairment losses are identified through assessment of each unit's ability to generate cash flows such to recover the part of goodwill allocated to it, using the method described in the section on Property, plant and equipment. An impairment loss is recognized in the event the amount recoverable by the cash-generating unit is less than its carrying amount.

These impairment losses are not reversed if the reasons for impairment are no longer valid.

Research expenditure

Expenditure on research undertaken to gain scientific and technical knowledge and information is recognized as an expense when incurred.

Development expenditure

Development expenditure, which also relates to the application of research findings to a plan or design for the production of new or substantially improved products or processes, is capitalized when the

(2) Accounting policies (Continued)

product or process is feasible in technical and commercial terms and the Group has adequate resources to complete the development stage and the Group has concluded that it will have the ability to use it.

Capitalized development expenditure is measured at cost, net of accumulated amortization and impairment losses.

Other intangible assets

These assets are measured at cost, determined in the same way as described for property, plant and equipment.

Other intangible assets, which all have a finite useful life, are subsequently shown net of accumulated amortization and any impairment losses, determined in the same way as described for property, plant and equipment.

Useful life is checked annually and, where necessary, any changes are reflected on a prospective basis.

The amortization periods for other intangible assets are as follows:

	Amortization period (years)
Development expenditure	5
Patents and trademarks	5 – 10
Software	5
Licenses	5
Other capitalized expenditure	5 or in line with the contract term

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is amortized over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

The gain or loss arising from the disposal of an intangible asset is determined as the difference between the net disposal proceeds and carrying amount. It is recognized in profit or loss at the time of disposal.

(m) Income taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in the consolidated statement of equity or in OCI.

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax also includes any tax arising from dividends and any interest and penalties imposed by the tax authorities following their review of the tax position of previous years which found a difference in tax due.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

(2) Accounting policies (Continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The income tax consequences of dividends are recognized when the dividend is approved.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(n) Non-derivative financial assets

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets in the following categories: financial assets at fair value through profit or loss (financial assets at FVTPL), held-to-maturity investments, loans and receivables and available-for-sale financial assets.

Financial assets at FVTPL

A financial asset is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at FVTPL are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt instruments to maturity, then such financial assets are classified as held to maturity. Held-to-maturity investments are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity

(2) Accounting policies (Continued)

investments as available for sale, and prevent the Group from classifying investment securities as held to maturity for the current and following two years.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt instruments.

(o) Non-derivative financial liabilities

The Group initially recognises debt instruments issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Group classifies non-derivative financial liabilities in the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

(p) Share capital and equity

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a decrease in equity, net of any tax effects.

Business combinations

When as a result of a takeover/acquisition of control not involving the entire stake in the acquiree, the Group has the potential obligation to acquire the residual investment in the acquiree should the non-controlling investors exercise a put option and the non-controlling investors still have present access to the economic benefit associated with the underlying ownership interests, it recognizes a liability calculated

(2) Accounting policies (Continued)

by discounting the estimated value at the exercise date using the present access method whereby a liability is recognized decreasing the equity caption "Retained earnings (losses carried forward)" in the first year, with subsequent remeasurement recognized in profit or loss as financial expense.

Participating financial instruments

In accordance with IAS 32, the participating financial instruments issued by Guala Closures S.p.A. at the end of 2014 have to be recognized as part of the Group's equity components due to their terms. Following the guidance of IAS 1, the Participating Financial Instruments are recognized in the Participating Finance Instruments reserve as a separate component of equity. Any borrowing costs incurred are directly deducted from the participating financial instruments, taking account of related deferred income taxes.

Accordingly, the tax-deductible interest payments are not shown under interest expense but are treated similarly to dividend obligations with Guala Closures S.p.A. shareholders.

Since the participating financial instruments are issued by the parent, the interest accrued during the accounting period is shown as part of the allocated profit or loss and other comprehensive income or expense attributable to the owners of the parent and, consequently, in the reconciliation of changes in each equity reserve, the profit attributable to the participating financial instruments is allocated to the participating financial instruments reserve disclosing any cumulative interest / dividends which have not yet been distributed / paid.

(q) Trade payables

Trade payables with due dates in line with generally accepted trade terms are initially recognized at fair value and subsequently measured at amortized cost.

(r) Employee benefits

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

IFRIC 14 clarifies the provisions of IAS 19—Employee benefits with respect to the measurement of defined benefit plan assets when there is a minimum funding requirement. A defined benefit plan is in surplus when the fair value of the plan assets exceeds the present value of the defined benefit obligation. IFRIC 14/IAS 19 only permit the recognition of this surplus at the present value of the financial benefits available through refunds or reductions in future contributions. Moreover, disclosure is required when the plan requires a minimum contribution that could give rise to a liability.

(2) Accounting policies (Continued)

The post-employment benefits in Italy (TFR, trattamento di fine rapporto) are treated in the same way as benefit obligations arising from defined benefit plans.

(s) Provisions

Provisions include certain or probable costs and charges, the amount or due date of which is unknown at year end. A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow from the Group of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. The provisions are stated as the best estimate of the expenditure required to settle the obligation at the reporting date or to transfer it to a third party at that date. If the impact of discounting the time value of money is significant, the provision is determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

(t) Revenue

Revenue is recognized to the extent that it is possible to reliably determine its amount and it is probable that the related economic benefits will flow to the Group. Revenue is recognized using the following criteria depending on the type of transaction:

- revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer;
- recovery of the consideration is probable and the associated costs and possible return of goods can be estimated reliably;
- there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably;
- revenue for services is recognized in relation to the stage of completion of the transaction at the reporting date.

Revenue is measured net of returns, trade discounts and volume rebates.

No revenue is recognized if significant uncertainties exist in relation to the collection of the related receivables net of any returns.

(u) Grants

Grants relating to assets and income are recognized when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Grants related to assets are recognized as deferred revenue under Other liabilities in the statement of financial position and are taken to profit or loss on a systematic basis to offset them against the depreciation of the relevant assets. Grants relating to income are recognized under Other operating income.

(v) Financial income and expense

Financial income and expense are recognized on an accruals basis and calculated on the carrying amount of the related financial assets and liabilities using the effective interest method.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

(2) Accounting policies (Continued)

(w) Standards, amendments and interpretations not yet applicable

The following new standards and amendments were issued by the IASB. We will comply with the relevant guidance no later than their respective effective dates:

- In IFRS 15—*Revenue from Contracts with Customers* ("IFRS 15"), which was issued by the IASB in May 2014 and amended in September 2015 and is effective for annual periods beginning on or after January 1, 2018, the Group will adopt the provisions of IFRS 15 and all its amendments using the modified retrospective method with a cumulative adjustment to equity as of January 1, 2018. The standard requires a company to recognize revenue upon transfer of control of goods or services to a customer at an amount that reflects the consideration it expects to receive using a five-step process. The new standard also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. The majority of our revenue will continue to be recognized in a manner consistent with the accounting guidance in prior years. We do not expect significant impact to both equity and net profit as of January 1, 2018 in our consolidated financial statements or disclosures upon adoption of the new standard.
- In July 2014, the IASB issued IFRS 9—*Financial Instruments* ("IFRS 9"). The standard is effective for annual periods beginning on or after January 1, 2018. IFRS 9 introduces improvements in the accounting requirements for classification and measurement of financial assets, for impairment of financial assets and for hedge accounting. The Group will apply practical expedients permitted by the standard and not restate prior periods. For hedge accounting, the Group will apply the standard prospectively.
    - Financial assets will be classified and measured on the basis of the Group's business model and characteristics of the financial asset's cash flows. A financial asset is initially measured either at "amortized cost", at "fair value through other comprehensive income" or at "fair value through profit or loss". At the date of initial application of IFRS 9 the measurement of the Group's financial assets under IFRS 9 has not changed compared to IAS 39. The classification of financial liabilities under IFRS 9 is unchanged compared with the current accounting requirements of IAS 39.
    - The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred losses as is the case under IAS 39. The expected credit losses will be recorded either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on trade and other receivables. For receivables from financing activities the Group will apply the general approach, recording the credit losses either on a 12-month or lifetime basis.
    - The new hedge accounting rules will align the accounting for hedge instruments more closely with the Group's risk management practices. Generally, under IFRS 9 more hedge relationships will be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group has undertaken an assessment of its IAS 39 hedge relationships against the requirements of IFRS 9 and has concluded that the Group's current hedge relationships will qualify as continuing hedges upon the adoption of IFRS 9. The new standard also introduces expanded disclosure requirements and changes in presentation.

Overall, the total impact of the cumulative adjustment to equity as of January 1, 2018 and the impact on the Group's net profit is expected to be not material.

- In January 2016, the IASB issued IFRS 16—*Leases* ("IFRS 16") which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract and replaces the previous leases standard, IAS 17—Leases. IFRS 16, which is not applicable to service contracts, but only applicable to leases or lease components of a contract, defines a lease as a contract that conveys to the customer (lessee) the right to use an asset for a period of time in exchange for consideration. IFRS 16 eliminates the classification of leases for the lessee as either operating leases or finance leases as required by IAS 17 and instead, introduces a single lessee accounting model whereby a lessee is required to recognize assets and liabilities for all leases with a

(2) Accounting policies (Continued)

term that is greater than 12 months, unless the underlying asset has a low value, and to recognize depreciation of lease assets separately from interest on lease liabilities in the statement of profit or loss. As IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, a lessor will continue to classify its leases as operating leases or finance leases and to account for those two types of leases differently. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 and the Group is continuing to implement and assess the impact of the adoption of this standard on its consolidated financial statements.

- In September 2016, the IASB issued "Applying IFRS 9, Financial Instruments with IFRS 4, Insurance Contracts" (Amendments to IFRS 4). The amendments provide two options for entities that issue insurance contracts within the scope of IFRS 4: (i) an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expense arising from designated financial assets (the "overlay approach") and (ii) an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4 (the "deferral approach"). The Group does not expect any impact on its consolidated financial statements or disclosures upon adoption of the amendments.

The European Union had not yet completed its endorsement process for these standards and amendments at the date of these consolidated financial statements:

- In June 2016, the IASB issued amendments to IFRS 2—Share-based Payments, clarifying how to account for certain types of share-based payment transactions. The amendments, which were developed through IFRIC, provide requirements on the accounting for (i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, (ii) share-based payment transactions with a net settlement feature for withholding tax obligations and (iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The Group will adopt these amendments prospectively from January 1, 2018. The Group does not expect a material impact on its consolidated financial statements or disclosures upon adoption of the amendments.
- In December 2016, the IASB issued Annual Improvements to IFRS Standards 2014-2016 Cycle which included amendments to IAS 28—Investments in Associates and Joint Ventures and Amendments to IFRS 12—*Disclosure of Interests in Other Entities* (effective January 1, 2018). The amendments clarify, correct or remove redundant wording in the related standard and are not expected to have a material impact on the consolidated financial statements or disclosures upon adoption of the amendments.
- In December 2016, the IASB issued IFRIC Interpretation 22—Foreign Currency Transactions and Advance Consideration which addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. The interpretation is effective for annual periods beginning on or after January 1, 2018. The Group does not expect a material impact on its consolidated financial statements upon adoption of the interpretation.
- In May 2017, the IASB issued IFRS 17—Insurance Contracts ("IFRS 17"), which replaces IFRS 4 Insurance Contracts. IFRS 17 requires all insurance contracts to be accounted for in a consistent manner and insurance obligations to be accounted for using present values, instead of historical cost. The new standard requires current measurement of the future cash flows and the recognition of profit over the period that services are provided under the contract. IFRS 17 also requires entities to present insurance service results (including insurance revenue) separately from insurance finance income or expense, and requires an entity to make an accounting policy choice of whether to recognize all insurance finance income or expense in profit or loss or to recognize some of such income or expense in other comprehensive income. The standard is effective for annual periods beginning on or after January 1, 2021 with earlier adoption permitted. The Group does not expect a material impact on its consolidated financial statements or disclosures upon adoption of the amendments.
- In June 2017, the IASB issued IFRIC Interpretation 23—Uncertainty over Income Tax Treatment, (the "Interpretation"), which clarifies application of recognition and measurement requirements in

(2) Accounting policies (Continued)

IAS 12—Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: (i) whether an entity considers uncertain tax treatments separately, (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities, (iii) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax assets and tax rates and (iv) how an entity considers changes in facts and circumstances. The Interpretation does not add any new disclosure requirements, however it highlights the existing requirements in IAS 1—Presentation of Financial Statements, related to disclosure of judgments, information about the assumptions made and other estimates and disclosures of tax-related contingencies within IAS 12—Income Taxes. The Interpretation is applicable for annual reporting periods beginning on or after January 1, 2019 and it provides a choice of two transition approaches: (i) retrospective application using IAS 8—Accounting Policies, Changes in Accounting Estimates and Errors, only if the application is possible without the use of hindsight, or (ii) retrospective application with the cumulative effect of the initial application recognized as an adjustment to equity on the date of initial application and without restatement of the comparative information. The date of initial application is the beginning of the annual reporting period in which an entity first applies this Interpretation. The Group is currently evaluating the implementation and the impact of adoption of the interpretation on its consolidated financial statements.

- In October 2017, the IASB issued Prepayment Features with Negative Compensation (Amendments to IFRS 9), allowing companies to measure particular prepayable financial assets with so-called negative compensation at amortized cost or at fair value through other comprehensive income if a specified condition is met, instead of at fair value through profit or loss, effective for annual periods beginning on or after January 1, 2019. The Group does not expect a material impact on its consolidated financial statements or disclosures upon adoption of the amendments.
- In October 2017, the IASB issued Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28), which clarifies that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9, effective for annual periods beginning on or after January 1, 2019. The Group does not expect a material impact on its consolidated financial statements or disclosures upon adoption of the amendments.
- In December 2017, the IASB issued the Annual Improvements to IFRSs 2015-2017, a series of amendments to IFRSs in response to issues raised mainly on IFRS 3—Business Combinations, which clarifies that a company remeasure its previously held interest in a joint operation when it obtains control of the business, on IFRS 11—Joint Arrangements, which clarifies that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business, on IAS 12—Income Taxes, which clarifies that all income tax consequences of dividends (i.e. distribution of profits) should be recognized in profit or loss, regardless of how the tax arises, and on IAS 23—Borrowing Costs, which clarifies that a company treats as part of general borrowing any borrowing originally made to develop an asset when the asset is ready for its intended use or sale. The effective date of the amendments is January 1, 2019. The Group is currently evaluating the impact of adoption on its consolidated financial statements.
- In February 2018, the IASB issued Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) which specifies how companies determine pension expenses when changes to a defined benefit pension plan occur. IAS 19 Employee Benefits specifies how a company accounts for a defined benefit plan. When a change to a plan—an amendment, curtailment or settlement—takes place, IAS 19 requires a company to remeasure its net defined benefit liability or asset. The amendments require a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. The amendments are effective for annual periods beginning on or after January 1, 2019. The Group is currently evaluating the impact of adoption on its consolidated financial statements.

(2) Accounting policies (Continued)

(x) Determination of fair value

Several standards and disclosure requirements require the determination of fair value of financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are classified into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2—inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3—inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after suitable negotiation wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Intangible assets

The fair value of patents and trademarks acquired as part of a business combination is based on an estimate of the discounted amount of royalties that the Group expects to receive from ownership of such patents or trademarks (ideal royalty method), or replacement cost, if appropriate.

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventories

The fair value of inventories acquired as part of a business combination is calculated using the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and a suitable profit margin based on the efforts required to complete or sell the inventories.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Current receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(2) Accounting policies (Continued)

Derivatives

The fair values of commodities purchase forwards and interest rate swaps are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values include adjustments to take account of the credit risk of the group entity and counterparty when appropriate.

Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. For finance leases, the market rate of interest is determined with reference to similar lease agreements.

(3) Operating segments

Reportable segments are the Group's strategic divisions as determined in accordance with the quantitative and qualitative requirements of IFRS 8.

The Group has only one reportable segment, the Closures division. The Group's CEO (the chief operating decision maker) reviews internal management reports on the reportable segment, the Closures division, on a monthly basis. The following summary describes the operations in this reportable segment.

The Closures division represents the Group's core business. Other operations include the PET division that does not meet any of the quantitative thresholds for determining reportable segments in 2017 or 2016 under IFRS 8.

Information regarding the results of the Group's reportable segment is included below. Performance is measured based on segment revenue and operating profit, depreciation and amortization, trade receivables, inventories, property, plant and equipment, trade payables and capital expenditure as included in the internal management reports that are reviewed by the CEO and by the board of directors.

Management considers the above information as the most suitable to evaluate the results of the segment compared to other entities that operate in these industries.

All other asset and liability figures are non reportable by segment as the management believes that the availability of such information by segment is not relevant.

	Closures		Other Operations		Total	
Thousands of Euros	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**
External revenue	497,448	531,978	2,820	2,841	500,268	534,819
Operating profit	71,614	76,562	(171)	(247)	71,443	76,315
Amortization, depreciation and impairment losses	(30,729)	(33,078)	(136)	(135)	(30,865)	(33,213)

	Closures		Other Operations		Total	
Thousands of Euros	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**	**December 31, 2017**
Trade receivables—third parties	88,501	102,044	633	400	89,134	102,444
Trade receivables—related parties	277	1,208	—	—	277	1,208
Inventories	67,430	82,275	453	467	67,883	82,742
Trade payables—third parties	(65,095)	(71,010)	(550)	(316)	(65,645)	(71,326)
Trade payables—related parties	(311)	—	—	—	(311)	—
Property, plant and equipment	189,052	188,905	444	366	189,496	189,271

(3) Operating segments (Continued)

Thousands of Euros	Closures 2016	Closures 2017	Other Operations 2016	Other Operations 2017	Total 2016	Total 2017
Capital expenditure (net of disposals)	31,116	27,230	16	56	31,132	27,287

Geographical information

The Closures segment operates from many manufacturing facilities primarily in India, Italy, Poland, the United Kingdom, Ukraine, Spain, Mexico, Australia, Argentina and Chile and South Africa.

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the assets/subsidiaries.

Thousands of Euros	Net revenue 2016	Net revenue 2017
Italy	59,804	65,439
India	67,078	62,699
Poland	59,760	59,344
UK	53,515	51,215
Ukraine	45,665	49,157
Mexico	36,002	43,009
Spain	41,341	40,114
Australia	35,772	35,027
Argentina + Chile	22,614	25,809
South Africa	14,418	16,967
Other countries	64,299	86,039
Net revenue	**500,268**	**534,819**

Thousands of Euros	Non-current assets other than financial instruments and deferred tax assets: Property, plant and equipment and Intangible assets	
	December 31, 2016	December 31, 2017
Italy	323,559	316,092
Australia	70,132	66,082
India	26,634	36,540
Poland	31,046	30,789
Spain	20,534	21,016
Mexico	13,550	13,470
Ukraine	11,235	11,146
Brasil	12,968	10,724
South Africa	11,369	10,489
Other countries	27,361	31,530
Consolidation adjustments	15,098	18,442
Property, plant and equipment and Intangible assets	**563,486**	**566,320**

(3) Operating segments (Continued)

Thousands of Euros	Deferred Tax Assets December 31, 2016	Deferred Tax Assets December 31, 2017
Australia	1,559	1,415
Italy	2,644	1,215
Argentina	678	1,062
Spain	415	337
New Zealand	250	248
North America	110	110
China	98	102
Mexico	58	65
Ukraine	326	47
Other countries	66	65
Consolidation adjustments	1,088	1,533
Deferred Tax Assets	**7,293**	**6,199**

The Group is not exposed to significant geographical risks other than normal business risks.

Information about major customers

In the Closures segment, there is only one customer with a percentage of revenue over 10% and the turnover amounts to around € 61 million in 2017. The breadth and diversity of the Group's customer base means that no single brand makes up more than 3% of net revenue over the last three years.

(4) Acquisition of subsidiaries, business units and non-controlling interests

(4.1) Acquisition of subsidiaries and business units

On July 5, 2017, Guala Closures India Pvt Ltd signed in Mumbai an agreement for the purchase of 100% of the shares of Axiom Propack Pvt Ltd, an indian company active in the production of safety closures for spirits; the completion of the deal occurred on October 13, 2017 as it was subject to customery closing conditions as per Indian law.

The acquired company, which commenced operations in 2016 with a first year turnover of about € 6 million, has a production unit in Karnataka and serves the Indian IMFL (Indian Made Foreign Liquors) market.

With this acquisition, the Group aims to reinforce its position in the area and to increase its production capacity in order to properly meet the growing demand for protection against product counterfeiting.

The net cash flows used for the acquisition are composed as follows:

Thousands of Euros	
Consideration paid at the date of acquisition	5,365
Net cash flow used at the date of acquisition	**5,365**
Consideration to be paid within 18 months	574
Total cost of the acquisition	**5,939**

(4) Acquisition of subsidiaries, business units and non-controlling interests (Continued)

The impact of the acquisition of Axiom Propack Pvt Ltd on the Group's assets and liabilities is as follows:

Thousands of Euros	Carrying amounts before acquisition	Provisional adjustments for fair value measurement	Provisional amounts recognized at acquisition
Property, plant and equipment	6,932		6,932
Intangible assets	67		67
Inventories	465		465
Trade receivables	735		735
Tax assets/(liabilities)	(68)		(68)
Other current assets	47		47
Non-current financial assets	196		196
Cash and cash equivalents	0		—
Deferred tax assets	592		592
Trade payables	(1,035)		(1,035)
Employee benefits	(30)		(30)
Other current liabilities	(77)		(77)
Current financial liabilities	(5,637)		(5,637)
Net identifiable assets and liabilities	**2,186**	**—**	**2,186**
Goodwill arising from the acquisition	**3,753**	**—**	**3,753**
Consideration paid at the date of acquisition	**5,365**		**5,365**
Consideration to be paid within 18 months	**574**		**574**

The trade receivables comprise gross contractual amounts due of € 735 thousand, of which all were expected to be collectible at the date of acquisition.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	*Market comparison technique and cost technique*: the valuation model considers quoted market prices for similar items when they are available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Inventories	*Market comparison technique*: the fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale and a reasonable profit margin based on the effort required to complete and sell the inventories.

Fair values measured on a provisional basis

The following amounts have been measured on a provisional basis.

- The fair value of Axiom Propack's tangible assets has been measured provisionally, pending completion of an independent valuation.
- The fair value of Axiom Propack's inventories has been measured provisionally, pending completion of a valuation.

If new information about facts and circumstances that existed at the acquisition date is obtained within one year of the acquisition date that identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition measurement will be revised.

(4) Acquisition of subsidiaries, business units and non-controlling interests (Continued)

The acquisition of Axiom Propack Pvt Ltd impacted the Group's net financial indebtedness at December 31, 2017 by € 5.4 million as a result of the acquisition of initial indebtedness of Axiom Propack Pvt Ltd.

The total cost of the combination includes a consideration to be paid within 18 months of € 0.6 million.

For the period from the acquisition to December 31, 2017, Axiom Propack Pvt Ltd contributed revenue of € 1.5 million and operating profit of € 0.4 million to the Group's results. If the acquisition had occurred on January 1, 2017, management estimates that consolidated revenue would have been € 539 million and consolidated operating profit for the year would have been € 77.8 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2017.

The Group incurred acquisition-related costs of € 0.3 million related to external legal fees and travel expenses. The legal fees and travel expenses costs have been included in legal/consultancy and travel expenses of the Group's statement of profit or loss and other comprehensive income/(expense).

Goodwill

Acquisition arising from the acquisition has been recognised as follow:

Thousands of Euros	December 31, 2017
Consideration paid at the acquisition	5,365
Consideration to be paid within 18 months	574
Fair value of identifiable net assets	(2,186)
Goodwill	**3,753**

The goodwill is attributable mainly to the skills and technical talent of Axiom Propack's work force and the synergies expected to be achieved from integration of the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

(4.2) Acquisition of the assets of LIMAT S.A. de C.V.

On July 13, 2017, the Group, through its Mexican company Guala Closures Mexico S.A. de C.V., signed an agreement for the acquisition of the activities of LIMAT S.A. de C.V., a Mexican company based in Mexico City specialized in the manufacturing of wood overcaps for top-range spirit bottles.

The business 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.

The net cash flows used at the acquisition is composed as follows:

Thousands of Euros	
Consideration paid at the date of acquisition	1,226
Net cash flow used at the date of acquisition	**1,226**

(4) Acquisition of subsidiaries, business units and non-controlling interests (Continued)

The impact of the acquisition of of LIMAT S.A. de C.V. on the Group's assets and liabilities is as follows:

Thousands of Euros	Carrying amounts before acquisition	Provisional adjustments for fair value measurement	Provisional amounts recognized at acquisition
Property, plant and equipment	1,084		1,084
Inventories	153		153
Other current liabilities	(12)	—	(12)
Net identifiable assets and liabilities	**1,226**	**—**	**1,226**
Total cost of the acquisition	**1,226**	—	**1,226**

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	*Market comparison technique and cost technique*: the valuation model considers quoted maket prices for similar items when they are available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Inventories	*Market comparison technique*: the fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale and a reasonable profit margin based on the effort required to complete and sell the inventories.

Fair values measured on a provisional basis

The following amounts have been measured on a provisional basis.

- The fair value of the tangible assets acquired has been measured provisionally, pending completion of an independent valuation.
- The fair value of the inventories acquired has been measured provisionally, pending completion of a valuation.

The total consideration transfer for this acquisition is € 1.2 million.

The transaction has only been recognized provisionally.

If new information about facts and circumstances that existed at the acquisition date is obtained within one year of the acquisition date that identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition measurement will be revised.

(4.3) Acquisition of the activities of the Chilean company ICSA

On October 17, 2017, the Group, through its Chilean company Guala Closures Chile SpA, completed the acquisition of the screw caps activities of ICSA (Industria Corchera S.A.), a Chilean company specialized in promoting and selling packaging products for the wine industry in South America.

The acquired activities of ICSA, based in Santiago de Chile increases the Group's local production capacity to meet the growing demand of South American wine-makers.

For the period from the acquisition to December 31, 2017, ICSA contributed revenue of € 0.3 million and had no significant impact on operating profit. If the acquisition had occurred on January 1, 2017, management estimates that consolidated revenue would have been € 538 million and consolidated

(4) Acquisition of subsidiaries, business units and non-controlling interests (Continued)

operating profit for the year would have been € 76 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2017.

The net cash flows used at the date of acquisition is composed as follows:

Thousands of Euros	
Consideration paid at the date of acquisition	4,509
Net cash flow used at the date of acquisition	**4,509**

The impact of the acquisition of the activities of ICSA on the Group's assets and liabilities is as follows:

Thousands of Euros	Carrying amounts before acquisition	Provisional adjustments for fair value measurement	Provisional amounts recognized at acquisition
Property, plant and equipment	2,084		2,084
Inventories	581		581
Trade receivables	984		984
Trade payables	(484)		(484)
Net identifiable assets and liabilities	**3,164**	—	**3,164**
Goodwill arising from the acquisition	**1,345**	—	**1,345**
Total cost of the acquisition	**4,509**		**4,509**

Goodwill arising from the above-mentioned acquisition relates to the technical skills and know-how of the personnel of the entity acquired and the synergies which are expected to be obtained from the inclusion of ICSA in the Group. None of the goodwill recognised is expected to be deductible for tax purposes.

The trade receivables comprise gross contractual amounts due of € 984 thousand, of which all were expected to be collectible at the date of acquisition.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	*Market comparison technique and cost technique*: the valuation model considers quoted market prices for similar items when they are available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Inventories	*Market comparison technique*: the fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale and a reasonable profit margin based on the effort required to complete and sell the inventories.

Fair values measured on a provisional basis

The following amounts have been measured on a provisional basis.

- The fair value of the tangible assets acquired has been measured provisionally, pending completion of an independent valuation.
- The fair value of the inventories acquired has been measured provisionally, pending completion of a valuation.

(4) Acquisition of subsidiaries, business units and non-controlling interests (Continued)

The total consideration for this acquisition is € 4.5 million.

The transaction has only been recognized provisionally.

If new information about facts and circumstances that existed at the acquisition date is obtained within one year of the acquisition date that identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition measurement will be revised.

(4.4) Acquisition of non-controlling interest

On September 11, 2017, the Group acquired, through Guala Closures Bulgaria A.D., an additional 30% interest in Guala Closures Tools A.D., increasing its ownership from 70% to 100%.

The carrying amount of NCI acquired was € 379 thousand, the consideration paid to NCI was € 1,050 thousand and the impact on the equity attributable to owners of the Company was negative for € 671 thousand.

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(5) Cash and cash equivalents

Cash and cash equivalents amount to € 40,164 thousand at December 31, 2017 (€ 53,973 thousand at December 31, 2016): the reduction is mainly due to the high level of cash held at the end of 2016 due to the strong cash flows generated in the last quarter.

(6) Current and non-current financial assets—related parties

This caption relates to transactions between Guala Closures S.p.A. and the parent GCL Holdings S.C.A. as at December 31, 2017.

This note provides information on the contractual terms regulating the loan agreement:

Thousands of Euros	December 31, 2017
Lender	Guala Closures S.p.A.
Beneficiary	GCL Holdings S.C.A.
Contract date	November 11, 2016
Contract expiry date	November 15, 2021
Original amount	€91,200
Outstanding amount at December 31, 2017	€91,200
Interest rate	Euribor 3M + 5.25%

Current and non-current financial assets due from the parent GCL Holdings S.C.A. may be analyzed at December 31, 2017 as follows:

		Nominal amount		
Thousands of Euros		Total December 31, 2017	Current financial assets	Non-current financial assets
Loans due from:	**Lender**			
GCL Holdings S.C.A.	Guala Closures S.p.A.	91,803	603	91,200
TOTAL LOANS		**91,803**	**603**	**91,200**

(7) Trade receivables—third parties

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2016	December 31, 2017
Trade receivables	96,878	104,705
Allowance for impairment	(7,744)	(2,261)
Total	**89,134**	**102,444**

(7) Trade receivables—third parties (Continued)

The allowance for impairment varied as follows:

Thousands of Euros	2017
Opening allowance for impairment	7,744
Exchange rate losses	(45)
Allowance of the year	180
Utilization/releases	(5,617)
Closing allowance for impairment	**2,261**

The allowance at December 31, 2017 relates to few customers that have indicated that they do not expect to be able to pay their outstanding balances, mainly due to their financial difficulties.

The utilization of the year is due to the write-off of old receivables already devaluated in the past since the Group's lawyers assess the definitive inability to recover them.

(8) Trade receivables—related parties

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2016	December 31, 2017
Receivables from the parent GCL Holdings S.C.A.	277	1,208
Total	**277**	**1,208**

(9) Inventories

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2016	December 31, 2017
Raw materials, consumables and supplies	33,105	41,844
(Allowance for inventory write-down)	(1,193)	(1,152)
Work in progress and semi-finished products	16,296	19,869
(Allowance for inventory write-down)	(685)	(569)
Finished products and goods	21,169	23,404
(Allowance for inventory write-down)	(1,042)	(928)
Payments on account	233	273
Total	**67,883**	**82,742**

The increase in inventory is mainly due to the needs for facing the market requests for the first months of the following year.

The changes in the caption are as follows:

Thousands of Euros	
Balance at January 1, 2017	67,883
Business combination	1,199
Exchange rate losses	(3,790)
Change in raw materials, consumables and supplies	10,559
Change in finished goods and semi-finished products	6,850
Change in payments on account	40
Balance at December 31, 2017	**82,742**

(9) Inventories (Continued)

The allowance for inventory write-down varied as follows:

Thousands of Euros	2017
Opening allowance for inventory write-down	2,920
Exchange rate losses	(81)
Allowance of the year	765
Utilization	(955)
Closing allowance for inventory write-down	**2,649**

(10) Assets classified as held for sale

These assets of € 2,130 thousand are related to the discontinued plant of Torre d'Isola that include land (€ 1,001 thousand), buildings (€ 1,062 thousand) and plant and machinery (€ 67 thousand): such plant, discontinued in 2014, is destinated to be sold in 2018 and the value corresponds to the agreed purchase price with the buyer. The carrying amount of such plant attributable to Closures segment at the time of the change in classification amounted to € 3.9 million with an impairment loss accounted for in the statement of comprehensive income (expense) of about € 1.8 million.

(11) Property, plant and equipment

The following table shows the changes in this caption:

Thousands of Euros	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at December 31, 2016	78,556	381,588	62,007	8,676	6,125	**536,952**
Accumulated depreciation and impairment at December 31, 2016	(19,605)	(270,316)	(49,643)	(7,892)	—	**(347,457)**
Carrying amount at December 31, 2016	**58,951**	**111,272**	**12,363**	**784**	**6,125**	**189,496**
Carrying amount at January 1, 2017	**58,951**	**111,272**	**12,363**	**784**	**6,125**	**189,496**
Exchange rate gains/(losses)	(1,671)	(4,878)	92	190	(161)	**(6,427)**
Business combinations	1,080	8,871	17	132	—	**10,100**
Additions	282	9,579	202	241	17,830	**28,134**
Disposals	(60)	(87)	(6)	(250)	(8)	**(412)**
Impairment losses	(1,781)	(517)	—	—	—	**(2,298)**
Reclassifications	341	14,244	1,231	48	(15,903)	**(39)**
Reclassifications to Assets classified as held for sale	(2,064)	(67)	—	—	—	**(2,130)**
Depreciation	(1,973)	(22,336)	(2,549)	(294)	—	**(27,152)**
Historical cost at December 31, 2017	70,767	402,119	63,186	9,031	7,883	**552,986**
Accumulated depreciation and impairment at December 31, 2017	(17,662)	(286,037)	(51,836)	(8,180)	—	**(363,715)**
Carrying amount at December 31, 2017	**53,105**	**116,081**	**11,350**	**851**	**7,883**	**189,271**

(11) Property, plant and equipment (Continued)

Property, plant and equipment include the amounts arising from work performed by the Group and capitalised.

The caption includes the carrying amount of leased assets (€ 13,900 thousand), against which the Group has recognized current financial liabilities (€ 2,223 thousand) and non-current financial liabilities (€5,549 thousand).

None of the Group's property, plant and equipment has been pledged as collateral at year end, except for the items indicated in note 43) Commitments and guarantees to these consolidated financial statements.

The main investments of 2017 took place in Italy, India, Ukraine, Poland, UK and Spain. In particular, during 2017, the main investments were made for new products in India, Ukraine and China and new technology in the UK.

Impairment losses in the year mainly refer to Guala Closures S.p.A. (€ 1.8 million) in relation to the Torre d'Isola plant which will be sold in 2018 at market conditions: the impairment losses have been calculated as the difference between the carrying amount of land and building and plant and machinery and the agreed sales price.

(12) Intangible assets

The following table shows the changes in this caption:

Thousands of Euros	Development expenditure	Licences and patents	Goodwill	Other	Assets under development and payments on account	Total
Historical cost at December 31, 2016	8,065	71,174	356,627	15,021	1,225	**452,112**
Accumulated amortization and impairment at December 31, 2016	(6,847)	(59,093)	—	(12,182)	—	**(78,122)**
Carrying amount at December 31, 2016	**1,218**	**12,081**	**356,627**	**2,839**	**1,225**	**373,990**
Carrying amount at January 1, 2017	**1,218**	**12,081**	**356,627**	**2,839**	**1,225**	**373,990**
Exchange rate gains/(losses)	30	(2)	445	82	(1)	**554**
Business combinations	—	67	5,098	—	—	**5,164**
Additions	19	5	—	72	1,072	**1,168**
Disposals	(55)	(2)	—	—	(46)	**(103)**
Impairment losses	—	—	—	—	(69)	**(69)**
Reclassifications	330	491	—	38	(820)	**39**
Amortization	(274)	(1,918)	—	(1,501)	—	**(3,694)**
Historical cost at December 31, 2017	8,350	71,582	362,170	15,281	1,361	**458,744**
Accumulated amortization and impairment at December 31, 2017	(7,083)	(60,862)	—	(13,749)	—	**(81,695)**
Carrying amount at December 31, 2017	**1,267**	**10,720**	**362,170**	**1,531**	**1,361**	**377,049**

(12) Intangible assets (Continued)

The fluctuation of goodwill in respect of the previous year, due to the business combination of the year and the exchange rate fluctuations, may be analysed as follows:

Thousands of Euros	December 31, 2016	December 31, 2017
Goodwill attributable to Guala Closures Group	317,227	317,227
Goodwill attributable to Guala Closures DGS Poland S.A.	24,076	25,358
Goodwill attributable to Guala Closures Ukraine LLC	5,290	4,507
Goodwill attributable to GC Bulgaria AD	3,203	3,203
Goodwill attributable to Pharma Trade	2,512	2,512
Goodwill attributable to MCL division acquired by Guala Closures South Africa	1,928	1,883
Goodwill attributable to GC Tools EAD	722	722
Goodwill attributable to Metalprint activities acquired by Guala Closures S.p.A.	182	182
Goodwill attributable to Guala Closures France SAS (formerly CapMetal SAS)	1,487	1,487
Goodwill attributable to ICSA activities acquired by Guala Closures Chile S.p.A.	—	1,331
Goodwill attributable to Axiom Propack Pvt Ltd.	—	3,758
Total	**356,627**	**362,170**

Goodwill is tested for impairment annually.

For impairment testing purposes, the goodwill recognized for the Closures division has been considered.

These values have been analyzed considering the entire GCL Holdings S.C.A. Group, to which Guala Closures Group belongs and then pushed-down to Guala Closures Group.

The recoverable amount of cash-generating units is based on a calculation of their value in use.

This calculation uses projected consolidated cash flows based on the actual operating profit and GCL Holdings S.C.A. Group's five-year business plan. This business plan is put together considering the Group's approved budget figures for the first year and projecting the revenue and costs for the following four years using the historic trend, adjusted for any new elements (average EBITDA growth rate of the next five years 7.8%; 2016: 8.2%). Such growth rate is consistent with management's expectation of growth in high value safety closures, serving a blue-chip customer base across the world, expecially in developing countries.

In the 2017 valuation, the following assumptions have been utilized:

- WACC for the Closures division was weighted by the 2017 EBITDA% of each country in respect of the 2017 consolidated EBITDA, with a weighted average (consistently with the weighted average for the EBITDA in Terminal Value) of around 11.4% (2016: 12.5%);
- Long term growth rate "g": a value equal to 3.6% (2016: 4.2%) was used, calculated by weighting the estimates of inflation rate, with the 2017 EBITDA of each country in line with the calculation for the Terminal Value. Such "g" rate is consistent with both the Guala Closures Group's historical growth rate and forecast future market developments.

The resulting recoverable amount is greater than the carrying amount of goodwill recognized under the financial assets.

Management carried out a sensitivity analysis on the relevant underlying assumptions (growth rate +/-1%; WACC +/-1%) and verified that the resulting recoverable amount is greater than the carrying amount of goodwill and investments recognized under financial assets.

Goodwill has never been impaired.

(13) Deferred tax assets and liabilities

The following table gives a breakdown of the captions at December 31, 2016 and 2017:

	Assets		Liabilities		Net balance	
Thousands of Euros	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**	**December 31, 2017**
Allowance for inventory write-down	586	515	(6)	(12)	580	503
Taxed allowance for impairment	2,117	1,405	—	—	2,117	1,405
Provisions	512	249	—	—	512	249
Losses carried forward	(178)	(78)	—	—	(178)	(78)
Derecognition of intragroup profit on inventories	195	236	—	—	195	236
Intragroup gains	1,082	989	—	—	1,082	989
Leases	118	118	—	—	118	118
Property, plant and equipment and intangible assets	1,435	1,697	(12,177)	(10,504)	(10,743)	(8,808)
Employee benefits	657	654	(20)	(23)	637	630
Derivatives	119	51	—	—	119	51
Exchange rate gains/(losses)	10	16	(2,695)	(2,226)	(2,685)	(2,209)
Other	641	348	(452)	(25)	188	324
TOTAL	**7,293**	**6,199**	**(15,350)**	**(12,790)**	**(8,058)**	**(6,591)**

Changes in net deferred tax assets/liabilities may be analyzed as follows:

Thousands of Euros	**December 31, 2016**	**Business combination**	**Changes in profit or loss**	**Changes in equity**	**Exchange rate gains/losses**	**December 31, 2017**
Allowance for inventory write-down	580	—	(64)	—	(14)	503
Taxed allowance for impairment	2,117	—	(391)	—	(320)	1,405
Provisions	512	—	(253)	—	(10)	249
Losses carried forward	(178)	—	97	—	2	(78)
Derecognition of intragroup profit on inventories	195	—	41	—	—	236
Intragroup gains	1,082	—	(93)	—	—	989
Leases	118	—	(0)	—	—	118
Property, plant and equipment and intangible assets	(10,743)	592	1,035	13	295	(8,808)
Employee benefits	637	—	(31)	—	23	630
Derivatives	119	—	(2)	(65)	—	51
Exchange rate gains/(losses)	(2,685)	—	476	—	—	(2,209)
Other	188	—	200	—	(65)	324
TOTAL	**(8,058)**	**592**	**1,015**	**(52)**	**(88)**	**(6,591)**

Tax losses that can be carried forward at year end but that the Group has not considered in its calculation of the deferred tax assets in the statement of financial position total € 174,771 thousand. They may be used in accordance with the legislation of the different countries in which the companies to which they relate are based.

Tax losses that can be carried forward indefinitely amount to € 158,237 thousand and refer to Guala Closures S.p.A, Guala Closures UK Ltd, Guala Closures France SAS and Axiom Propack Pvt Ltd..

If recognized, potential deferred tax assets on total tax losses that can be carried forward would amount to € 42,513 thousand at December 31, 2017 (including € 38,233 thousand related to losses that can be carried forward indefinitely).

(14) Current and non-current financial liabilities—third parties

This section provides information on the contractual terms governing the Group's bank overdrafts, borrowings and bonds.

(14) Current and non-current financial liabilities—third parties (Continued)

Reference should be made to note 39) "Fair value of financial instruments and sensitivity analysis" to these consolidated financial statements for further information on the Group's exposure to the risks of fluctuations in interest and exchange rates.

Reference should be made to note 43) "Commitments and guarantees" to these consolidated financial statements for information on the relevant guarantees given.

Financial liabilities at December 31, 2016 and 2017 are shown below:

Thousands of Euros	December 31, 2016	December 31, 2017
Current financial liabilities		
Bonds	3,365	3,095
Bank loans and borrowings	6,299	14,295
Other financial liabilities	2,782	3,050
	12,446	20,440
Non-current financial liabilities		
Bonds	499,698	501,789
Bank loans and borrowings	34,346	49,636
Other financial liabilities	23,714	22,370
	557,758	573,795
Total	**570,204**	**594,235**

(14) Current and non-current financial liabilities—third parties (Continued)

The terms and expiry dates of the financial liabilities at December 31, 2016 and 2017 are shown below:

		Nominal amount				
Thousands of Euros	Total December 31, 2016	Within one year	From one to five years	After five years	Current	Non-current
Bonds						
Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A.	510,000	—	510,000	—	—	510,000
Accrued interest—Guala Closures S.p.A.	3,365	3,365	—	—	3,365	—
Transaction costs	(10,302)	—	(10,302)	—	—	(10,302)
TOTAL FRSSN 2021 Guala Closures S.p.A.	**503,063**	**3,365**	**499,698**	**—**	**3,365**	**499,698**
Bank loans and borrowings:						
Senior Revolving Facility	34,000	—	34,000	—	—	34,000
Transaction costs	(1,487)	—	(1,487)	—	—	(1,487)
Total Senior Revolving Facility	**32,513**	**—**	**32,513**	**—**	**—**	**32,513**
Accrued interest and expense—Guala Closures S.p.A.	(4)	(4)	—	—	(4)	—
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	3,586	3,586	—	—	3,586	—
Bancolombia loan (Colombia)	287	221	66	—	221	66
Bradesco / ITAU loan (Brazil)	1,179	719	460	—	719	460
Advances on receivables and loans (Argentina)	1,434	1,022	411	—	1,022	411
Bancomer loan (Mexico)	1,652	756	896	—	756	896
Total bank loans and borrowings	**40,645**	**6,299**	**34,346**	**—**	**6,299**	**34,346**
Other financial liabilities:						
Guala Closures S.p.A. finance leases	9,821	2,034	7,787	—	2,034	7,787
Liability to the Ukrainian non-controlling investors	15,900	—	—	15,900	—	15,900
Other liabilities	775	748	27	—	748	27
Total other financial liabilities	**26,496**	**2,782**	**7,814**	**15,900**	**2,782**	**23,714**
TOTAL	**570,204**	**12,446**	**541,858**	**15,900**	**12,446**	**557,758**

(14) Current and non-current financial liabilities—third parties (Continued)

Thousands of Euros	Total December 31, 2017	Nominal amount: Within one year	Nominal amount: From one to five years	Nominal amount: After five years	Current	Non-current
Bonds						
Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A.	510,000	—	510,000	—	—	510,000
Accrued interest—Guala Closures S.p.A.	3,095	3,095	—	—	3,095	—
Transaction costs	(8,211)	—	(8,211)	—	—	(8,211)
TOTAL FRSSN 2021 Guala Closures S.p.A.	**504,884**	**3,095**	**501,789**	**—**	**3,095**	**501,789**
Bank loans and borrowings:						
Senior Revolving Facility	50,000	—	50,000	—	—	50,000
Transaction costs	(1,182)	—	(1,182)	—	—	(1,182)
Total Senior Revolving Facility	**48,818**	**—**	**48,818**	**—**	**—**	**48,818**
Accrued interest and expense—Guala Closures S.p.A.	(14)	(14)	—	—	(14)	—
Yes Bank loan and bank overdraft Axiom Propack (India)	5,958	5,958	—	—	5,958	—
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	4,622	4,622	—	—	4,622	—
Banco de la Nacion Argentina loan (Chile)	576	192	384	—	192	384
Bancolombia loan (Colombia)	58	58	—	—	58	—
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	486	461	25	—	461	25
Advances on receivables and loans (Argentina)	2,629	2,512	118	—	2,512	118
Banamex loan (Mexico)	797	505	291	—	505	291
Total bank loans and borrowings	**63,931**	**14,295**	**49,636**	**—**	**14,295**	**49,636**
Other financial liabilities:						
Guala Closures S.p.A. finance leases	7,772	2,223	5,549	—	2,223	5,549
Liability to the Ukrainian non-controlling investors	16,800	—	—	16,800	—	16,800
Other liabilities	848	827	21	—	827	21
Total other financial liabilities	**25,420**	**3,050**	**5,570**	**16,800**	**3,050**	**22,370**
TOTAL	**594,235**	**20,440**	**556,995**	**16,800**	**20,440**	**573,795**

The liability to the Ukrainian non-controlling investors relates to recognition of these investors' right to exercise a put option if certain conditions are met. It represents the discounted estimated value of the put option at its estimated time of exercise.

This caption has been recognized using the present access method since 2008, whereby the financial liability was recognized as a reduction in equity in the first year. The fluctuation in each year, if any, is recognized under financial income (expense) in profit or loss and the non-controlling interests continue to be presented separately as, to all effects, the non-controlling investors have the right to access the profit or loss pertaining to their investment.

Reference should be made to note 39) "Fair value of financial instruments and sensitivity analysis" for further details.

(14) Current and non-current financial liabilities—third parties (Continued)

The interest rates and expiry dates of the financial liabilities at December 31, 2016 and December 31, 2017 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2016
Bonds				
Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A.	EUR	Euribor 3M + 4.75%	2021	510,000
Accrued interest—Guala Closures S.p.A.	EUR	n.a.	2017	3,365
Transaction costs	EUR	n.a.	2021	(10,302)
TOT. BOND FRSSN 2021 Guala Closures S.p.A.				**503,063**
Bank loans and borrowings:				
Senior Revolving Facility due in 2021	EUR	Euribor 3M + 4.00%	2021	34,000
Transaction costs	EUR	n.a.	2021	(1,487)
Total Senior Revolving Facility				**32,513**
Accrued interest and expense—Guala Closures S.p.A.	EUR	n.a.	2017	(4)
Millennium Bank / Handlowy Bank overdraft (Poland)	PLN	Wibor 1M(*)	n.a.	3,586
Bancolombia loan (Colombia)	COP	I.B.R. + 3.25%(**)	2018	287
Bradesco / ITAU loan (Brazil)	BRL	n.a.	2019	1,179
Advances on receivables and loans (Argentina)	ARS	n.a.	n.a.	1,434
Bancomer loan (Mexico)	USD	3.62%	2019	1,652
Total bank loans and borrowings				**40,645**
Other financial liabilities:				
Guala Closures S.p.A. finance leases	EUR	Euribor + 1.5%(***)	2020	9,821
Liability to the Ukrainian non-controlling investors	EUR	n.a.	n.a.	15,900
Other liabilities	EUR	n.a.	n.a.	775
Total other financial liabilities				**26,496**
TOTAL				**570,204**

(*) Wibor stands for "Warsaw Inter-bank Bid and Offered Rate"

(**) I.B.R. stands for "Indicador Bancario de Referencia"

(***) Nominal interest rate on the property finance lease.

(14) Current and non-current financial liabilities—third parties (Continued)

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2017
Bonds				
Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A.	EUR	Euribor 3M + 4.75%	2021	510,000
Accrued interest—Guala Closures S.p.A.	EUR	n.a.	2018	3,095
Transaction costs	EUR	n.a.	2021	(8,211)
TOT. BOND FRSSN 2021 Guala Closures S.p.A.				**504,884**
Bank loans and borrowings:				
Senior Revolving Facility due in 2021	EUR	Euribor 3M + 4.00%	2021	50,000
Transaction costs	EUR	n.a.	2021	(1,182)
Total Senior Revolving Facility				**48,818**
Accrued interest and expense—Guala Closures S.p.A.	EUR	n.a.	2018	(14)
Yes Bank loan and bank overdraft Axiom Propack (India)	INR	8.50%	n.a.	5,958
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	PLN	Wibor 1M(*)	n.a.	4,622
Banco de la Nacion Argentina loan (Chile)	CLP	7.56%	2020	576
Bancolombia loan (Colombia)	COP	I.B.R. + 3.25%(**)	2018	58
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	BRL	n.a.	2019	486
Advances on receivables and loans (Argentina)	ARS	n.a.	n.a.	2,629
Banamex loan (Mexico)	USD	3.62%	2019	797
Total bank loans and borrowings				**63,931**
Other financial liabilities:				
Guala Closures S.p.A. finance leases	EUR	Euribor + 1.5%(***)	2020	7,772
Liability to the Ukrainian non-controlling investors	EUR	n.a.	n.a.	16,800
Other liabilities	EUR	n.a.	n.a.	848
Total other financial liabilities				**25,420**
TOTAL				**594,235**

(*) Wibor stands for “Warsaw Inter-bank Bid and Offered Rate”

(**) I.B.R. stands for “Indicador Bancario de Referencia”

(***) Nominal interest rate on the property finance lease.

The Senior Revolving Facility’s availability is shown in the table below:

Credit facility	Available amount (thousands of Euros)	Amount used at December 31, 2017	Residual available amount at December 31, 2017
Revolving Facility due 2021	65,000	50,000	15,000
Total	**65,000**	**50,000**	**15,000**

(15) Current and non-current financial liabilities—related parties

This section discloses the contractual terms governing the loans granted by GCL Holdings S.C.A. (parent of Guala Closures S.p.A.).

During the year 2017, Guala Closures International B.V. partially prepaid the intercompany loan to GCL Holdings S.C.A. for € 5.7 million.

(15) Current and non-current financial liabilities—related parties (Continued)

The terms and expiry dates of the loans at December 31, 2016 and 2017 are shown below:

Thousands of Euros	Total December 31, 2016	Within one year	From one to five years	After five years	Current	Non-current
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V.—due 2021	33,138	1,313	31,825	—	1,313	31,825
TOTAL	**33,138**	**1,313**	**31,825**	**—**	**1,313**	**31,825**

Thousands of Euros	Total December 31, 2017	Within one year	From one to five years	After five years	Current	Non-current
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V.—due 2021	26,306	181	26,125	—	181	26,125
TOTAL	**26,306**	**181**	**26,125**	**—**	**181**	**26,125**

The interest rates of the loans at December 31, 2016 and 2017 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Total December 31, 2016
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V.—due 2021	EUR	Euribor 3M + 5.25%	33,138
Total			**33,138**

Thousands of Euros	Currency	Nominal interest rate	Total December 31, 2017
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V.—due 2021	EUR	Euribor 3M + 5.25%	26,306
Total			**26,306**

(16) Trade payables—third parties

This caption is made up as follows:

Thousands of Euros	December 31, 2016	December 31, 2017
Suppliers	63,614	69,933
Payments on account	2,032	1,393
Total	**65,645**	**71,326**

The decrease in the payments on account is due to an advance payment received in 2016 from a customer in Argentina.

At December 31, 2017, trade payables may be analyzed by original currency as follows:

Thousands of Euros	EUR	USD	GBP	Other currencies	Total
Trade payables	39,447	8,685	2,439	20,755	**71,326**

(16) Trade payables—third parties (Continued)

Other currencies include trade payables in the following local currencies:

Thousands of Euros	December 31, 2017
Indian rupia	5,069
Polish zloty	4,114
Argentinean peso	2,192
Mexican peso	1,922
Australian dollar	1,872
South African rand	1,856
Ukrainian hryvnia	1,380
Chinese renmimbi	739
Brazilian real	585
New Zealand dollar	280
Columbian peso	295
Other	451
Total	**20,755**

(17) Provisions

This caption may be analyzed as follows:

CURRENT PROVISIONS:

Thousands of Euros	December 31, 2016	December 31, 2017
Provision for contingencies	—	1,475
Provision for returns	1,014	629
Provision for restructuring	158	106
Other current provisions	5	4
Total current provisions	**1,176**	**2,214**

The current provision for contingencies refers to tax and related matters dating to the period 2012-2016. Although Guala Closures S.p.A. (the surviving company following the inverse merger of GCL Special Closures S.r.l. into Guala Closures S.p.A. in 2012) believes that it has been in full compliance with all laws and regulations applicable at that time, it agreed to a settlement to resolve these issues. As a result, the Group already paid € 1.6 million in December 2017 and accounted for an additional allowance for risks and charges of € 1.5 million to be paid in 2018.

In total, in relation to such allowance for risks and charges, the Group has accounted for an amount of € 2.6 million in financial expense and an amount of € 0.5 million in other operating expense.

The provision for returns reflects the calculation of customer claims received.

Changes in the provisions are as follows:

CURRENT PROVISIONS:

Thousands of Euros	2017
Opening current provisions	1,176
Exchange rate losses	(2)
Allowance of the year	3,363
Utilization	(2,323)
Closing current provisions	**2,214**

The allowance of the year to current provisions refers for € 3.1 million to the provision for contingency (tax and related matters dating to the period 2012-2016) and the utilization of current provisions refers for € 1.6 million to the same matter.

(17) Provisions (Continued)

NON-CURRENT PROVISIONS:

Thousands of Euros	December 31, 2016	December 31, 2017
Provision for legal disputes	24	353
Provision for agents' termination indemnity	127	133
Total non-current provisions	**151**	**486**

Provision for legal disputes mainly include an allowance of the year in relation to the accidents that took place in Magenta, where Guala Closures S.p.A. is involved as a party to the proceeding for the administrative infringement provided for by art. 5 letter a) and 25 septies paragraph three of Italian Legislative Decree 231/2001.

Changes in the provisions are as follows:

NON-CURRENT PROVISIONS:

Thousands of Euros	2017
Opening non-current provisions	151
Exchange rate losses	(1)
Allowance of the year	338
Utilization	(2)
Closing non-current provisions	**486**

(18) Financial derivative liabilities

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2016	December 31, 2017
Fair value of IRSs	431	213
Fair value of aluminum derivatives	2	—
Total	**433**	**213**

The main features of the contracts in place at December 31, 2017 are summarized below:

—interest rate swaps

Guala Closures S.p.A. has two interest rate swaps in place to hedge floating interest rates on the property finance lease as listed below:

1. Euro interest rate swap agreed with Intesa Sanpaolo S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.945% against the floating one-month Euribor for a notional amount of € 2,149 thousand at December 31, 2017.
2. Euro interest rate swap agreed with Unicredit Banca d'Impresa S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.960% against the floating one-month Euribor for a notional amount of € 2,149 thousand at December 31, 2017.

These derivatives meet the formal requirements of IAS 39 at the reporting date and have been recognized as hedging instruments.

—Currency swaps

The Group did not have any currency swaps at the reporting date.

(18) Financial derivative liabilities (Continued)

The following table shows the fair value of the derivatives held at the reporting date:

(Thousands of Euros) Contract	Recognition at December 31, 2017	December 31, 2016 Positive/(negative) fair value	December 31, 2017 Positive/(negative) fair value
Interest rate swaps on leases	Hedge accounting	(431)	(213)
Forward aluminum purchases	Recognized at fair value through profit or loss	(2)	—
Forward aluminum purchases	Recognized at fair value through profit or loss	533	—

(19) Other current liabilities

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2016	December 31, 2017
Payables to employees	8,739	9,666
Payables for capex	4,255	5,465
Social security charges payable	2,803	2,927
Payables for dividends	1,073	2,529
Payable for transaction costs on Guala Closures S.p.A. bond issue	3,768	—
Other payables	5,664	4,751
Total	**26,301**	**25,337**

(20) Employee benefits

This caption is made up as follows:

Thousands of Euros	December 31, 2016	December 31, 2017
Post-employment benefits—Guala Closures S.p.A.	4,344	4,172
Other	1,901	2,204
Total	**6,246**	**6,376**

Changes in Employee benefits are as follows:

Thousands of Euros	December 31, 2016	December 31, 2017
Balance at January 1	5,745	6,246
Exchange rate gains	22	9
Business combinations	247	30
Change recognized in profit or loss—personnel expense	1,871	1,599
Change recognized in profit or loss—other (income)/expense	(414)	35
Change recognized in OCI	162	(15)
Transfer in (out)	(29)	38
Benefits paid	(1,360)	(1,566)
Balance at December 31	**6,246**	**6,376**

The liability for post-employment benefits ("TFR"—Trattamento di fine rapporto) primarily relates to Italian companies (Guala Closures S.p.A. mainly) for employee departures, determined using actuarial techniques and regulated by Article 2120 of the Italian Civil Code. The benefit is paid when the employee leaves the company as a lump sum, the amount of which corresponds to the total benefits accrued during the employees' service period based on payroll costs as revalued until their departure. Following the pension reform, from January 1, 2007, accruing benefits have been transferred to a pension fund or a treasury fund held by the Italian administration for post-retirement benefits (INPS). Companies with less than 50 employees, can continue the scheme as in previous years. Therefore, contributions of future TFR

(20) Employee benefits (Continued)

to pension funds or the INPS treasury fund entails that these amounts will be treated as a defined contribution scheme. Amounts vested before January 1, 2007 continue to be accounted for as defined benefits to be assessed based on actuarial assumptions.

Changes in post-employment benefits and the main assumptions used in their measurement are detailed below:

Thousands of Euros	December 31, 2016	December 31, 2017
Balance at January 1	4,295	4,344
Change recognized in profit or loss—personnel expense	1,159	1,174
Change recognized in profit or loss—other (income)/expense	65	51
Change recognized in OCI	158	96
Benefits paid	(1,332)	(1,493)
Balance at December 31	**4,344**	**4,172**

Actuarial parameter baseline:

	December 31, 2016	December 31, 2017
Average inflation rate	1.50% p.a.	1.50% p.a.
Discount rate	1.31% p.a.	0.88% p.a.
Annual rate of increase in post-employment benefits	2.625% p.a.	2.625% p.a.

For valuations at December 31, 2017, an annual fixed discount rate of 0.88% was utilized based on the value of Iboxx indexes AA corporate bonds observed at December 31, 2017, as per the requirements of IAS 19.

The Group expects to pay around € 1.6 million of benefits to its defined benefit plan in 2018 described above.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming the other variables do not change, would have affected Guala Closures S.p.A.'s post-employment benefits at December 31, 2017 by the amounts shown below:

	Defined benefit obligation	
Thousands of Euros	Increase	Decrease
Turnover rate (1% variation)	(27)	30
Average inflation rate (0.25% variation)	54	(53)
Discount rate (0.25% variation)	(85)	88

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Guala Closures UK has a defined benefit pension plan under which the employees of the former Metalclosures Ltd. have the right to a pension. This plan has a surplus at both December 31, 2016 and 2017 (i.e., the fair value of the plan assets is higher than the present value of the defined benefit obligation). As required by IAS 19 and IFRIC 14, the surplus that can be recognized must be less than the benefits available in the form of reimbursements or the contribution holiday: following completion of the West Bromwich site restructuring plan in 2008, the amount of the contribution holiday is zero and, therefore, the English company has not recognized the fund surplus. In addition, the Group did not have contingent liabilities at the reporting date as the fund covers the present value of its future obligations with its plan assets.

(20) Employee benefits (Continued)

For disclosure purposes, the amounts of the fund obligations and plan assets, as well as the baseline actuarial parameters used for their calculation, are shown below:

Thousands of Euros	December 31, 2016	December 31, 2017
Present value of the obligations	(71,944)	(68,004)
Fair value of plan assets	87,500	84,833
Total	**15,556**	**16,829**

Changes in the net amount of the fund:

Thousands of Euros	December 31, 2016	December 31, 2017
Balance at January 1	17,368	15,556
Exchange rate losses	(2,510)	(567)
Service cost	(22)	(24)
Interest on defined benefit obligation	(2,212)	(1,743)
Interest on plan assets	2,765	2,131
Scheme administration expenses	(242)	(168)
Actuarial gains	409	1,644
Balance at December 31	**15,556**	**16,829**

Changes in the present value of the obligations:

Thousands of Euros	December 31, 2016	December 31, 2017
Balance at January 1	(72,119)	(71,944)
Exchange rate gains	10,961	2,549
Service cost	(22)	(24)
Interest on defined benefit obligation	(2,212)	(1,743)
Contribution by plan participants	(4)	(3)
Benefits paid	4,486	3,874
Actuarial gains	(13,035)	(712)
Balance at December 31	**(71,944)**	**(68,004)**

Changes in the fair value of plan assets:

Thousands of Euros	December 31, 2016	December 31, 2017
Balance at January 1	89,487	87,500
Exchange rate losses	(13,471)	(3,116)
Interest on plan assets	2,765	2,131
Scheme administration expenses	(242)	(168)
Contribution by plan participants	4	3
Benefits paid	(4,486)	(3,874)
Actuarial losses	13,444	2,356
Balance at December 31	**87,500**	**84,833**

Plan assets comprise (major categories of plan assets as a percentage of the total plan assets):

	December 31, 2016	December 31, 2017
Equities	38%	35%
Bonds	31%	33%
Gilts	31%	32%
Cash	0%	0%

All equities and government bonds have quoted prices in active markets.

(20) Employee benefits (Continued)

Actuarial parameter baseline:

	December 31, 2016	December 31, 2017
Salary growth rate	4.00% p.a.	4.00% p.a.
Rate of increase in pensions provided (average)	3.00% p.a.	3.00% p.a.
Average inflation rate	3.20% p.a.	3.10% p.a.
Discount rate	2.55% p.a.	2.45% p.a.

The Group does not expect to pay any further contributions in 2018 in relation to these defined benefit obligations.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming the other variables do not change, would have affected Guala Closures UK's defined benefit pension plan at December 31, 2017 by the amounts shown below:

Thousands of Euros	Impact on present value of the obligations	Impact on fair value of plan assets
Life expectancy (+ 1 year)	(3,058)	—
Average inflation rate (-0.1% p.a.)	267	—
Discount rate (+0.1% p.a.)	970	—

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(21) Other non-current liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2016	December 31, 2017
Other non-current liabilities	43	595
Total	**43**	**595**

The increase in this caption is mainly due to the recognition of € 574 thousand of deferred payments in relation to the acquisition of Axiom Propack Pvt Ltd.

(22) Equity attributable to the owners of the Company

At December 31, 2017, Guala Closures S.p.A. is a single-member company limited by shares wholly owned by GCL Holdings S.C.A..

At December 31, 2017, Guala Closures S.p.A. has subscribed and paid-up share capital of € 74,624 thousand, consisting of 74,624,491 ordinary shares with a nominal value of € 1 each.

On December 22, 2014, the extraordinary shareholders' meeting of Guala Closures S.p.A. approved the issuance, pursuant to article 2346, last paragraph, of the Italian Civil Code, of 50.7 million participating financial instruments ("SFP") with a nominal value of € 1.00 each and a duration equal to that of the Company, against a contribution in cash of € 50.7 million, reserved to the sole shareholder GCL Holdings S.C.A..

The main features of the SFP are:

- The participating financial instruments are perpetual and are subordinate to the Group's other creditors. The purpose of issuing participating financial instruments was to strengthen the Group's capital base;
- Coupons on the SFP are settled from time to time by Guala Closures S.p.A. in accordance with the relevant resolutions (if any) of the competent corporate bodies of the Company. The coupon rate of the participating financial instruments is 9.3%. Coupon payments and their tax effect are recognised directly in equity;

(22) Equity attributable to the owners of the Company (Continued)

- Guala Closures S.p.A. may, at its sole discretion, omit or defer coupon payments to the holders. However, deferred coupon payments will fall due for payment in the event of Guala Closures S.p.A. subsequently making any distributions to its shareholders, both as dividends and reserves;
- The SFP holder(s) may freely transfer, in whole or in part, the SFPs to any third party;
- Pursuant to the SFP Rules, the SFPs shall be redeemable at any time, in whole or in part, at the option of the Company's board of directors only and within the amount of the distributable profits and distributable reserves as recorded in the financial statements of the Company as duly approved by its competent corporate bodies.

As the SFP satisfy the IAS 32 criteria for equity, they have been recognized as part of equity.

In 2017, like in previous years, no coupons on the SFP are declared by Guala Closures S.p.A.'s management.

The increase in the equity reserve "Participating financial instruments reserve" is due to income of the owners of the Participating Financial Instruments of the Company related to such instruments.

Neither the parent nor its subsidiaries hold treasury shares either directly or indirectly through trustees or nominees.

Reference should be made to the statement of changes in equity for changes in, and details of, the components of equity.

As per the Senior Revolving Facility Agreement and for the Floating Rate Senior Secured Notes, there are certain restrictions to the transfer of funds between Guala Closures subsidiaries and Guala Closures S.p.A. and between Guala Closures S.p.A. and the parent GCL Holdings S.C.A..

The Group's objectives in capital management are to create value for shareholders, safeguard the Group's future and to support its development.

Equity and participating financial instruments are considered to be capital.

The Group thus seeks to maintain a sufficient level of capitalization, while giving shareholders satisfactory returns and ensuring the Group has access to external sources of financing at acceptable terms, including via maintaining an adequate rating.

The Group monitors the debt/equity ratio on an ongoing basis, particularly in terms of net indebtedness and cash flows generated by operating activities.

The board of directors carefully monitors the balance between greater returns through the right level of indebtedness and the advantages of a sound financial position.

To achieve these objectives, the Group strives to continuously make its operations more profitable.

The board of directors monitors the return on share capital, being total equity pertaining to owners of the parent, excluding non-controlling interests, and the amount of dividends to be distributed to holders of ordinary shares.

The Group's capital management policies have not changed during the year.

(23) Equity attributable to non-controlling interests

Equity attributable to non-controlling interests relates to the following consolidated companies:

	Non-controlling interests % December 31, 2016	Non-controlling interests % December 31, 2017	Balance at December 31, 2016	Balance at December 31, 2017
Guala Closures Ukraine LLC	30.0%	30.0%	9,112	7,979
Guala Closures India Pvt Ltd. CONS	5.0%	5.0%	1,938	2,150
Guala Closures Argentina S.A.	1.6%	1.6%	31	4
Guala Closures de Colombia LTDA	6.8%	6.8%	562	547
Guala Closures Bulgaria A.D. CONS	30.0%	30.0%	2,290	2,033
Guala Closures DGS Poland S.A.	30.0%	30.0%	11,234	11,694
Guala Closures France SAS	30.0%	30.0%	171	78
Total			**25,338**	**24,486**

Reference should be made to the consolidated statement of changes in equity for changes in equity attributable to the non-controlling interests.

(23) Equity attributable to non-controlling interests (Continued)

The following tables summarise the information relating to each of the Group's subsidiaries that have material non-controlling interests, before any intra-group eliminations:

December 31, 2016	Carrying amount					
Thousands of Euros	Guala Closures DGS Poland S.A.	Guala Closures Ukraine LLC	Guala Closures Bulgaria A.D.	Guala Closures India Pvt Ltd	Other individually immaterial subsidiaries	Total
Non-controlling interests percentage	**30%**	**30%**	**30%**	**5%**		
Non-current assets	31,046	11,561	1,026	26,748		
Current assets	26,656	26,758	5,873	20,272		
Non-current liabilities	(2,888)	—	(32)	(890)		
Current liabilities	(17,368)	(7,946)	(742)	(7,360)		
Equity	**37,446**	**30,373**	**6,124**	**38,770**		
Equity attributable to non-controlling interests	**11,234**	**9,112**	**1,837**	**1,938**	1,216	**25,338**
Total revenue (third parties + related parties)	**81,108**	**51,032**	**8,560**	**67,156**		
Profit for the year	10,189	14,624	560	9,875		
Other comprehensive income/(expense) (OCI)	(803)	2,683	—	629		
Total comprehensive income	**9,386**	**17,306**	**560**	**10,504**		
Profit allocated to non-controlling interests	3,057	4,387	168	494	209	**8,314**
OCI allocated to non-controlling interests	(241)	805	—	31	58	**654**
Total comprehensive income allocated to non-controlling interests	**2,816**	**5,192**	**168**	**525**	**267**	**8,968**
Cash flows from operating activities	14,144	12,309	1,320	11,249		
Cash flows used in investing activities	(3,473)	(4,722)	(150)	(5,615)		
Cash flows used in financing activities (including dividends to NCI)	(11,000)	(7,300)	(9)	(6,393)		
Net increase (decrease) in cash and cash equivalents	**(329)**	**286**	**1,161**	**(759)**		
Dividends paid to non-controlling interests	3,263	2,594	—	314	130	**6,302**

(23) Equity attributable to non-controlling interests (Continued)

December 31, 2017	Carrying amount						
Thousands of Euros	Guala Closures DGS Poland S.A.	Guala Closures Ukraine LLC	Guala Closures Bulgaria A.D. CONS	Guala Closures India Pvt Ltd CONS	Other individually immaterial subsidiaries	Intra-group eliminations	Total
Non-controlling interests percentage	**30%**	**30%**	**30%**	**5%**			
Non-current assets	30,789	11,194	3,213	37,166			
Current assets	35,503	24,806	4,661	23,361			
Non-current liabilities	(2,913)	—	(86)	(1,481)			
Current liabilities	(24,398)	(9,404)	(1,013)	(16,050)			
Equity	**38,981**	**26,596**	**6,776**	**42,996**			
Equity attributable to non-controlling interests	**11,694**	**7,979**	**2,033**	**2,150**	630		**24,486**
Total revenue (third parties + related parties)	**87,551**	**55,894**	**10,385**	**64,240**			
Profit for the year	11,244	14,794	998	9,599			
Other comprehensive income/ (expense) (OCI)	1,791	(694)	—	(2,852)			
Total comprehensive income	**13,035**	**14,100**	**998**	**6,747**			
Profit allocated to non-controlling interests	3,373	4,438	299	480	77		**8,668**
OCI allocated to non-controlling interests	537	(208)	—	(143)	(55)		**132**
Total comprehensive income allocated to non-controlling interests	**3,911**	**4,230**	**299**	**337**	**23**	**—**	**8,800**
Cash flows from operating activities	10,399	11,246	1,066	16,120			
Cash flows used in investing activities	(2,347)	(4,005)	(75)	(6,639)			
Cash flows used in financing activities (including dividends to NCI)	(8,638)	(12,286)	(3,914)	(7,542)			
Net increase (decrease) in cash and cash equivalents	**(586)**	**(5,044)**	**(2,924)**	**1,939**			
Dividends paid to non-controlling interests	2,530	3,836	122	136	194		**6,819**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (EXPENSE)

(24) Net revenue

The table below illustrates the geographical distribution of net revenue based on the geographical location from where the product is sold by the group companies:

Thousands of Euros	2016	2017
Europe	273,146	290,341
Asia	74,768	71,916
Latin and North America	89,276	106,988
Oceania	48,660	48,608
Africa	14,418	16,967
Total	**500,268**	**534,819**

(25) Other operating income

This caption includes:

Thousands of Euros	2016	2017
Sundry recoveries/repayments	3,019	3,516
Gains on sale of fixed assets	207	171
Other	712	639
Total	**3,938**	**4,326**

(26) Work performed by the Group and capitalised

This caption amounts to € 4,908 thousand in 2017 (€ 6,615 thousand in 2016) and includes € 536 thousand of capitalized development expenditure related to new closures and € 4,372 thousand of extraordinary maintenance carried out on property, plant and equipment, of which extraordinary maintenance and upgrading of the production capacity of Guala Closures S.p.A. amounting to € 550 thousand and foreign companies amounting to € 3,822 thousand.

(27) Costs for raw materials

This caption includes:

Thousands of Euros	2016	2017
Raw materials and supplies	194,468	222,321
Packaging	8,985	9,981
Consumables and maintenance	11,562	10,351
Fuels	427	459
Other purchases	2,573	3,374
Change in raw materials inventories	421	(10,559)
Total	**218,436**	**235,927**

Costs from raw materials increased from € 218.4 million in 2016 to € 235.9 million in 2017, but the impact as a percentage of production value is stable at 43.6%.

(28) Costs for services—third parties

This caption includes:

Thousands of Euros	2016	2017
Electricity / heating	21,764	22,458
Transport	20,031	22,206
External processing	7,550	9,820
External labor / porterage	5,267	6,429
Maintenance	5,517	5,699
Sundry industrial services	5,395	5,148
Travel	3,932	4,069
Legal and consulting fees	3,398	3,268
Insurance	2,673	2,710
Administrative services	2,022	2,077
Technical assistance	1,034	1,364
Cleaning service	1,086	1,096
Directors' fees	991	962
Commissions	779	900
Entertainment expenses	842	793
Telephone costs	718	643
Security	449	432
Advertising services	258	301
Commercial services	279	276
Expos and trade fairs	366	210
Other	2,164	2,268
Total	**86,515**	**93,128**

Details of fees paid to the key management personnel and to statutory auditors are provided in notes 40) "Related party transactions" and 44) "Fees of the Statutory Auditors" to these consolidated financial statements.

(29) Costs for services—related parties

This caption includes:

Thousands of Euros	2016	2017
Admistrative consultancy—GCL Holdings S.C.A.	4,663	5,132
Total	**4,663**	**5,132**

(30) Personnel expense

This caption includes:

Thousands of Euros	2016	2017
Wages and salaries	73,461	78,448
Social security contributions	12,307	13,526
Expense/(Income) from defined benefit plans	1,871	1,599
Other costs	2,643	3,251
Total	**90,282**	**96,825**

Reference should be made to note 20) "Employee benefits" to these consolidated financial statements for details on Expense/(income) from defined benefit plans.

(30) Personnel expense (Continued)

At December 31, 2016 and 2017, the Group had the following number of employees:

Number	December 31, 2016	December 31, 2017
Blue collars	2,991	3,112
White collars	843	902
Managers	198	210
Total	**4,032**	**4,224**

(31) Other operating expense

This caption includes:

Thousands of Euros	2016	2017
Rent and leases	4,493	4,588
Taxes and duties	2,014	1,992
Other costs for the use of third party assets	1,586	1,511
Other provisions	781	1,084
Allowance for bad debts	—	81
Other charges	1,023	1,107
Total	**9,897**	**10,364**

(32) Financial income—third parties

This caption includes:

Thousands of Euros	2016	2017
Exchange rate gains	6,259	2,836
Interest income	1,618	606
Other financial income	167	112
Total	**8,045**	**3,553**

The decrease in interest income is mainly due to higher interest accrued in 2016 on the cash held in Ukraine for a certain part of the year.

(33) Financial income—related parties

This caption includes:

Thousands of Euros	2016	2017
Interest income—GCL Holdings S.C.A.	656	4,788
Total	**656**	**4,788**

Following the Group refinancing on November 11, 2016, Guala Closures S.p.A. granted a new Intercompany Loan to GCL Holdings S.C.A. of € 91.2 million. In 2017, this loan generated interest for the full year.

(34) Financial expense—third parties

This caption includes:

Thousands of Euros	2016	2017
Interest expense	21,337	30,743
Exchange rate losses	8,719	11,927
Financial expense on liability versus non-controlling investors in the Ukrainian company	2,400	900
Financial expense for debt refinancing	3,630	—
Other financial expense	978	3,939
Total	**37,064**	**47,509**

The Financial expense on liability versus non-controlling investors in the Ukrainian company relates to recognition of the increase in the financial liability for these investors' right to exercise a put option if certain conditions are met. The liability was determined by discounting the estimated value of the put option at its estimated time of exercise.

Financial expense for debt refinancing in 2016 refers to the derecognition of unamortized transaction costs due to the Group's refinancing (early redemption of existing Floating Rate Senior Secured Notes and Revolving Credit Facility).

Other financial expense in 2017 includes € 2.6 million due to the accrual for taxes and related interest in relation to tax dating to the period 2012-2016.

(35) Financial expense—related parties

This caption includes:

Thousands of Euros	2016	2017
Interest expense—GCL Holdings S.C.A.	13,133	1,597
Total	**13,133**	**1,597**

Interest expense to GCL Holdings S.C.A. in 2017 includes only € 1.6 million on the loan granted by GCL Holdings S.C.A. to Guala Closures International B.V..

The loan provided by GCL Holdings S.C.A. to Guala Closures S.p.A. was fully reimbursed following the Group refinancing in November 2016.

(36) Income and expense on financial assets/liabilities

The following table shows income and expense on financial assets/liabilities, specifying which are recognized in profit or loss and which directly in equity:

Thousands of Euros	2016	2017
Recognized in profit or loss		
Interest income	2,274	5,394
Exchange rate gains	6,259	2,836
Other financial income	167	112
Total financial income	**8,701**	**8,341**
Interest expense on financial liabilities measured at amortized cost	(34,469)	(32,340)
Exchange rate losses	(8,719)	(11,927)
Other financial expense	(7,008)	(4,839)
Total financial expense	**(50,197)**	**(49,106)**
Net financial expense recognized in profit or loss	**(41,496)**	**(40,764)**
Recognized directly in equity in the hedging reserve		
Effective portion of fair value losses on cash flow hedges	(29)	2
Net change in fair value of cash flow hedges reclassified to profit or loss	275	216
Total recognized directly in equity	**246**	**218**

(37) Income taxes

This caption includes:

Thousands of Euros	2016	2017
Current taxes	(20,206)	(21,432)
Deferred tax income	525	1,015
Total	**(19,681)**	**(20,417)**

Deferred tax income in profit or loss does not reflect the change in the corresponding captions of the statement of financial position due to the effect of transactions recognized directly in equity (€ -52 thousand), as described in the following table.

Change in deferred tax liabilities recognized directly in equity

Thousands of Euros	December 31, 2016	December 31, 2017
Change in deferred tax liabilities on fair value adjustments on cash flow hedges	(68)	(52)
Total	**(68)**	**(52)**

(37) Income taxes (Continued)

Reconciliation between the theoretical and effective tax charge

The difference between the theoretical and effective tax charge is mainly related to the impact of the different tax rates in foreign countries, non-taxable revenue and non-deductible costs.

Thousands of Euros	2016	2017
Profit before taxation	**29,947**	**35,551**
Income tax using Italian tax rate ***(2016: 27.5%; 2017: 24%)***	**(8,236)**	**(8,532)**
Effect of tax rates in foreign jurisdictions	1,592	(1,457)
Reduction in tax rate	14	14
Non-deductible expenses	(7,481)	(9,181)
Tax-exempt income	951	708
Tax incentives	523	487
Current-year losses for which no deferred tax asset is recognized	(2,323)	(292)
Recognition of previously unrecognized tax losses	403	475
Changes in estimates related to prior years	(384)	(20)
Total increase	**(6,705)**	**(9,267)**
Effective tax	**(14,941)**	**(17,799)**
IRAP	(291)	(427)
Other taxes, other than income taxes	(4,450)	(2,191)
Total income taxes for the year	**(19,681)**	**(20,417)**

Guala Closures S.p.A. participates in the national tax consolidation scheme pursuant to articles 117-128 of Presidential decree no. 917 of December 22, 1986 with its subsidiary Pharma Trade S.r.l..

Other taxes include the impairment on taxes paid abroad for which there is no certainty about their recovery based on the forecasted taxable income.

In 2017, the Italian corporate income tax rate decreased from 27.5% to 24%.

(38) Explanatory notes to the consolidated statement of cash flows

The following is a reconciliation of liabilities arising from financing activities for the year ended December 31, 2017:

Thousands of Euros		Note
Total Debt at January 1, 2017	**603,342**	
Derivative (assets)/liabilities and collateral at January 1, 2017	(100)	
Total Liabilities from financing activities at January 1, 2017	**603,241**	
Cash effect (*)		
Proceeds from new borrowings and bonds	24,330	
Repayment of borrowings and bonds	(12,053)	
Repayment of finance leases	(2,049)	
Interests paid	(33,827)	
Non-Cash effect		
Interest and other financial expense	33,883	34 – 35
Foreign exchange effects	(353)	
Fair value changes on derivatives	313	
Fair value changes on Ukrainian non-controlling investor liability	900	34
Changes in scope of consolidations (Axiom Propack Ltd)	5,441	4
Transaction costs amortization	2,396	34
Unpaid accrual for taxes and related interests (tax 2013-2016)	(1,393)	
Other changes	(74)	
Total Liabilities from financing activities at December 31, 2017	**620,754**	
Derivative (assets)/liabilities and collateral at December 31, 2017	213	
Total Debt at December 31, 2017	**620,541**	

(*) In relation to Cash effect, reference should be made to the consolidated statement of cash flows on page F-67 (Guala Cash flow for FY2017).

OTHER INFORMATION

(39) Fair value of financial instruments and sensitivity analysis

(a) Accounting classifications and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including December 31, 2016 and 2017. They do not include fair value information for financial assets and financial liabilities not r amount is a reasonable approximation of fair value. There were no movements from one level to another in 2017.

December 31, 2016		Carrying amount						
Thousands of Euros	Note	Fair value - Held-for-trading	Designated at FVTPL	Fair value - hedging instruments	Held-to-maturity	Loans and receivables	Available-for-sale	fi li
Financial assets measured at fair value								
Aluminium derivatives used for trading	—	533						
		533	**—**	**—**	**—**	**—**	**—**	**—**
Financial assets not measured at fair value (*)								
Trade receivables—third parties	7					89,134		
Trade receivables—related parties	8					277		
Financial assets—third parties						290		
Intragroup loans	7					91,856		
Cash and cash equivalents	5					53,973		
		—	**—**	**—**	**—**	**235,530**	**—**	**—**
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	18			(431)				
Aluminium derivatives used for trading	18	(2)						
Put option on non-controlling interests	14		(15,900)					
		(2)	**(15,900)**	**(431)**	**—**	**—**	**—**	**—**
Financial liabilities not measured at fair value (*)								
Bank overdraft	14							
Secured bank loans	14							
Unsecured bank loans	14							
Secured bond issues	14							(5
Intragroup loans	15							
Finance lease liabilities	14							
Trade payables—third parties	16							
Trade payables—related parties	—							
Other payables	14							
		—	**—**	**—**	**—**	**—**	**—**	**(6**

(*) The Group has not disclosed the fair values of some financial instruments such as current trade receivables, financial assets—third parties and p approximation of fair values.

(39) Fair value of financial instruments and sensitivity analysis (Continued)

December 31, 2017		Carrying amount						
Thousands of Euros	Note	Fair value - Held-for-trading	Designated at FVTPL	Fair value - hedging instruments	Held-to-maturity	Loans and receivables	Available-for-sale	Other financia liabiliti
Financial assets not measured at fair value (*)								
Trade receivables—third parties	7					102,444		
Trade receivables—related parties	8					1,208		
Financial assets—third parties						287		
Intragroup loans	6					91,803		
Cash and cash equivalents	5					40,164		
		—	**—**	**—**	**—**	**235,907**	**—**	**-**
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	18			(213)				
Put option on non-controlling interests	14		(16,800)					
		—	**(16,800)**	**(213)**	**—**	**—**	**—**	**-**
Financial liabilities not measured at fair value (*)								
Bank overdraft	14							(10,58
Secured bank loans	14							(52,23
Unsecured bank loans	14							(1,12
Secured bond issues	14							(504,88
Intragroup loans	15							(26,30
Finance lease liabilities	14							(7,77
Trade payables—third parties	16							(71,32
Other payables	14							(84
		—	**—**	**—**	**—**	**—**	**—**	**(675,06**

(*) The Group has not disclosed the fair values of some financial instruments such as current trade receivables, financial assets—third parties and pa approximation of fair values.

(39) Fair value of financial instruments and sensitivity analysis (Continued)

(b) Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Put option on non-controlling interest	*Discounted cash flows:* The fair value is determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast EBITDA of the Ukrainian subsidiary.	• Forecast EBITDA (average of last 2 years—2016 and 2017—and 2018 budget figures) • Net financial position of the Ukrainian subsidiary as at December 31, 2017 • Risk-adjusted discount rate (6.6%) • Expected date of put option exercise	The estimated fair value would increase if: • the EBITDA was higher • the net financial position was higher • the risk-adjusted discount rate was lower • the expected date of put option was exercised early
Forward interest rate swaps	*Market comparison technique:* The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Secured bonds issues	Discounted cash flows	Not applicable.
Intragroup loans		
Finance lease liabilities		

Even though secured bonds issues are quoted on the OTC market like Extra-MOT in Milan and Euro-MTF in Luxembourg, no relevant transaction were recorded during the year and so such financial instrument was classified as level 2.

(39) Fair value of financial instruments and sensitivity analysis (Continued)

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation of the opening balances to the closing balances for Level 3 fair values.

Thousands of Euros	December 31, 2016	December 31, 2017
Balance at January 1	13,500	15,900
Loss included in "financial expense"		
–Net change in fair value (unrealised)	2,400	900
Balance at December 31	**15,900**	**16,800**

Sensitivity analysis

For the fair value of the Put option on non-controlling interest, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

Thousands of Euros	Increase/ (decrease) in unobservable inputs	Favourable/ (unfavourable) impact on profit or loss
Forecast EBITDA	10%	(1,700)
	(10%)	1,600
Net financial position	+ 1 million €	(300)
	- 1 million €	200
Risk-adjusted discount rate	1%	1,600
	(1%)	(1,800)
Expected date of put option exercise	+ 1 year	1,000
	- 1 year	(1,100)

(c) Financial risk management

The Group is exposed to the following risks as a result of its operations:

- credit risk;
- liquidity risk;
- interest rate risk;
- currency risk;
- other price risk,

Guala Closures S.p.A.'s board of directors has overall responsibility for establishing and monitoring a risk management system for the Group.

The proxy system ensures the risk management guidelines are implemented and regularly monitored. The finance department is responsible for the monitoring and, in carrying out such activities, it uses information generated by the internal control system.

Credit risk

This is the risk that a customer or the counterparty to a financial instrument is unable to meet an obligation, leading to a financial loss. These risks arise mainly in relation to trade receivables and financial investments.

(39) Fair value of financial instruments and sensitivity analysis (Continued)

The Group's exposure to credit risk depends largely on each customer's specific characteristics. The demographics of the Group's customer portfolio, including the segment insolvency risk and the country risk, have an impact on the credit risk.

The Group accrues an allowance for impairment equal to the estimated losses on trade and other loans and receivables. It comprises both the recognition of impairment losses for material individual amounts and the recognition of collective impairment for similar groups of assets to cover losses already incurred but not yet identified. The collective impairment losses are calculated on the basis of historical payment statistics.

Most of the Group's trade receivables are due from leading operators of the alcoholic and non-alcoholic beverage segment. Most of its trading relationships are with longstanding customers. The Group's historical figures indicate a modest amount of bad debts. The risk is fully covered by the corresponding allowance for impairment recognized in the consolidated financial statements.

There are no cases of very concentrated credit risk in geographical terms.

At December 31, 2016 and 2017, trade receivables may be analyzed by geographical segment as follows:

Thousands of Euros	December 31, 2016	December 31, 2017
Europe	48,817	55,930
Asia	13,686	13,278
Latin America	10,730	15,307
Oceania	5,928	5,476
Rest of the world	9,973	12,453
Total	**89,134**	**102,444**

At December 31, 2017, trade receivables may be analyzed by due date as follows:

Thousands of Euros	Gross amount December 31, 2017	Impairment losses December 31, 2017	Net amount December 31, 2017
Not yet due	78,521	(17)	78,504
0-30 days overdue	17,668	(18)	17,650
31-90 days overdue	5,489	(365)	5,124
More than 90 days overdue	3,027	(1,860)	1,167
Total	**104,706**	**(2,261)**	**102,444**

The Group believes that the unimpaired amounts that are overdue by more than 30 days are still collectible, based on historical payment behavior and extensive analyzes of the underlying customers' credit ratings. Based on historical default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not yet due or overdue by up to 30 days.

At December 31, 2017, trade receivables may be analyzed by original currency as follows:

Thousands of Euros	EUR	USD	INR	GBP	Other currencies	Total
Trade receivables	34,374	11,930	10,886	6,426	38,829	**102,444**

(39) Fair value of financial instruments and sensitivity analysis (Continued)

Other currencies includes trade receivables in the following local currencies:

Thousands of Euros	December 31, 2017
Russian ruble	6,794
Ukrainian hryvnia	6,576
Polish zloty	4,868
Australian dollar	3,997
South African rand	3,798
Mexican peso	2,630
Chilean peso	2,570
Columbian peso	2,142
Argentinean peso	1,608
New Zealand dollar	1,376
Brazilian real	1,213
Chinese renmimbi	1,080
Other	177
Total	**38,829**

An analysis of the credit quality of trade receivables is as follows:

Thousands of Euros	December 31, 2017
– Four or more years' trading history with the Group	71,539
– From one to four years' trading history with the Group	14,035
– Less than one year' trading history with the Group	3,255
– Residual (not classified)	13,615
Total	**102,444**

With reference to the current and non-current financial assets due from the parent GCL Holdings S.C.A., for a total amount at December 31, 2017 of € 91,803 thousand, the credit risk is covered by the possibility of offsetting the financial assets with the participating financial instrument issued by Guala Closures S.p.A. in 2014.

Liquidity risk

This risk regards the Group's ability to meet its obligations arising from financial liabilities.

The Group's approach to liquidity management is to ensure adequate funds are always available to cover its obligations at the expiry dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions.

The Group generally ensures there is sufficient cash and cash equivalents to cover forecast short-term operating expenses, including those related to financial liabilities. Contingent effects arising from extreme situations that cannot reasonably be forecast, such as natural disasters, are excluded from the above.

The aim of Guala Closures Group's financing strategy is to maintain a well-balanced maturity profile for liabilities to thereby reduce the refinancing risk. Historically, the Group has always met its obligations on time and was able to re-finance the indebtedness in advance before it expires.

Reference should be made to the tables in note 14) "Current and non-current financial liabilities— third parties" to these consolidated financial statements for information on the Group's loans, credit lines and facilities at the reporting date.

(39) Fair value of financial instruments and sensitivity analysis (Continued)

Exposure to liquidity risk

The following are the outstanding contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements:

		Contractual cash flows			
Thousands of Euros	Carrying amount	Within one year	From one to five years	After five years	Total contractual cash flows
Non-derivative financial liabilities					
Put option on non-controlling interests	16,800			(34,100)	(34,100)
Bank overdrafts	10,580	(10,580)			(10,580)
Secured bank loans	52,230	(5,270)	(56,860)	—	(62,130)
Unsecured bank loans	1,120	(495)	(627)	—	(1,122)
Secured bond issues	504,884	(24,225)	(582,742)	—	(606,967)
Intragroup loans	26,306	(1,372)	(30,068)	—	(31,440)
Finance lease liabilities	7,772	(2,238)	(5,549)	—	(7,787)
Trade payables—third parties	71,326	(71,326)	—	—	(71,326)
Other	848	(827)	(21)	—	(848)
Total	**691,867**	**(116,334)**	**(675,867)**	**(34,100)**	**(826,300)**
Derivative financial liabilities					
Interest rate swaps used for hedging	213	(150)	(70)	—	(220)
Total	**213**	**(150)**	**(70)**	**—**	**(220)**

The interest payments on variable interest rate loans and bond issues in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows on put option on non-controlling interest and derivative instruments may be different from the amount in the above table as interest rates and exchange rates or the relevant conditions underlying the contingency change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis will materalise significantly earlier, or at significantly different amounts.

Interest rate risk

This risk relates to volatility of the market rates which determine the interest expense paid on outstanding loans.

The Group is exposed to interest rate risk as almost the full amount of its financial liabilities is subject to the payment of interest at floating rates subject to short-term repricing.

The Group's policy is to hedge a small portion of the payable amount subject to interest rate risk due to the current low level of interest rate. Interest rate swaps are used to hedge the risk which enable the interest rate to be set at fixed amounts.

(39) Fair value of financial instruments and sensitivity analysis (Continued)

Effective interest rate and repricing analysis

The following table shows the effective interest rate at the reporting date and for the period in which the related rate may be reviewed for interest-bearing financial assets and liabilities:

Thousands of Euros	Effective interest rate—December 2017	Repricing date					
		Total 31/12/17	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	After 5 years
Bonds							
Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A.	4.75%	510,000	510,000	—	—	—	—
Accrued interest—Guala Closures S.p.A.	n.a.	3,095	3,095	—	—	—	—
Transaction costs	n.a.	(8,211)	(8,211)	—	—	—	—
TOT. BOND FRSSN 2021 Guala Closures S.p.A.		**504,884**	**504,884**	—	—	—	—
Bank loans and borrowings:							
Senior Revolving Facility due in 2021	4.00%	50,000	50,000	—	—	—	—
Transaction costs	n.a.	(1,182)	(1,182)	—	—	—	—
Total Senior Revolving Facility		**48,818**	**48,818**	—	—	—	—
Accrued interest and expense—Guala Closures S.p.A.	n.a.	(14)	(14)	—	—	—	—
Yes Bank loan and bank overdraft Axiom Propack (India)	8.50%	5,958	5,958	—	—	—	—
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	0.70%	4,622	4,622	—	—	—	—
Banco de la Nacion Argentina loan (Chile)	7.56%	576	576	—	—	—	—
Bancolombia loan (Colombia)	7.35%	58	58	—	—	—	—
Bradesco / ITAU / Santander loans and bank overdraft (Brazil)	3.90%	486	486	—	—	—	—
Advances on receivables and loans (Argentina)	n.a.	2,629	2,629	—	—	—	—
Banamex loan (Mexico)	3.62%	797	797	—	—	—	—
Total bank loans and borrowings		**63,931**	**63,931**	—	—	—	—
Other financial liabilities:							
Guala Closures S.p.A. finance leases	n.a.	7,772	7,772	—	—	—	—
Liability to the Ukrainian non-controlling investors	n.a.	16,800	16,800	—	—	—	—
Other liabilities	n.a.	848	848	—	—	—	—
Total other financial liabilities		**25,420**	**25,420**	—	—	—	—
TOTAL		**594,235**	**594,235**	—	—	—	—

(39) Fair value of financial instruments and sensitivity analysis (Continued)

Thousands of Euros	Effective interest rate— December 2017	Repricing date					
		Total 31/12/17	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	After 5 years
Loan from GCL Holdings S.C.A.— Guala Closures International B.V.	5.25%	26,306	26,306	—	—	—	—
Total		**26,306**	**26,306**	**—**	**—**	**—**	**—**

Sensitivity analysis

Financial liabilities' fair values were calculated by an external actuary using the following methodology:

- the cash flows generated by the outstanding payables are identified both in terms of interest and principal. These cash flows are calculated with reference to the interest rates and the repayment plan;
- the individual cash flows are discounted using risk-free rates ruling on the measurement date. The bootstrap method is applied to the swap rates for each expiry date of the corresponding cash flow based on the resulting time curve;
- furthermore the individual cash flows are discounted using an additional rate, based on the Group's credit standing, calculated as the weighted average of the spreads applied to the different financing agreements. The spreads applied to the financing agreements are deemed to objectively represent the Group's credit standing and subsequent significant changes should not arise given its current financial position.

The following table shows the sensitivity analysis for the cash flows from these financial liabilities and the related hedging derivatives at December 31, 2017:

Thousands of Euros	Increase of 100bp	Decrease of 100bp
Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A.	(17,604)	2,446
Senior Revolving Facility Agreement—gross of transaction costs	(1,816)	263
Intragroup loan from GCL Holdings S.C.A. to Guala Cl. Intern. B.V.	(960)	156
Sensitivity of cash flows for Bonds and Revolving facility (net)	**(20,380)**	**2,865**
Finance leases	(82)	82
Related interest rate swaps	30	(23)
Sensitivity of cash flows of other financial liabilities (net)	**(52)**	**59**

The following methodology is used to perform the sensitivity analyses: a change is assumed in the interest rate used to calculate the interest (+/- 100 basis points), which indicates the change in the overall liability. Accordingly, negative amounts indicate an increase in the fair value of the liability and vice versa for positive amounts.

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales and purchases in currencies other than the functional currencies of the various group entities.

The Group is exposed to currency risk, particularly in relation to fluctuations of the USA dollar, Australian dollar, British pound sterling, Indian Rupia INR, Ukrainian Grimnia UAH and Polish Zloty.

Interest on loans is denominated in the currency of the cash flows generated by the Group's underlying transactions.

(39) Fair value of financial instruments and sensitivity analysis (Continued)

The risk of exchange rate fluctuations was managed in the past using exchange rate hedges when significant differences are noted between cost and revenue in foreign currency and such differences were hedged through currency swaps. These provided for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the Euro.

At the reporting date no exchange rate hedges was in place.

Sensitivity analysis

As of December 31, 2016 and 2017, a strengthening of the USD, GBP, AUD, INR, UAH and PLN against the Euro, as indicated below, would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis is based on exchange rate fluctuations that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis, although the changes in exchange rates differed to those expected, as indicated below.

	Strengthening		Weakening	
2016	**Assets**	**Profit or loss**	**Liabilities**	**Profit or loss**
USD (10% change)	760	760	(622)	(622)
GBP (10% change)	663	663	(542)	(542)
AUD (10% change)	435	435	(356)	(356)
INR (10% change)	1,287	1,287	(1,053)	(1,053)
UAH (10% change)	1,506	1,506	(1,232)	(1,232)
PLN (10% change)	(134)	(134)	110	110

	Strengthening		Weakening	
2017	**Assets**	**Profit or loss**	**Liabilities**	**Profit or loss**
USD (10% change)	371	371	(303)	(303)
GBP (10% change)	619	619	(507)	(507)
AUD (10% change)	647	647	(529)	(529)
INR (10% change)	582	582	(476)	(476)
UAH (10% change)	824	824	(674)	(674)
PLN (10% change)	(360)	(360)	294	294

All the positions (assets less liabilities) denominated in the above mentioned foreign currency are positive, excluding the position in PLN which is negative.

Other price risk

As a result of the nature of its activities, the Group is exposed to the risk of fluctuations in the purchase price of raw materials, particularly plastics and aluminum.

The risk of fluctuations in the purchase price of plastics has not been hedged as these raw materials were not listed on international markets (the London Metal Exchange). However, this risk will be able to be hedged in the near future given current developments in the listing of plastics on the international market and corresponding hedging instruments.

The risk of fluctuations in the purchase price of aluminum is partly hedged through derivatives which set the forward purchase price (reference should be made to note 18) "Financial derivatives liabilities" to these consolidated financial statements).

(40) Related party transactions

Reference should be made to the following notes to these consolidated financial statements for information on relationship with parent company: (6) Current and non-current financial assets—related parties; 8) Trade receivables—related parties; 15) Current and non-current financial liabilities—related parties; 29) Cost for services—related parties; 33) Financial income—related parties; 35) Financial expense—related parties).

(40) Related party transactions (Continued)

Intragroup transactions and balances with subsidiaries are eliminated on consolidation and, therefore, do not appear in the consolidated financial statements figures and are not disclosed in this report.

Transactions with the key management personnel are set out below:

	Costs recognized in the year								
Thousands of Euros	Fees for position held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Non-cash benefits	Other benefits	Total	Payables at December 31, 2017	Cash flows in the year
Total key management personnel transactions	580	186	327	23	26	—	**1,142**	20	1,064

Furthermore, in relation to services provided by key management personnel which act as managers of the parent GCL Holdings S.C.A., the Group received a recharge in 2017 of around € 2.7 million.

Melville S.r.l. is considered a related party of the Group.

The relationships between Melville S.r.l. and the Group at December 31, 2017 are summarized below:

- at December 31, 2017, Melville S.r.l. has a representative on the board of directors and a representative on the board of statutory auditors of Guala Closures S.p.A.;
- at December 31, 2017, Melville S.r.l. has a representative on the board of directors of GCL Holdings S.C.A.;
- at December 31, 2017, Melville S.r.l. has a representative on the board of directors of GCL Holdings GP S.à r.l.;
- at December 31, 2017, Melville S.r.l. has a representative on the board of directors of GCL Holdings LP S.à r.l.;
- at December 31, 2017, Melville S.r.l. controls an ultimate beneficial voting interest of 19.6%, via an investment in GCL Holdings L.P. S.à r.l..
- transactions with Melville took place on an arm's length basis.

In addition, Merchant Banking Funds is considered to be a related party of the Group.

aPriori Capital Partners L.P. manages the Merchant Banking Funds.

The transactions and relationships between Merchant Banking Funds and the Group at December 31, 2017 are summarized below:

- at December 31, 2017, aPriori Capital Partners L.P. had five representatives on the board of directors of Guala Closures S.p.A.;
- at December 31, 2017, aPriori Capital Partners L.P. had seven representatives on the board of directors of GCL Holdings S,C.A.;
- at December 31, 2017, aPriori Capital Partners L.P. had four representatives on the board of directors of GCL Holdings GP S.à r. l.;
- at December 31, 2017, aPriori Capital Partners L.P. had two representatives on the board of directors of GCL Holdings LP S.à r. l.;
- at December 31, 2017, MB Overseas Partners IV, L.P., Merchant Banking Partners IV (Pacific), L.P., Offshore Partners IV, L.P., MBP IV Plan Investors, L.P. and MB Overseas IV AIV, L.P. were collectively the beneficial owners of 58% of GCL Holdings S.C.A. via their interest in GCL Holdings L.P. S.à r.l.;
- transactions with aPriori Capital Partners L.P. took place on an arm's length basis.

Related parties also include a pension fund for employees of the former Metal Closures Ltd. (now Guala Closures UK Ltd.) managed by Metal Closures Group Trustees Ltd.. Considering the performance

(40) Related party transactions (Continued)

of the pension fund, the English Company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 20) "Employee benefits" to the consolidated financial statements for additional information.

Some of Guala Closures S.p.A. managers, who are also the managers of the parent GCL Holdings S.C.A., also hold Class B shares (without voting rights attached) of the parent GCL Holdings S.C.A, whose share capital of €141,217.50 is divided into 39,578 Class A shares, 5,610 Class B limited shares, 67,785 preferred shares and one management share.

Should GCL Holdings LP S.à r.l. sell a controlling stake in GCL Holdings S.C.A., holders of Class B shares shall have their shares converted into Class A shares (with one vote per share).

Around 12% of Class A and 100% of Class B shares are owned by members of the management of GCL Holdings S.C.A..

(41) Contingent liabilities

At the date of publication of these consolidated financial statements, there were no significant contingent liabilities in relation to which the Group can currently foresee future expenditure.

(42) Operating leases and rents

The Group leases a number of warehouse and factory facilities under operating leases or rents. The leases or rents typically run for a period of 4-6 years, with an option to renew the lease after that date. Some leases provide for additional rent payments that are based on changes in local price indices.

Future minimum lease payments

At December 31, 2016 and 2017, the future minimum lease payments under non-cancellable leases and rents were receivable as follows:

Thousands of Euros	2016	2017
Less than one year	3,923	4,133
Between one and five years	9,109	8,658
More than five years	572	302
Total	**13,604**	**13,093**

Amounts recognized in profit or loss

Thousands of Euros	2016	2017
Lease and rent expense	5,309	5,649

(43) Commitments and guarantees

The Group's commitments and guarantees given at December 31, 2017 can be grouped into those guarantees given in relation to the Senior Facilities Agreement and Senior Secured Floating Rate Notes due in 2021 and other guarantees given by other group companies, detailed as follows:

Guala Closures S.p.A.

- Pledge of the shares held by Guala Closures S.p.A. in Guala Closures International B.V.
- Special lien on the following assets of Guala Closures S.p.A. (securing the Senior Facilities Agreement only):
  - existing and future chattels not listed in public registers which Guala Closures S.p.A. uses in its operations or as plant and machinery;
  - raw materials, work in progress, stock, finished goods held at any time at Guala Closures S.p.A.'s warehouses (or with third parties or holders of any kind);

(43) Commitments and guarantees (Continued)

  - goods that Guala Closures S.p.A. purchases with income from the financing secured by the special lien;
  - receivables arising after the special lien was signed following the sale of some of the above assets;
  - any revenues and related assets in connection therewith.

- Pledge of Guala Closures S.p.A.'s intellectual property rights
- Pledge over receivables of Guala Closures S.p.A. arising under certain intercompany loan agreements

Guala Closures UK Ltd.

- A bond and floating charge on all the assets of Guala Closures UK Ltd.

Guala Closures International B.V.

- Specific security deed of the shares of Guala Closures Australia Holdings Pty Ltd. held by Guala Closures International B.V.
- Pledge of the participatory interests and shares of Guala Closures Ukraine LLC held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures Mexico S.A. de C.V. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures Iberica S.A. held by Guala Closures International B.V.
- Specific security deed of the shares of Guala Closures New Zealand Ltd. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures do Brasil Ltda. held by Guala Closures International B.V.
- Charge on the shares of Guala Closures UK Ltd. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures DGS Poland [Spólka Akcyjna] held by Guala Closures International B.V.
- Pledge of the material intellectual property of Guala Closures International B.V.

Guala Closures Australia Holdings Pty Ltd

- Specific security deed over shares of Guala Closures Australia Pty Ltd. held by Guala Closures Australia Holdings Pty Ltd.

Guala Closures Australia Pty Ltd.

- Specific security and general security deed granted on the assets of Guala Closures Australia Pty Ltd.

Guala Closures do Brasil Ltda.

- Mortgage on certain real estate property owned by Guala Closures do Brasil Ltda.

The other guarantees given by group companies at December 31, 2017 are as follows:

Guala Closures Argentina S.A.

- Mortgage on building given to Banco de la Nación Argentina for an amount of Argentinean pesos 11.9 million

(43) Commitments and guarantees (Continued)

Guala Closures India Pvt Ltd

- Securities given to Yes Bank for an amount of Indian rupees 570 million

Thousand of Euros	December 31, 2017
Guala Closures S.p.A.	
Third party assets held by the Group	4,490

(44) Fees of the Statutory Auditors

The Statutory Auditors' fees are as follow:

	Costs recognized in the year						
Thousands of Euros	Fees for position held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Total	Payables at December 31, 2017	Cash flows in the year
Total statutory auditors	**52**				**52**	**52**	**52**

(45) Events after the reporting period

On February 19, 2018, the preliminary sale of the building located in Torre d'Isola (Italy) was signed in Milan.

The completion of the transaction, with the signing of the notarial deed, must take place no later than June 30, 2018.

On behalf of the Board of directors
Chairman
Marco Giovannini
(signed on the original)

March 23, 2018

GUALA CLOSURES GROUP

CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2016

KPMG S.p.A.
Revisione e organizzazione contabile
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10123 TORINO TO
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Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the sole shareholder of
Guala Closures S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the Guala Closures Group (the "group"), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statements of profit or loss and other comprehensive income (expense), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The parent's directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union.

Independent auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11 of Legislative decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the consolidated financial statements.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

Ancona Aosta Bari Bergamo
Bologna Bolzano Brescia
Catania Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona

Società per azioni
Capitale sociale
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R.E.A. Milano N. 512867
Partita IVA 00709600159
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Sede legale: Via Vittor Pisani, 25
20124 Milano MI ITALIA

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as at 31 December 2016 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union.

Turin, 12 April 2017

KPMG S.p.A.

Roberto Bianchi
Director of Audit

GUALA CLOSURES GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousands of Euros)	December 31, 2015	December 31, 2016	Note
ASSETS			
Current assets			
Cash and cash equivalents	61,754	53,973	5
Current financial assets—third parties	65	58	6
Current financial assets—related parties	—	656	7
Trade receivables—third parties	86,880	89,134	8
Trade receivables—related parties	436	277	9
Inventories	67,301	67,883	10
Current direct tax assets	2,138	3,140	11
Current indirect tax assets	5,821	6,340	12
Financial derivative assets	—	533	13
Other current assets	3,382	4,404	14
Total current assets	**227,777**	**226,399**	
Non-current assets			
Non-current financial assets—third parties	194	232	15
Non-current financial assets—related parties	—	91,200	7
Property, plant and equipment	185,680	189,496	16
Intangible assets	376,656	373,990	17
Deferred tax assets	8,060	7,293	18
Other non-current assets	414	613	19
Total non-current assets	**571,004**	**662,824**	
TOTAL ASSETS	**798,780**	**889,223**	
LIABILITIES AND EQUITY			
Current liabilities			
Current financial liabilities—third parties	9,378	12,446	20
Current financial liabilities—related parties	3,320	1,313	21
Trade payables—third parties	66,905	65,645	22
Trade payables—related parties	1,548	311	23
Current direct tax liabilities	5,198	4,430	24
Current indirect tax liabilities	4,290	4,556	25
Current provisions	1,624	1,176	26
Financial derivative liabilities	1,071	433	27
Other current liabilities	22,485	26,301	28
Total current liabilities	**115,818**	**116,611**	
Non-current liabilities			
Non-current financial liabilities—third parties	349,893	557,758	20
Non-current financial liabilities—related parties	152,226	31,825	21
Employee benefits	5,745	6,246	29
Deferred tax liabilities	15,981	15,350	18
Non-current provisions	148	151	26
Other non-current liabilities	112	43	30
Total non-current liabilities	**524,105**	**611,373**	
Total liabilities	**639,923**	**727,984**	
Share capital and reserves attributable to non-controlling interests	17,302	17,024	
Profit for the year attributable to non-controlling interests	7,397	8,314	
Equity attributable to non-controlling interests	**24,699**	**25,338**	32
Equity attributable to the owners of the Company			
Share capital	74,624	74,624	
Share premium reserve	184,582	184,582	
Legal reserve	775	775	
Participating financial instruments reserve	55,512	60,305	
Translation reserve	(46,077)	(46,302)	
Hedging reserve	(974)	(796)	
Losses carried forward and other reserves	(122,762)	(134,446)	
Loss for the year	(11,522)	(2,842)	
Equity attributable to the owners of the Company	**134,158**	**135,901**	31
Total equity	**158,857**	**161,239**	
TOTAL LIABILITIES AND EQUITY	**798,780**	**889,223**	

The accompanying notes are an integral part of the consolidated financial statements.

GUALA CLOSURES GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME/ (EXPENSE)

(Thousands of Euros)	2015 (*)	2016	Note
Net revenue	**520,533**	**500,268**	33
Change in inventories of finished goods and semi-finished products	3,066	1,279	10
Other operating income	4,783	3,938	34
Work performed by the Group and capitalised	5,936	6,615	35
Costs for raw materials	(233,336)	(218,436)	36
Costs for services—third parties	(90,432)	(86,515)	37
Costs for services—related parties	(1,548)	(4,663)	38
Personnel expense	(92,912)	(90,282)	39
Other operating expense	(11,259)	(9,897)	40
Amortization, depreciation and impairment losses	(37,547)	(30,865)	16 - 17
Operating profit	**67,284**	**71,443**	
Financial income—third parties	11,081	8,045	41
Financial income—related parties	—	656	42
Financial expense—third parties	(40,039)	(37,064)	43
Financial expense—related parties	(15,203)	(13,133)	44
Net finance costs	**(44,161)**	**(41,496)**	
Profit before taxation	**23,123**	**29,947**	
Income taxes	(22,468)	(19,681)	46
Profit for the year	**655**	**10,266**	

OTHER COMPREHENSIVE INCOME/(EXPENSE)

	2015 (*)	2016
Items that will never be reclassified to profit or loss:		
Actuarial gains/(losses) on defined benefit liability (asset)	337	(162)
	337	***(162)***
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	(12,341)	429
Effective portion of fair value gains (losses) of cash flow hedges	(47)	(29)
Net change in fair value of cash flow hedges reclassified to profit or loss	318	275
Tax on items that are or may be reclassified subsequently to profit or loss	(75)	(68)
	(12,145)	***608***
Other comprehensive income (expense) for the year, net of tax	**(11,808)**	**445**
Total comprehensive income (expense) for the year	**(11,153)**	**10,711**
Profit (loss) attributable to:		
owners of the shares of the Company	(11,522)	(2,842)
owners of the Participating Financial Instruments of the Company	4,781	4,794
non-controlling interests	7,397	8,314
Total profit for the year	**655**	**10,266**
Comprehensive income (expense) attributable to:		
owners of the shares of the Company	(21,351)	(3,050)
owners of the Participating Financial Instruments of the Company	4,781	4,794
non-controlling interests	5,418	8,968
Comprehensive income (expense) for the year	**(11,153)**	**10,711**

(*) 2015 figures were restated since capitalized development expenditure and extraordinary maintenance booked in 2015 as "Other operating income" have been reclassified to the caption "Work performed by the Group and capitalized"

The accompanying notes are an integral part of the consolidated financial statements.

GUALA CLOSURES GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS

(Thousands of Euros)	2015	2016	Note
Opening cash and cash equivalents	**35,047**	**61,754**	**5**
A) Cash flows generated by operating activities			
Profit before taxation	23,123	29,947	
Amortization, depreciation and impairment losses	37,547	30,865	16 - 17
Net finance costs	44,161	41,496	41 - 42 - 43 - 44
Adjustments for:			
Receivables, payables and inventories	11,520	(9,218)	8 - 9 - 10 - 22 - 23
Other	(3,081)	816	14 - 19 - 26 - 27 - 28 - 29
VAT and indirect tax assets/liabilities	2,092	(408)	12 - 25
Income taxes paid	(24,112)	(21,689)	11 - 25 - 46
TOTAL	**91,248**	**71,808**	
B) Cash flows used in investing activities			
Acquisitions of property, plant and equipment and intangible assets	(22,258)	(31,212)	16 - 17 - 28
Proceeds from sale of property, plant and equipment and intangible assets	116	80	14 - 16 - 17
Acquisition of Capmetal SAS, net of cash acquired	—	(1,057)	4
TOTAL	**(22,142)**	**(32,189)**	
C) Cash flows used in financing activities			
Acquisition of non-controlling interest in Guala Closures Argentina	(689)	—	
Interest received	930	1,774	41
Interest paid	(44,801)	(34,594)	43 - 44
Payment of transaction cost on Bonds and Senior Revolving Facility	—	(8,332)	
Other financial items	(1,108)	(1,180)	
Dividends paid	(3,858)	(6,302)	
Proceeds from new borrowings and bonds	19,733	563,010	20 - 21
Repayment of borrowings and bonds	(8,220)	(467,819)	20 - 21
Repayment of finance leases	(2,007)	(2,024)	
Change in financial assets	82	(91,151)	
TOTAL	**(39,939)**	**(46,619)**	
D) Net cash flow for the year	**29,167**	**(6,999)**	
Effect of exchange rate fluctuations on cash held	(2,461)	(781)	
Closing cash and cash equivalents	**61,754**	**53,973**	5

The accompanying notes are an integral part of the consolidated financial statements.

GUALA CLOSURES GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Thousands of Euros)	Attributable to the owners of the Company							
	Share capital	Share premium reserve	Legal reserve	Participating financial instruments	Translation reserve	Hedging reserve	Losses carried forward and other reserves	Loss for the year
Balance at January 1, 2015	**74,624**	**184,582**	**775**	**50,731**	**(35,715)**	**(1,170)**	**(98,708)**	**(24,391)**
Allocation of 2014 profit (loss)							(24,391)	24,391
Profit (loss) for the year ended December 31, 2015				4,781				(11,522)
Other comprehensive expense					(10,362)	196	337	
Comprehensive income/(expense) for the year	***—***	***—***	***—***	***4,781***	***(10,362)***	***196***	***(24,054)***	***12,869***
Dividends to non-controlling interests								
Total contributions by and distributions to owners of the Company	***—***	***—***	***—***	***—***	***—***	***—***	***—***	***—***
Balance at December 31, 2015	**74,624**	**184,582**	**775**	**55,512**	**(46,077)**	**(974)**	**(122,762)**	**(11,522)**
Balance at January 1, 2016	**74,624**	**184,582**	**775**	**55,512**	**(46,077)**	**(974)**	**(122,762)**	**(11,522)**
Allocation of 2015 profit (loss)							(11,522)	11,522
Profit (loss) for the year ended December 31, 2016				4,794				(2,842)
Other comprehensive income/(expense)			—		(226)	178	(161)	
Comprehensive income for the year	**—**	**—**	**—**	**4,794**	**(226)**	**178**	**(11,684)**	**8,680**
Dividends to non-controlling interests								
Total contributions by and distributions to owners of the Company	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Acquisition of Capmetal Sas								
Total changes in ownership interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Balance at December 31, 2016	**74,624**	**184,582**	**775**	**60,305**	**(46,302)**	**(796)**	**(134,446)**	**(2,842)**

The accompanying notes are an integral part of the consolidated financial stater

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2016

GENERAL INFORMATION

(1) The Group's activities and key changes in its structure during the year

Guala Closures Group's main activities involve the design and manufacturing of closures for spirits, wine and non-alcoholic drinks such as water, olive oil and vinegar, as well as pharma products to be sold on the domestic and international markets.

The Group is also active in the field of production of PET plastic preforms and bottles.

The Group's activities are separated into two divisions:

- the Closures division, representing the Group's core business, specialized in the production of safety closures (safety product line), roll on (standard) aluminum closures, customized plastic and aluminum closures (luxury product line) and closures for other sectors and accessories; the division also produces aluminum, plastic and rubber closures for the pharmaceutical sector;
- the PET division, which produces preforms and bottles for carbonated soft drinks (CSD product line) and preforms, bottles, molds, jars, flasks and miniature drinks bottles and containers for cosmetics, beauty products and pharmaceuticals and foodstuffs (custom molding product line). This division is no longer considered as a core business.

Currently, the Group is the European and international leader in the production of safety closures for spirits bottles, with over 60 years' experience in the sector.

It is also the leading European producer of aluminum closures for spirits bottles.

The following events took place in 2016:

- **Refinancing:**

On November 11, 2016, Guala Closures Group and its parent company GCL Holdings S.C.A. refinanced their existing notes and Revolving Credit Facility. The key elements of the refinancing were as follows:

- Guala Closures S.p.A. issued € 510 million of Floating Rate Senior Secured Notes due in 2021 ("Notes"). The Notes bear interest at a rate equal to three-month EURIBOR (with a 0% floor) plus 475 basis points, payable quarterly in arrears, beginning on February 15, 2017 and they are guaranteed by the Parent company GCL Holdings S.C.A..
- Guala Closures S.p.A. entered into a new senior secured Revolving Credit Facility ("New Revolving Credit Facility") with a group of banks. The New Revolving Credit Facility provides for commitments of up to € 65.0 million and matures in 2021. The initial interest rate on the loan under the New Revolving Credit Facility is equal to EURIBOR (with a 0% floor) plus 400 basis points. Guala Closures S.p.A. made an initial drawdown of € 40 million as part of the refinancing.

The net proceeds of the refinancing were used as follows:

- Guala Closures S.p.A. prepaid in full the existing Floating Rate Senior Secured Notes due in 2019 of € 275 million, and paid the related accrued interest, as well as certain fees and expenses associated with the refinancing.
- Guala Closures S.p.A. prepaid in full the existing senior secured Revolving Credit Facility of € 54 million and paid the related accrued interest and break costs, as well as certain fees and expenses associated with the refinancing.
- Guala Closures S.p.A. prepaid in full the existing intercompany liability to the parent GCL Holdings S.C.A. of € 55.7 million, together with related accrued interest and granted a new intercompany loan to GCL Holdings S.C.A. of € 91.2 million.
- Guala Closures S.p.A. granted a new intercompany loan to Guala Closures International B.V. of € 59.9 million.
- Guala Closures International B.V. partially prepaid the existing Intercompany Loan to GCL Holdings S.C.A. of € 59.9 million.

(1) The Group's activities and key changes in its structure during the year (Continued)

- The parent GCL Holdings S.C.A. prepaid in full the existing Senior Notes due in 2018 of € 200 million, and paid the related accrued interest and redemption premium of 2.344%.
- Guala Closures S.p.A. and certain other group companies entered into an amended and restated Senior Intercreditor Agreement and Parallel Priority Agreement and certain other customary documentation for transactions of such type, including security agreements.
- The Floating Rate Senior Secured Notes issued by Guala Closures S.p.A. have been listed and admitted for trading on the ExtraMOT market of Borsa Italiana S.p.A..

For further details on granted guarantees, please refer to note 51) Commitments and guarantees to the consolidated financial statements.

- **Acquisition of CapMetal SAS:**

On December 15, 2016, the Group acquired, through its Dutch sub-holding Guala Closures International B.V., 70% of the French company Capmetal SAS.

The acquired company, founded in 1986 and based in Tours, recorded at the end of 2016 turnover of around € 13 million; it is specialized in the production and distribution of aluminium screwcaps, mainly for the French wine market and operates through a production site in the Eure-et-Loire and a direct sales network covering the whole of France. In addition, Capmetal SAS has been promoting the Guala Closures Group products through a non-exclusive representation contract since more than 10 years.

The 30% of the capital remains with the former owners that include the ICAS group, world leader in the production of wirehoods for champagne bottles closures, and MVL.

The transaction is part of the Guala Closures Group's strategy to strengthen its core business through direct control of the commercial network.

The total consideration for the acquisition of 70% of Capmetal SAS was € 1.2 million, plus a subsequent share capital increase of € 0.7 million resolved upon the acquisition date and paid in January 2017.

For further details on the above mentioned acquisition, please see note 4) Acquisitions of subsidiaries to the consolidated financial statements.

(2) Accounting policies

The consolidated financial statements at December 31, 2016 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union ("EU"), and related interpretations. They include the financial information of the parent and all subsidiaries shown in the Group structure at December 31, 2016.

The consolidated financial statements have been prepared on a historical cost basis, except for derivatives which are measured at fair value, and on a going concern basis. Business risks and/or any identified uncertainties related to the Group's reference markets are not significant and do not cast doubts on its ability to continue as a going concern.

The consolidated financial statements have been prepared using the following formats:

- captions of the statement of financial position are classified by current and non-current assets and liabilities;
- statement of profit or loss and other comprehensive income ("OCI") captions are classified by nature;
- the statement of cash flows has been prepared using the indirect method;
- the statement of changes in equity has been prepared in accordance with the structure of changes in equity.

(2) Accounting policies (Continued)

The consolidated financial statements have been prepared in Euros, which is the Group's presentation currency, rounding the amounts to the nearest thousand. Any discrepancies between financial statements balances and those of the tables of the notes to the consolidated financial statements are due exclusively to rounding and do not alter their reliability or substance.

Guala Closures S.p.A.'s board of directors approved the consolidated financial statements on March 28, 2017.

The shareholders who will be called to approve the parent's separate financial statements have the power to request changes to the consolidated financial statements.

The most important accounting policies used by the Group to draw up its consolidated financial statements are consistent with those used for the consolidated financial statements as at and for the year ended December 31, 2015 apart from that stated in paragraph (c) Changes in accounting standards. They are described below.

The consolidated figures of Guala Closures Group are included in the consolidated accounts prepared by the parent GCL Holdings S.C.A., incorporated and domiciled in Luxembourg, 8A, rue Albert Borschette, L-1246, which prepares the consolidated accounts for GCL Holdings S.C.A. and its subsidiaries. GCL Holdings S.C.A. is the ultimate company that prepares the consolidated accounts for the whole Group.

The accounting policies have been applied consistently across all group companies.

(a) Basis of consolidation

Accounting for business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Acquisitions on or after January 1, 2010

For acquisitions on or after January 1, 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss in the other income caption.

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for in equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the

(2) Accounting policies (Continued)

business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between January 1, 2004 and January 1, 2010

For acquisitions between January 1, 2004 and January 1, 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations, were capitalised as part of the cost of the acquisition.

Acquisitions prior to January 1, 2004 (date of transition to IFRSs)

As part of its transition to IFRSs, the Group elected to restate only those business combinations that occurred on or after January 1, 2004. In respect of acquisitions prior to January 1, 2004, goodwill represents the amount recognised under the Group's previous accounting framework, Italian GAAP.

Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(2) Accounting policies (Continued)

The entities included in the consolidation scope are listed in the following table:

List of investments in subsidiaries at December 31, 2016

Company name	Registered office	Currency	Share/quota capital	Investment percentage	Type of investment	Method of consolidation
EUROPE						
Guala Closures International B.V.	The Netherlands	EUR	92,000	100%	Direct	Line-by-line
Pharma Trade S.r.l.	Italy	EUR	100,000	100%	Direct	Line-by-line
Guala Closures UK Ltd.	Great Britain	GBP	134,000	100%	Indirect	Line-by-line
Guala Closures Iberica, S.A.	Spain	EUR	2,479,966	100%	Indirect	Line-by-line
CapMetal SAS	France	EUR	2,748,000	70%	Indirect	Line-by-line
Guala Closures Ukraine LLC	Ukraine	UAH	90,000,000	70%	Indirect	Line-by-line
Guala Closures Bulgaria AD	Bulgaria	BGN	10,420,200	70%	Indirect	Line-by-line
Guala Closures Tools AD	Bulgaria	BGN	2,375,700	70%	Indirect	Line-by-line
Guala Closures DGS Poland S.A.	Poland	PLN	595,000	70%	Indirect	Line-by-line
ASIA						
Guala Closures India pvt Ltd.	India	INR	170,000,000	95.0%	Indirect	Line-by-line
Beijing Guala Closures Co. Ltd.	China	CNY	20,278,800	100%	Indirect	Line-by-line
Guala Closures Japan KK	Japan	JPY	5,000,000	100%	Indirect	Line-by-line
LATIN AMERICA						
Guala Closures Mexico, S.A. de C.V.	Mexico	MXN	94,630,010	100%	Indirect	Line-by-line
Guala Closures Servicios Mexico, S.A. de C.V.	Mexico	MXN	50,000	100%	Indirect	Line-by-line
Guala Closures Argentina S.A.	Argentina	ARS	17,702,910	98.38%	Indirect	Line-by-line
Guala Closures do Brasil LTDA	Brazil	BRL	10,736,287	100%	Indirect	Line-by-line
Guala Closures de Colombia LTDA	Colombia	COP	8,691,219,554	93.20%	Indirect	Line-by-line
Guala Closures Chile SpA	Chile	CLP	36,729,000	100%	Indirect	Line-by-line
OCEANIA						
Guala Closures New Zealand Ltd.	New Zealand	NZD	5,700,000	100%	Indirect	Line-by-line
Guala Closures Australia Holdings Pty Ltd.	Australia	AUD	34,450,501	100%	Indirect	Line-by-line
Guala Closures Australia Pty Ltd.	Australia	AUD	810	100%	Indirect	Line-by-line
AFRICA						
Guala Closures South Africa Pty Ltd.	South Africa	ZAR	60,000,000	100%	Indirect	Line-by-line
REST OF THE WORLD						
Guala Closures North America, Inc.	United States	USD	60,000	100%	Indirect	Line-by-line

Note:

The table does not include the figures for Metal Closures Group Trustee Ltd. (the company that manages the Metal Closures pension schemes—see note 29) "Employee benefits") as they are not consolidated due to their immaterial size.

Consolidation procedures

The financial statements of the subsidiaries are prepared for each reporting period using the same accounting policies as those of the parent. Consolidation adjustments are recognized to make those captions impacted by the application of different accounting policies consistent. All intragroup balances and transactions, including any unrealized profits on transactions within the Group, are completely eliminated. Unrealized losses, other than impairment losses, are eliminated. The related tax effects are measured on all consolidation adjustments.

(b) Use of estimates and judgments

Following the adoption of IFRS, management has to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, costs and revenue. Estimates and the related assumptions are based on past experience and other factors considered to be reasonable in the circumstances. They are adopted to estimate the carrying amount of assets and liabilities that cannot easily be assumed from other sources. However, as they are estimates, the actual

(2) Accounting policies (Continued)

figure may not match the result of the estimate. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended December 31, 2016 is included in the following notes: allowances for impairment and inventory write-down (note 10), amortization and depreciation (notes 16-17), impairment of non-current assets (note 19), employee benefits (note 29), taxes (note 46), provisions (note 26), and to measure financial derivatives (notes 13-27) and effects of business combinations.

Such estimates and assumptions are reviewed regularly. Any changes arising therefrom are recognized in the year in which the review takes place if this only affects that year. If the review relates to both current and future years, the change is recognized in the year in which the review takes place and in the related future year.

(c) Changes in accounting standards

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2016:

- In November 2013, the IASB issued amendments to IAS 19—Employee benefits entitled "Defined Benefit Plans: Employee Contributions" which apply to contributions from employees or third parties to defined benefit plans in order to simplify their accounting in specific cases.
- In September 2014, the IASB issued the Annual Improvements to IFRSs 2010—2012 Cycle. The most important topics addressed in these amendments are, among others, the definition of vesting conditions in IFRS 2—Share-based payments, the disclosure on judgment used in the aggregation of operating segments in IFRS 8—Operating Segments, the identification and disclosure of a related party transaction that arises when a management entity provides key management personnel service to a reporting entity in IAS 24—Related Party disclosures, the extension of the exclusion from the scope of IFRS 3—Business Combinations to all types of joint arrangements and to clarify the application of certain exceptions in IFRS 13—Fair value Measurement.
- In May 2014, the IASB issued amendments to IFRS 11—Joint arrangements: Accounting for acquisitions of interests in joint operations which clarify the accounting for acquisitions of an interest in a joint operation that constitutes a business. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016 with earlier application permitted for any new acquisition.
- In May 2014, the IASB issued an amendment to IAS 16—Property, Plant and Equipment and to IAS 38—Intangible Assets. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. These amendments are effective for annual periods beginning on or after January 1, 2016, with early application permitted.
- In August 2014, the IASB issued an amendment to IAS 27—Separate Financial Statements which outlines the accounting and disclosure requirements for 'separate financial statements', which are financial statements prepared by a parent, or an investor in a joint venture or associate, where those investments are accounted for either at cost or in accordance with IAS 39—Financial instruments: Recognition and Measurement or IFRS 9—Financial instruments. The standard also outlines the accounting requirements for dividends and contains numerous disclosure requirements.
- In December 2014, the IASB issued amendments to IAS 1—Presentation of Financial Statements as part of its major initiative to improve presentation and disclosure in financial reports. The amendments make clear that materiality applies to the whole set of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that entities should use professional judgment in determining

(2) Accounting policies (Continued)

where and in what order information is presented in the financial disclosures. The amendments are effective for annual periods beginning on or after January 1, 2016 with early application permitted.

- In September 2014, the IASB issued the Annual Improvements to IFRSs 2012—2014 Cycle. The most important topics addressed in these amendments are, among others, IFRS 5 Non-current Assets Held for Sale and Discontinued Operations—Changes in methods of disposal, IFRS 7 Financial Instruments: Disclosures—(i) Servicing contracts and (ii) Applicability of the amendments to IFRS 7 on offsetting disclosure to condensed interim financial statements, IAS 19 Employee Benefits—Discount rate: regional market issue and IAS 34 Interim Financial Reporting—Disclosure of information 'elsewhere in the interim report'.
- In December 2014, the IASB issued Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28). The amendment relates to a number of potential amendments to IFRS 10—Consolidated Financial Statements and IAS 28—Investments in Associates and Joint Ventures (2011) to address issues that have arisen in relation to the exemption from consolidation for investment entities like a) whether an investment entity parent should account for an investment entity subsidiary at fair value, when the subsidiary provides investment-related services to third parties; b) the interaction between the investment entity amendments and the exemption from preparing consolidated financial statements requirements in IFRS 10; c) whether a non-investment entity must 'unwind' the fair value accounting of its joint ventures or associates that are investment entities.

The application of these amendments had no significant effect on the disclosures presented in these consolidated financial statements or on the measurement of the related items.

(d) Foreign currency

Functional currency and presentation currency

The figures stated in the financial statements of each group company are measured using their functional currency, being the currency of the primary economic environment in which the company operates. The consolidated financial statements are drawn up in Euros, the parent's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions, including the effects of fair value adjustments arising from business combinations and goodwill from acquisitions of entities whose functional currency is not the Euro, are translated into the functional currency applying the exchange rate ruling on the date of the transaction. Monetary items in foreign currency existing at the reporting date are translated into Euros using the closing rate. Exchange rate gains and losses are taken to profit or loss. Non-monetary items measured at their historical cost in foreign currency are translated using the exchange rate ruling on the transaction date. Non-monetary items measured at fair value in foreign currency are translated into Euros using the exchange rates ruling on the date their fair value was determined.

Financial statements of the foreign companies

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euros at the closing rates. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into Euros at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group

(2) Accounting policies (Continued)

disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

The following exchange rates are applied to translate those financial statements presented in currencies that are not legal tender in Italy:

Statement of financial position

1 Euro = x foreign currency	December 31, 2015	December 31, 2016
Pound sterling	0.73395	0.85618
US dollar	1.08870	1.05410
Indian rupee	72.02150	71.59350
Mexican peso	18.91450	21.77190
Colombian peso	3,456.01000	3,169.49219
Brazilian real	4.31170	3.43050
Chinese renmimbi	7.06080	7.32020
Argentinean peso	14.09720	16.74881
Polish zloty	4.26390	4.41030
New Zealand dollar	1.59230	1.51580
Australian dollar	1.48970	1.45960
Ukrainian hryvnia	26.15870	28.73860
Bulgarian lev	1.95580	1.95580
South African Rand	16.95300	14.45700
Japan Yen	131.07000	123.40000
Chilean peso	772.713	704.94519

Statement of profit or loss and other comprehensive income

1 Euro = x foreign currency	2015	2016
Pound sterling	0.72600	0.81890
US dollar	1.10963	1.10660
Indian rupee	71.17522	74.35527
Mexican peso	17.59948	20.65497
Colombian peso	3,042.08500	3,378.73682
Brazilian real	3.69160	3.86163
Chinese renmimbi	6.97300	7.34958
Argentinean peso	10.24954	16.33360
Polish zloty	4.18279	4.36364
New Zealand dollar	1.59067	1.58945
Australian dollar	1.47648	1.48860
Ukrainian hryvnia	24.28918	28.27617
Bulgarian lev	1.95580	1.95580
South African Rand	14.15280	16.27719
Japan Yen	134.28657	120.31373
Chilean peso	766.554	748.65053

(e) Cash and cash equivalents

Cash and cash equivalents include cash balances and on-demand deposits as well as all highly-liquid investments with an original expiry date equal to or of less than three months.

Cash and cash equivalents are calculated in the same way for both the statement of financial position and statement of cash flows.

(2) Accounting policies (Continued)

(f) Derivatives

The Group uses derivatives solely to hedge interest rate risks, the risk of fluctuations in the purchase price of aluminum and currency risk related to purchase and sales transactions.

In line with its treasury policy, the Group does not hold or issue derivatives for speculative or trading purposes. Nevertheless, those derivatives that do not qualify for hedge accounting are recognized as trading instruments.

Derivative financial assets and liabilities are initially measured at fair value which is then remeasured at each reporting date.

The fair value of interest rate swaps is the present value of the difference between the rate to pay/ receive and the interest rate based on market trends at the same date as the swap.

The fair value of currency swaps, currency options and derivatives related to the price of raw materials is calculated by leading financial institutions on the basis of market conditions.

To reduce the risk of default, the counterparties in the derivative contracts are usually leading banks and financial institutions.

Cash flow hedges

The effective part of changes in the fair value of those derivatives that qualify as cash flow hedges and which are highly effective is recognized in other comprehensive income and presented in the hedging reserve in equity. The amounts included in this reserve and subsequent changes in the fair value of the derivatives are reclassified to profit or loss in the year in which the flows generated by the hedged captions affect profit and loss.

Changes in the fair value of those derivatives that do not qualify as cash flow hedges and the ineffective portion of those which do qualify are recognized in profit or loss. If hedge accounting is not applied to a derivative instrument that is entered into as an economic hedge, then derivative gains and losses are shown in profit or loss as either operating or financing items, depending on the nature of the item being economically hedged.

(g) Trade and other receivables

Trade and other receivables with due dates in line with generally accepted current trade terms are initially recognized at fair value, which generally equals their nominal amount. They are subsequently measured at amortized cost, net of identified impairment losses. The estimate of the amounts considered unrecoverable is based on the present value of estimated future cash flows.

Impairment losses are recognized in profit and loss under amortization, depreciation and impairment losses.

(h) Inventories

Inventories are measured at the lower of purchase or production cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

The production cost of finished goods includes the portions of the costs of raw materials and external materials and processing, as well as all other direct and indirect production costs reasonably attributable to the products, excluding financial expense.

Purchase or production cost is calculated on a weighted average cost basis.

Obsolete and/or slow-moving inventories are written down on the basis of their estimated possibility of use or future realizable value, through an accrual to the specific allowance adjusting the value of inventories. The amount is reinstated if, in subsequent years, the reasons for the write-down no longer exist.

(2) Accounting policies (Continued)

(i) Assets held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

(j) Property, plant and equipment

Property, plant and equipment are recognized at historical cost, including directly related ancillary costs necessary for the use of the asset. Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

Starting from 2016 internal extraordinary maintenance are classified in the caption "Work performed by the Group and capitalized". Comparative 2015 figures are re-classified accordingly in order to be consistent with 2016 classification.

Where significant components of the asset have different useful lives, they are recognized separately.

Property, plant and equipment are shown net of accumulated depreciation and any impairment losses determined as set out later on.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The depreciation periods are as follows:

	Depreciation period (years)
Buildings	30 - 35
Light constructions	8 - 10
Specific plant, machinery, presses and molds	4 - 12
Generic plant	10 - 13
Laboratory equipment	2 - 3
Canteen equipment, office furniture and equipment and fittings for exhibitions and trade fairs	8 - 10
Vehicles, canteen facilities	4 - 6
Internal means of transport, electronic equipment and mobile phones	5 - 8

(2) Accounting policies (Continued)

The carrying amount of property, plant and equipment is tested for impairment if events or changed circumstances suggest that the carrying amount may not be recovered. If there is an indication of this type and in the event the carrying amount exceeds the estimated realizable value, the assets are adjusted to their realizable value. The realizable value of property, plant and equipment is the higher of an asset's net selling price and its value in use. Value in use is defined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market estimate of the time value of money and specific risks of the item of property, plant and equipment. Impairment losses are recognized in profit or loss under amortization, depreciation and impairment losses. Such impairment losses are reversed if the reasons for impairment are no longer valid.

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

At the time of disposal or when there are no expected future economic benefits from an asset's use, the caption is derecognized. Any gain or loss (calculated as the difference between the sales amount and carrying amount) is taken to profit or loss in the year of derecognition.

(k) Leases

Finance leases

Leases for property, plant and equipment where the Group substantially takes on all risks and rewards incidental to ownership are classified as finance leases. Plant and machinery acquired under finance leases are recognized at the lower of fair value and the present value of the minimum lease payments due at the inception of the lease, net of accumulated depreciation and any impairment losses. The related assets, liabilities, revenue and expense deriving from the lease are recognized under the financial method at the inception of the lease, i.e., when the lessee is authorized to exercise its right to use the leased asset.

Property, plant and equipment acquired under finance leases are depreciated over the related asset's useful life.

Interest expense on finance lease payments is recognized in profit or loss using the effective interest method.

Operating leases

Those leases where the Group does not substantially take on all risks and rewards incidental to ownership are recognized as operating leases. Operating lease payments are taken to profit or loss on a straight-line basis over the lease term.

(l) Intangible assets

Goodwill

Goodwill arising from the acquisition of subsidiaries is initially recognized at cost. After initial recognition, goodwill is adjusted for any accumulated impairment losses, determined using the criteria described later on.

Goodwill is tested for impairment on an annual basis at least, or more frequently if events or changes in circumstances take place that could give rise to impairment losses. At the date of acquisition, any goodwill is allocated to each of the cash-generating units that are expected to benefit from the synergic effects of the acquisition. Any impairment losses are identified through assessment of each unit's ability to generate cash flows such to recover the part of goodwill allocated to it, using the method described in the section on Property, plant and equipment. An impairment loss is recognized in the event the amount recoverable by the cash-generating unit is less than its carrying amount.

These impairment losses are not reversed if the reasons for impairment are no longer valid.

(2) Accounting policies (Continued)

Research expenditure

Expenditure on research undertaken to gain scientific and technical knowledge and information is recognized as an expense when incurred.

Development expenditure

Development expenditure, which also relates to the application of research findings to a plan or design for the production of new or substantially improved products or processes, is capitalized when the product or process is feasible in technical and commercial terms and the Group has adequate resources to complete the development stage.

Capitalized development expenditure is measured at cost, net of accumulated amortization and impairment losses.

Starting from 2016 Internal capitalized development expenditure are classified in the caption "Work performed by the Group and capitalized". Comparative 2015 figures are re-classified accordingly in order to be consistent with 2016 classification.

Other intangible assets

These assets are measured at cost, determined in the same way as described for property, plant and equipment.

Other intangible assets, which all have a finite useful life, are subsequently shown net of accumulated amortization and any impairment losses, determined in the same way as described for property, plant and equipment.

Useful life is checked annually and, where necessary, any changes are reflected on a prospective basis.

The amortization periods for other intangible assets are as follows:

	Amortization period (years)
Development expenditure	5
Patents and trademarks	5 - 10
Software	5
Licenses	5
Other capitalized expenditure	5 or in line with the contract term

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is amortized over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

The gain or loss arising from the disposal of an intangible asset is determined as the difference between the net disposal proceeds and carrying amount. It is recognized in profit or loss at the time of disposal.

(m) Income taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in the consolidated statement of equity or in OCI.

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax also includes any tax arising from dividends.

(2) Accounting policies (Continued)

Current tax also includes any tax arising from dividends and any interest and penalties enacted by the tax administration following their review of the tax position of previous fiscal years for which a difference is tax due was highlighted.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The income tax consequences of dividends are recognized when the dividend is approved.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(n) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt instruments to maturity, then such financial assets are classified as held to maturity. Held-to-maturity investments are recognised initially at

(2) Accounting policies (Continued)

fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available for sale, and prevent the Group from classifying investment securities as held to maturity for the current and following two years.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt instruments.

(o) Non-derivative financial liabilities

The Group initially recognises debt instruments issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group classifies non-derivative financial liabilities in the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a decrease in equity, net of any tax effects.

(2) Accounting policies (Continued)

Business combinations

When as a result of a takeover/acquisition of control not involving the entire stake in the acquiree, the Group has the potential obligation to acquire the residual investment in the acquiree should the non-controlling investors exercise a put option and the non-controlling investors still have present access to the economic benefit associated with the underlying ownership interests, it recognizes a liability calculated by discounting the estimated value at the exercise date using the present access method whereby a liability is recognized decreasing the equity caption "Retained earnings (losses carried forward)" in the first year, with subsequent remeasurement recognized in profit or loss as financial expense.

(p) Trade payables

Trade payables with due dates in line with generally accepted trade terms are initially recognized at fair value and subsequently measured at amortized cost.

(q) Employee benefits

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

IFRIC 14 clarifies the provisions of IAS 19—Employee benefits with respect to the measurement of defined benefit plan assets when there is a minimum funding requirement. A defined benefit plan is in surplus when the fair value of the plan assets exceeds the present value of the defined benefit obligation. IFRIC 14/IAS 19 only permit the recognition of this surplus at the present value of the financial benefits available through refunds or reductions in future contributions. Moreover, disclosure is required when the plan requires a minimum contribution that could give rise to a liability.

The post-employment benefits in Italy (TFR, trattamento di fine rapporto) are treated in the same way as benefit obligations arising from defined benefit plans.

(r) Provisions

Provisions include certain or probable costs and charges, the amount or due date of which is unknown at year end. A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow from the Group of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. The provisions are stated as the best estimate of the expenditure required to settle the obligation at the

(2) Accounting policies (Continued)

reporting date or to transfer it to a third party at that date. If the impact of discounting the time value of money is significant, the provision is determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

(s) Participating financial instruments

In accordance with IAS 32, the participating financial instruments issued by Guala Closures S.p.A. at the end of 2014 have to be recognized as part of the Group's equity components due to their terms. Following the guidance of IAS 1, the Participating Instruments are recognized in the Participating Finance Instruments reserve as a separate component of equity. Any borrowing costs incurred are directly deducted from the participating financial instruments, taking account of related deferred income taxes.

Accordingly, the tax-deductible interest payments are not shown under interest expense but are treated similarly to dividend obligations with Guala Closures S.p.A. shareholders.

Since the participating financial instruments are issued by the parent, the interest accrued during the accounting period is shown as part of the allocated profit or loss and other comprehensive income or expense attributable to the owners of the parent and, consequently, in the reconciliation of changes in each equity reserve, the profit attributable to the participating financial instruments is allocated to the participating financial instruments reserve disclosing any cumulative interest / dividends which have not yet been distributed / paid.

(t) Revenue

Revenue is recognized to the extent that it is possible to reliably determine its amount and it is probable that the related economic benefits will flow to the Group. Revenue is recognized using the following criteria depending on the type of transaction:

- revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer;
- recovery of the consideration is probable and the associated costs and possible return of goods can be estimated reliably;
- there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.
- revenue for services is recognized in relation to the stage of completion of the transaction at the reporting date.

Revenue is measured net of returns, trade discounts and volume rebates.

No revenue is recognized if significant uncertainties exist in relation to the collection of the related receivables net of any returns.

(u) Grants

Grants relating to assets and income are recognized when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Grants related to assets are recognized as deferred revenue under Other liabilities in the statement of financial position and are taken to profit or loss on a systematic basis to offset them against the depreciation of the relevant assets. Grants relating to income are recognized under Other operating income.

(v) Financial income and expense

Financial income and expense are recognized on an accruals basis and calculated on the carrying amount of the related financial assets and liabilities using the effective interest method.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

(2) Accounting policies (Continued)

Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

(w) New standards and interpretations not adopted early

The following new standards and amendments applicable from January 1, 2017 were issued by the IASB. The Group is currently evaluating the implementation method and the impact of adoption of new standards and amendments effective after January 1, 2017 on the consolidated financial statements. It will comply with the relevant guidance no later than their respective effective dates.

- In May 2014, the IASB issued IFRS 15—Revenue from contracts with customers. The standard requires an entity to recognize revenue upon transfer of control of goods or services to a customer at an amount that reflects the consideration it expects to receive. This new revenue recognition model defines a five-step process to achieve this objective. The updated guidance also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. On September 11, 2015, the IASB issued an amendment to this standard, formalizing the deferral of the effective date for periods beginning January 1, 2018, with early application permitted. The Group is still evaluating the impact of adoption of this standard even though, it does not expect a material impact on its consolidated financial statements or disclosures upon adoption of the standard in 2018.
- In July 2014, the IASB issued IFRS 9—Financial Instruments. The improvements introduced by the new standard include a logical approach for classification and measurement of financial instruments driven by cash flow characteristics and the business model in which an asset is held, a single "expected loss" impairment model for financial assets and a substantially reformed approach for hedge accounting. The standard is effective retrospectively with limited exceptions for annual periods beginning on or after January 1, 2018 with earlier application permitted. No significant effect is expected from the adoption of these amendments.

(x) Standards, amendments and interpretations not yet applicable

The European Union had not yet completed its endorsement process for these standards and amendments at the date of these consolidated financial statements:

- Standards
  - In January 2014, the IASB issued IFRS 14—Regulatory deferral accounts that permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required. IFRS 14 is effective from January 1, 2016 but the endorsement process by the European Union is not yet completed.
  - In January 2016, the IASB issued IFRS 16—Leases which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract and replaces the previous leases standard, IAS 17—Leases. IFRS 16, which is not applicable to service contracts, but is only applicable to leases or lease components of a contract, defines a lease as a contract that conveys to the customer (lessee) the right to use an asset for a period of time in exchange for consideration. IFRS 16 eliminates the classification of leases for the lessee as either operating leases or finance leases as required by IAS 17 and instead, introduces a single lessee accounting model whereby a lessee is required to recognize assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset was a low value, and to recognize depreciation of lease assets separately from interest on lease liabilities in the income statement. As IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, a lessor will continue to classify its leases as operating leases or finance leases and to

(2) Accounting policies (Continued)

account for those two types of leases differently. IFRS 16 is effective from January 1, 2019, with early application allowed only if IFRS 15—Revenue from Contracts with Customers is also adopted.

- Interpretations:
  - IFRIC 22—Foreign Currency Transactions and Advance Consideration. The Interpretation covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The interpretation is effective for annual periods beginning on or after January 1, 2018.
- Amendments
  - In September 2014, the IASB issued narrow amendments to IFRS 10—Consolidated Financial Statements and IAS 28—Investments in Associates and Joint Ventures (2011). The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments which were initially expected to be effective prospectively from January 1, 2016, have been postponed indefinitely by the IASB in planning a broader review that may result in a simplification of accounting of such transactions.
  - In December 2014, the IASB finalised amendments regarding the application of the investment entities exception and issued IFRS 10/12/IAS 28—Investment entity amendments. Such amendments involves a number of potential amendments to IFRS 10—Consolidated financial statements and IAS 28—Investments in associates and joint ventures (2011) to address issues that have arisen in relation to the exemption from consolidation for investment entities:
    - whether an investment entity parent should account for an investment entity subsidiary at fair value, when the subsidiary provides investment-related services to third parties;
    - the interaction between the investment entity amendments and the exemption from preparing consolidated financial statements requirements in IFRS 10;
    - whether a non-investment entity must 'unwind' the fair value accounting of its joint ventures or associates that are investment entities.

These amendments are effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.

- In January 2016, the IASB issued amendments to IAS 12—Income taxes that clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.
- In January 2016, the IASB issued amendments to IAS 7—Statement of cash flows introducing additional disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective from January 1, 2017, with earlier application permitted.

(2) Accounting policies (Continued)

- In April 2016, the IASB issued further amendments to IFRS 15—Revenue from Contracts with Customers, which do not change the underlying principles of the standard, but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation in a contract, determine whether a company is a principal or an agent, determine whether the revenue from granting a license should be recognized at a point in time or over time and provide two transition relief to reduce cost and complexity. The amendments are effective from January 1, 2018, which is the same effective date as IFRS 15.
- In June 2016, the IASB issued amendments to IFRS 2—Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, which were developed through IFRIC, provide requirements on the accounting for (i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, (ii) share-based payment transactions with a net settlement feature for withholding tax obligations and (iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective prospectively from January 1, 2018, with earlier or retrospective application permitted. The Group does not expect a material impact on its consolidated financial statements or disclosures upon adoption of the amendments.
- In September 2016, the IASB published "Applying IFRS 9, Financial Instruments with IFRS 4, Insurance Contracts" (Amendments to IFRS 4). The amendments provide two options for entities that issue insurance contracts within the scope of IFRS 4: (i) an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets (the "overlay approach") and (ii) an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4 (the "deferral approach"). An entity would apply the overlay approach retrospectively to qualifying financial assets when it first applies IFRS 9. An entity would apply the deferral approach for annual periods beginning on or after January 1, 2018. The deferral can only be used for the three years following January 1, 2018. The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied. The Group is currently evaluating the implementation method and the effect of adoption on its consolidated financial statements.
- In December 2016, the IASB issued Annual Improvements to IFRS Standards 2014–2016 Cycle which has amendments to three Standards: IFRS 12—Disclosure of Interests in Other Entities (effective date of January 1, 2017), IFRS 1—First-time Adoption of International Financial Reporting Standards (effective date of January 1, 2018) and IAS 28—Investments in Associates and Joint Ventures (effective date of January 1, 2018). The amendments clarify, correct or remove redundant wording in the related IFRS Standard and are not expected to have a material impact on the consolidated financial statements or disclosures upon adoption of the amendments.

(y) Determination of fair value

Several standards and disclosure requirements require the determination of fair value of financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are classified into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2—inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3—inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(2) Accounting policies (Continued)

If the inputs used to measure the fair value of an asset or a liability are categorised into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after suitable negotiation wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Intangible assets

The fair value of patents and trademarks acquired as part of a business combination is based on an estimate of the discounted amount of royalties that the Group expects to receive from ownership of such patents or trademarks (ideal royalty method), or replacement cost, if appropriate.

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventories

The fair value of inventories acquired as part of a business combination is calculated using the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and a suitable profit margin based on the efforts required to complete or sell the inventories.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Current receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

Derivatives

The fair values of commodities purchase forwards and interest rate swaps are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values include adjustments to take account of the credit risk of the group entity and counterparty when appropriate.

Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

(2) Accounting policies (Continued)

For finance leases, the market rate of interest is determined with reference to similar lease agreements.

(3) Operating segments

Reportable segments are the Group's strategic divisions as determined in accordance with the quantitative and qualitative requirements of IFRS 8.

The Group has only one reportable segment, the Closures division. The Group's CEO (the chief operating decision maker) reviews internal management reports on the reportable segment, the Closures division, on a monthly basis. The following summary describes the operations in this reportable segment.

The Closures division represents the Group's core business. Other operations include the PET division that does not meet any of the quantitative thresholds for determining reportable segments in 2016 or 2015 under IFRS 8.

Information regarding the results of the Group's reportable segment is included below. Performance is measured based on segment revenue and operating profit, depreciation and amortization, trade receivables, inventories, property, plant and equipment, trade payables and capital expenditure as included in the internal management reports that are reviewed by the CEO and by the board of directors.

Management considers the above information as the most suitable to evaluate the results of the segment compared to other entities that operate in these industries.

All other asset and liability figures are non reportable by segment as the management believes that the availability of such information by segment is not relevant.

	Closures		Other Operations		Total	
Thousands of Euros	2015	2016	2015	2016	2015	2016
External revenue	517,367	497,448	3,165	2,820	520,533	500,268
Operating profit	67,205	71,614	78	(171)	67,284	71,443
Depreciation and Amortization	(37,406)	(30,729)	(141)	(136)	(37,547)	(30,865)

	Closures		Other Operations		Total	
Thousands of Euros	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016
Trade receivables—third parties	86,347	88,501	533	633	86,880	89,134
Trade receivables—related parties	436	277	—	—	436	277
Inventories	66,788	67,430	513	453	67,301	67,883
Trade payables—third parties	(66,594)	(65,095)	(311)	(550)	(66,905)	(65,645)
Trade payables—related parties	(1,548)	(311)	—	—	(1,548)	(311)
Property, plant and equipment	185,117	189,052	564	444	185,680	189,496

	Closures		Other Operations		Total	
Thousands of Euros	2015	2016	2015	2016	2015	2016
Capital expenditure (net of disposal)	22,110	31,116	32	16	22,142	31,132

Geographical information

The Closures segment operates from many manufacturing facilities primarily in India, Italy, Poland, the United Kingdom, Ukraine, Spain, Mexico, Australia, Argentina and Chile and South Africa.

(3) Operating segments (Continued)

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the assets/subsidiaries.

Thousands of Euros	Net revenue 2015	Net revenue 2016
India	62,879	67,078
Italy	67,702	59,804
Poland	59,364	59,760
UK	57,573	53,515
Ukraine	43,702	45,665
Spain	42,819	41,341
Mexico	38,905	36,002
Australia	37,803	35,772
Argentina + Chile	23,731	22,614
South Africa	19,286	14,418
Other countries	66,769	64,299
Net revenue	**520,533**	**500,268**

Thousands of Euros	Non-current assets other than financial instruments and deferred tax assets: Property, plant and equipment and Intangible assets	
	December 31, 2015	December 31, 2016
Italy	327,652	323,559
Australia	69,689	70,132
Poland	32,563	31,046
India	25,320	26,634
Spain	21,120	20,534
Mexico	15,361	13,550
Brasil	10,133	12,968
Ukraine	10,265	11,235
South Africa	9,780	11,369
Other countries	24,234	27,361
Consolidation adjustments	16,221	15,098
Property, plant and equipment and Intangible assets	**562,337**	**563,486**

Thousands of Euros	Deferred Tax Assets	
	December 31, 2015	December 31, 2016
Italy	2,993	2,644
Australia	1,661	1,559
Spain	763	415
Ukraine	325	326
Argentina	468	678
New Zealand	246	250
North America	25	110
China	98	98
Mexico	71	58
Other countries	71	66
Consolidation adjustments	1,339	1,088
Deferred Tax Assets	**8,060**	**7,293**

The Group is not exposed to significant geographical risks other than normal business risks.

(3) Operating segments (Continued)

Information about major customers

In the Closures segment, there is only one customer with a percentage of revenue over 10% and the turnover amounts to around € 64 million in 2016. The breadth and diversity of the Group's customer base means that no one brand makes up more than 3% of net revenue over the last three years.

(4) Acquisition of subsidiaries, business units and non-controlling interests

(4.1) Acquisition of subsidiaries and business units

On December 15, 2016, the Group acquired, through its Dutch sub-holding Guala Closures International B.V., 70% of the French company Capmetal SAS.

The acquired company, founded in 1986 and based in Tours, recorded at the end of 2016 turnover of around € 13 million; it is specialized in the production and distribution of aluminium screwcaps, mainly for the French wine market and operates through a production site in the Eure-et-Loire and a direct sales network covering the whole of France. In addition, Capmetal SAS has been promoting the Guala Closures Group products through a non-exclusive representation contract for more than 10 years.

30% of the capital remains with the former owners that include the ICAS group, world leader in the production of wirehoods for champagne bottles closures, and MVL.

The transaction is part of the Guala Closures Group's strategy to strengthen its core business through direct control of the commercial network.

Since the acquisition took place on December 15, 2016 and there have been no significant changes between the acquisition date and December 31, 2016, the Group consolidated directly the balances at December 31, 2016.

The net cash flows used at the acquisition are composed as follows:

Thousands of Euros	
Consideration paid at the acquisition	1,163
Cash and cash equivalents acquired	(106)
Net cash flows used at the acquisition	**1,057**

(4) Acquisition of subsidiaries, business units and non-controlling interests (Continued)

The impact of the acquisition of Capmetal SAS on the Group's assets and liabilities is as follows:

Thousands of Euros	Carrying amounts before acquisition	Provisional adjustments for fair value measurement	Provisional amounts recognized at acquisition
Property, plant and equipment	1,432		1,432
Intangible assets	4		4
Inventories	1,446		1,446
Trade receivables	432	(290)	142
Tax assets/(liabilities)	101		101
Other current assets	1,076		1,076
Non-current financial assets	80		80
Cash and cash equivalents	106		106
Trade payables	(3,582)		(3,582)
Employee benefits	(247)		(247)
Other current liabilities	(290)		(290)
Current financial liabilities	(731)		(731)
Net identifiable assets and liabilities	**(174)**	**(290)**	**(464)**
Net identifiable assets and liabilities—group portion (70%)	**(122)**	**(203)**	**(325)**
Goodwill arising from the acquisition	**1,284**	**203**	**1,487**
Total cost of the combination	**1,163**		**1,163**

Net identifiable assets and liabilities represent the proportional share of the owners of the company. Non-controlling interest were measured at their proportionate interest in the identifiable net assets of the subsidiary and no goodwill was attributed to non-controlling interests.

Goodwill arising from the above-mentioned acquisition relates to the technical skills and know-how of the personnel of the entity acquired and the synergies which are expected to be obtained from the inclusion of Capmetal SAS in the Group.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	*Market comparison technique and cost technique*: the valuation model considers quoted market prices for similar items when they are available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Inventories	*Market comparison technique*: the fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale and a reasonable profit margin based on the effort required to complete and sell the inventories.

The trade receivables comprise gross contractual amounts due of € 432 thousand, of which € 290 thousand was expected to be uncollectible at the date of acquisition.

Fair values measured on a provisional basis

The following amounts have been measured on a provisional basis.

– The fair value of Capmetal's tangible assets has been measured provisionally, pending completion of an independent valuation.

(4) Acquisition of subsidiaries, business units and non-controlling interests (Continued)

– The fair value of Capmetal's inventories has been measured provisionally, pending completion of an independent valuation.

If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised.

The total cost of the combination was € 1.2 million, plus a subsequent share capital increase of € 0.7 million resolved upon the acquisition date and paid in January 2017.

Acquisition of Capmetal SAS impacted the Group's net financial indebtedness at December 31, 2016 by € 1.7 million as a result of net cash flows used at the acquisition (€ 1.1 million) and the acquisition of initial indebtedness of Capmetal SAS (€ 0.6 million).

The Group incurred acquisition-related costs of € 0.2 million related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in legal/consultancy expenses of the Group's statement of profit or loss and other comprehensive income/(expense).

STATEMENT OF FINANCIAL POSITION

(5) Cash and cash equivalents

This caption represents the balance of the bank and postal accounts considering the nominal amount of the current accounts held with banks.

Thousands of Euros	December 31, 2015	December 31, 2016
Bank and postal accounts	53,967	43,690
Other cash equivalents	7,787	10,283
Total	**61,754**	**53,973**

The decrease in Cash and cash equivalents of € 7.8 million is mainly due to the high level of cash held at the end of 2015 due to the strong cash flows generated in the last quarter and to cash held by the subsidiaries at year end 2015 which had not been distributed to the holding companies.

(6) Current financial assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2015	December 31, 2016
Current financial assets	65	58
Total	**65**	**58**

The carrying amount of Current financial assets approximates their fair value at the reporting date.

(7) Current and non-current financial assets—related parties

This caption relates to transactions between Guala Closures S.p.A. and the parent GCL Holdings S.C.A. as at December 31, 2016.

This note provides information on the contractual terms regulating the loan agreement:

Thousands of Euros	December 31, 2016
Lender	Guala Closures S.p.A.
Beneficiary	GCL Holdings S.C.A.
Contract date	November 11, 2016
Contract expiry date	November 15, 2021
Original amount	€91,200
Outstanding amount at December 31, 2016	€91,200
Interest rate	Euribor 3M + 5.25%

(7) Current and non-current financial assets—related parties (Continued)

Current and non-current financial assets due from the parent GCL Holdings S.C.A. may be analyzed at December 31, 2016 as follows:

		Nominal amount		
Thousands of Euros		Total December 31, 2016	Current financial assets	Non-current financial assets
Loans due from:	**Lender**			
GCL Holdings S.C.A.	Guala Closures S.p.A.	91,856	656	91,200
TOTAL LOANS		**91,856**	**656**	**91,200**

(8) Trade receivables—third parties

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2015	December 31, 2016
Trade receivables	95,031	96,878
Allowance for impairment	(8,151)	(7,744)
Total	**86,880**	**89,134**

The allowance for impairment varied as follows:

Thousands of Euros	2016
Opening allowance for impairment	8,151
Exchange rate losses	(80)
Accrual	436
Utilization/releases	(763)
Closing allowance for impairment	**7,744**

The allowance at December 31, 2016 includes about € 4.7 million related to a few customers with amounts more than 90 days overdue. The residual part relates to other customers that have indicated that they do not expect to be able to pay their outstanding balances, mainly due to their financial difficulties.

(9) Trade receivables—related parties

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2015	December 31, 2016
Receivables from the parent GCL Holdings S.C.A.	436	277
Total	**436**	**277**

(10) Inventories

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2015	December 31, 2016
Raw materials, consumables and supplies	34,111	33,105
(Allowance for inventory write-down)	(1,590)	(1,193)
Work in progress and semi-finished products	16,925	16,296
(Allowance for inventory write-down)	(572)	(685)
Finished products and goods	19,752	21,169
(Allowance for inventory write-down)	(1,493)	(1,042)
Payments on account	170	233
Total	**67,301**	**67,883**

(10) Inventories (Continued)

The changes in the caption are as follows:

Thousands of Euros	
Balance at January 1, 2016	67,301
Business combination	1,446
Exchange rate losses	(1,785)
Change in raw materials, consumables and supplies	(421)
Change in finished goods and semi-finished products	1,279
Change in payments on account	63
Balance at December 31, 2016	**67,883**

The allowance for inventory write-down varied as follows:

Thousands of Euros	2016
Opening allowance for inventory write-down	3,656
Exchange rate losses	(27)
Accrual	409
Utilization	(1,117)
Closing allowance for inventory write-down	**2,920**

(11) Current direct tax assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2015	December 31, 2016
Current direct tax assets	2,138	3,140
Total	**2,138**	**3,140**

(12) Current indirect tax assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2015	December 31, 2016
VAT and other indirect taxes	5,821	6,340
Total	**5,821**	**6,340**

(13) Financial derivative assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2015	December 31, 2016
Fair value of forward aluminum purchases	—	533
Total	**—**	**533**

The main features of the contracts in place at December 31, 2016 are summarized below:

At December 31, 2016, the Group has fourteen contracts for the forward purchase of aluminum, for a total of over 2,500 tons, spread over various expiry dates based on forecast monthly requirements. The hedge accounting requirements of IAS 39 were not met and these derivatives have been, therefore, recognized as trading instruments.

(13) Financial derivative assets (Continued)

The following tables show the forward aluminum purchase contracts in place at December 31, 2016:

Expiry date	Hedged amount (tons)	Strike price (€/ton)	December 31, 2016 Positive/(negative) fair value (Thousands of Euros)
February 2017	200	1,400	40
February 2017	200	1,350	50
March 2017	200	1,400	40
March 2017	200	1,350	50
April 2017	200	1,400	39
April 2017	200	1,350	49
May 2017	200	1,400	39
May 2017	200	1,350	49
June 2017	200	1,400	39
June 2017	200	1,350	49
July 2017	200	1,400	39
July 2017	200	1,350	49
Total	**2,400**		**533**

Expiry date	Hedged amount (tons)	Strike price (US$/ton)	December 31, 2016 Positive/(negative) fair value (Thousands of Euros)
February 2017	100	1,700	(1)
March 2017	100	1,700	(1)
Total	**200**		**(2)**

(14) Other current assets

This caption is made up as follows:

Thousands of Euros	December 31, 2015	December 31, 2016
Other receivables	3,382	4,404
Total	**3,382**	**4,404**

Other receivables at December 31, 2016 include, inter alia, advances to suppliers of € 1.6 million and the receivable from the owners of the non-controlling interests in Capmetal SAS (€ 0.8 million) for the capital increase resolved upon the acquisition of the company and paid in January 2017.

(15) Non-current financial assets

This caption is made up as follows:

Thousands of Euros	December 31, 2015	December 31, 2016
Investments in other companies	26	26
Guarantee deposits—Guala Closures S.p.A.	40	40
Other securities	—	80
Other financial assets	128	86
Total	**194**	**232**

The carrying amount of Non-current financial assets is consistent with their fair value at the reporting date.

(16) Property, plant and equipment

The following table shows the changes in this caption:

Thousands of Euros	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at December 31, 2015	76,358	367,584	59,780	8,315	3,870	**515,907**
Accumulated depreciation and impairment at December 31, 2015	(17,512)	(257,603)	(47,465)	(7,647)	—	**(330,227)**
Carrying amount at December 31, 2015	**58,846**	**109,981**	**12,315**	**668**	**3,870**	**185,680**
Carrying amount at January 1, 2016	**58,846**	**109,981**	**12,315**	**668**	**3,870**	**185,680**
Exchange rate gains/(losses)	1,171	(1,769)	46	3	(191)	**(740)**
Business combination	—	1,324	39	69	—	**1,432**
Additions	332	7,591	1,161	174	20,651	**29,909**
Disposals	(4)	(26)	(4)	(36)	—	**(70)**
Impairment losses	(11)	(473)	—	—	—	**(484)**
Reclassifications	583	16,082	1,544	152	(18,205)	**156**
Depreciation	(1,967)	(21,438)	(2,737)	(245)	—	**(26,387)**
Historical cost at December 31, 2016	78,556	381,588	62,007	8,676	6,125	**536,952**
Accumulated depreciation and impairment at December 31, 2016	(19,605)	(270,316)	(49,643)	(7,892)	—	**(347,456)**
Carrying amount at December 31, 2016	**58,951**	**111,272**	**12,363**	**784**	**6,125**	**189,496**

Property, plant and equipment include the amounts arising from internal work capitalized.

The caption includes the carrying amount of leased assets (€ 15,420 thousand), against which the Group has recognized current financial liabilities (€ 2,034 thousand) and non-current financial liabilities (€7,787 thousand).

None of the Group's property, plant and equipment has been pledged as collateral at year end, except for the items indicated in note 51) "Commitments and guarantees" to these consolidated financial statements.

The main investments of 2016 took place in Italy, Poland, India, Ukraine and the UK. In particular, during 2016, the main investments were made for the sputtering technology in Italy, Poland and the UK and for new technology in Ukraine.

During 2016, Guala Closures S.p.A. revised the useful life of some generic plant and equipment (i.e, plastic processing machinery, decreasing the depreciation rates accordingly from a rate of 15.5% to 10%, aluminum working machinery, decreasing the depreciation rates accordingly from a rate of 12.5% to 10%, aluminum molds, decreasing the depreciation rates accordingly from a rate of 25% to 10%, and for presses, 12.50% to 6.667%) based on an internal appraisal that shows a longer useful life for such assets. The effect on the consolidated statement of profit or loss and other comprehensive income of the year is lower depreciation expenses of € 0.8 million.

Impairment losses in the year mainly refer to the impairment loss on the machines at the Italian and Indian plants.

(17) Intangible assets

The following table shows the changes in this caption:

Thousands of Euros	Development expenditure	Licences and patents	Goodwill	Other	Assets under development and payments on account	Total
Historical cost at December 31, 2015	7,207	70,921	356,168	15,016	1,556	**450,868**
Accumulated amortization and impairment at December 31, 2015	(6,352)	(57,089)		(10,771)	—	**(74,212)**
Carrying amount at December 31, 2015	**855**	**13,833**	**356,168**	**4,245**	**1,556**	**376,656**
Carrying amount at January 1, 2016	**855**	**13,833**	**356,168**	**4,245**	**1,556**	**376,656**
Exchange rate gains/(losses)	(1)	52	(1,028)	30	(2)	**(949)**
Business combination	—	4	1,487	—	—	**1,491**
Additions	—		—	4	945	**948**
Disposals	—	(9)	—	(0)	(0)	**(10)**
Impairment losses	—	(19)	—	—	(8)	**(27)**
Reclassifications	861	248	—	—	(1,264)	**(156)**
Amortization	(497)	(2,028)	—	(1,439)	—	**(3,964)**
Historical cost at December 31, 2016	8,065	71,174	356,627	15,021	1,225	**452,112**
Accumulated amortization and impairment at December 31, 2016	(6,847)	(59,093)	—	(12,182)	—	**(78,122)**
Carrying amount at December 31, 2016	**1,218**	**12,081**	**356,627**	**2,839**	**1,225**	**373,990**

The decrease of amortization expenses are mainly due for € 3.3 million to a reduction in amortization of the Group trademark adopted from 2016 based on a reassessment of longer useful life estimate.

The fluctuation of goodwill in respect of the previous year may be analysed as follows:

Thousands of Euros	December 31, 2015	December 31, 2016
Goodwill—Guala Closures Group	317,227	317,227
Acquisition of Guala Closures DGS Poland S.A.	24,864	24,076
Goodwill—Guala Closures Ukraine LLC	5,812	5,290
Acquisition of GC Bulgaria AD	3,203	3,203
Acquisition of Pharma Trade	2,512	2,512
Acquisition of MCL division by Guala Closures South Africa	1,646	1,928
Acquisition of GC Tools AD	722	722
Acquisition of Metalprint assets by Guala Closures S.p.A.	182	182
Acquisition of CapMetal SAS	—	1,487
Total	**356,168**	**356,627**

Goodwill is tested for impairment annually.

For impairment testing purposes, the goodwill recognized for the Closures division has been considered.

These values have been analysed considering the entire GCL Holdings S.C.A. Group, to which Guala Closures Group belongs and then pushed-down on Guala Closures Group.

The recoverable amount of cash-generating units is based on a calculation of their value in use.

This calculation uses projected consolidated cash flows based on the actual operating profit and the GCL Holdings S.C.A. Group five-year business plan. This business plan is put together considering the Group's approved budget figures for the first year and projecting the revenue and costs for the following four years using the historic trend adjusted for any new elements (average EBITDA growth rate of the

(17) Intangible assets (Continued)

next five years 8.2%; 2015:11.3%). Such growth rate is consistent with the management's expectation of growth in high value safety closures, serving a blue-chip customer base across the world, expecially in the developing countries.

In the 2016 valuation, the following assumptions have been utilized:

- WACC for the Closures division was weighted by the 2016 EBITDA% of each country in respect of the 2016 consolidated EBITDA, with a weighted average (consistently with the weighted average for the EBITDA in Terminal Value) of around 12.5% (2015: 13%);
- Long term growth rate "g": a value equal to 4.2% (2015: 4%) was used, calculated by weighting the estimates of inflation rate, with the 2016 EBITDA of each country in line with the calculation for the Terminal Value. Such "g" rate is consistent with both the Guala Closures Group's historical growth rate and forecast future market developments.

The resulting recoverable amount is greater than the carrying amount of goodwill recognized under the financial assets.

Management carried out a sensitivity analysis on the relevant underlying assumptions (growth rate +/-1%; WACC +/-1%) and verified that the resulting recoverable amount is greater than the carrying amount of goodwill and investments recognized under the financial assets.

Goodwill has never been impaired.

(18) Deferred tax assets and liabilities

The following table gives a breakdown of the captions at December 31, 2015 and 2016:

	Assets		Liabilities		Net balance	
Thousands of Euros	**December 31, 2015**	**December 31, 2016**	**December 31, 2015**	**December 31, 2016**	**December 31, 2015**	**December 31, 2016**
Allowance for inventory write-down	832	586	(17)	(6)	816	580
Taxed allowance for receivables impairment	1,853	2,117	—	—	1,853	2,117
Provisions	877	512	—	—	877	512
Losses carried forward	160	(178)	—	—	160	(178)
Derecognition of intragroup profit on inventories	171	171	—	—	171	171
Intragroup gains	1,276	1,082	—	—	1,276	1,082
Leases	133	118	—	—	133	118
Property, plant and equipment and intangible assets	1,440	1,435	(12,711)	(12,177)	(11,271)	(10,743)
Employee benefits	664	657	(32)	(20)	632	637
Derivatives	374	307	—	—	374	307
Exchange rate gains/(losses)	19	10	(2,568)	(2,695)	(2,549)	(2,685)
Other	261	477	(654)	(452)	(393)	24
TOTAL	**8,060**	**7,293**	**(15,981)**	**(15,350)**	**(7,921)**	**(8,058)**

(18) Deferred tax assets and liabilities (Continued)

Changes in net deferred tax assets/liabilities may be analyzed as follows:

Thousands of Euros	December 31, 2015	Changes in profit or loss	Changes in equity	Exchange rate gains/losses	December 31, 2016
Allowance for inventory write-down	816	(229)		(6)	580
Taxed allowance for receivables impairment	1,853	269		(5)	2,117
Provisions	877	133		(499)	512
Losses carried forward	160	(338)		—	(178)
Derecognition of intragroup profit on inventories	171	—		—	171
Intragroup gains	1,276	(194)		—	1,082
Leases	133	(15)		—	118
Property, plant and equipment and intangible assets	(11,271)	1,095		(567)	(10,743)
Employee benefits	632	(290)		295	637
Derivatives	374	—	(68)	—	307
Exchange rate gains/(losses)	(2,549)	(136)		—	(2,685)
Other	(393)	230		187	24
TOTAL	**(7,921)**	**525**	**(68)**	**(594)**	**(8,058)**

Tax losses that can be carried forward at year end but that the Group has not considered in its calculation of the deferred tax assets in the statement of financial position total € 177,680 thousand. They may be used in accordance with the legislation of the different countries in which the companies to which they relate are based.

Tax losses that can be carried forward indefinitely amount to € 161,156 thousand and refer to Guala Closures S.p.A..

If recognized, potential deferred tax assets on total tax losses that can be carried forward would amount to € 42,032 thousand at December 31, 2016 (including € 38,677 thousand related to losses that can be carried forward indefinitely).

(19) Other non-current assets

This caption is made up as follows:

Thousands of Euros	December 31, 2015	December 31, 2016
Tax assets	91	309
Other	323	305
Total	**414**	**613**

(20) Current and non-current financial liabilities—third parties

This section provides information on the contractual terms governing the Group's bank overdrafts, borrowings and bonds.

On November 11, 2016, Guala Closures Group and its parent GCL Holdings S.C.A. refinanced their existing notes and Revolving Credit Facility. The key elements of the refinancing were as follows:

- Guala Closures S.p.A. issued € 510 million of Floating Rate Senior Secured Notes due in 2021 ("Notes"). The Notes bear interest at a rate equal to three-month EURIBOR (with a 0% floor) plus 475 basis points, payable quarterly in arrears, beginning on February 15, 2017 and they are guaranteed by the Parent company GCL Holdings S.C.A..
- Guala Closures S.p.A. entered into a new senior secured Revolving Credit Facility ("New Revolving Credit Facility") with a group of banks. The New Revolving Credit Facility provides for

(20) Current and non-current financial liabilities—third parties (Continued)

commitments of up to € 65.0 million and matures in 2021. The initial interest rate on the loan under the New Revolving Credit Facility is equal to EURIBOR (with a 0% floor) plus 400 basis points. Guala Closures S.p.A. made an initial drawdown of € 40 million as part of the refinancing.

The net proceeds of the refinancing were used as follows:

- Guala Closures S.p.A. prepaid in full the existing Floating Rate Senior Secured Notes due in 2019 of € 275 million, and paid the related accrued interest, as well as certain fees and expenses associated with the refinancing.
- Guala Closures S.p.A. prepaid in full the existing senior secured Revolving Credit Facility of € 54 million and paid the related accrued interest and break costs, as well as certain fees and expenses associated with the refinancing.
- Guala Closures S.p.A. prepaid in full the existing intercompany liability to the parent GCL Holdings S.C.A. of € 55.7 million, together with the related accrued interest and granted a new intercompany loan to GCL Holdings S.C.A. of € 91.2 million.
- Guala Closures S.p.A. granted a new intercompany loan to Guala Closures International B.V. of € 59.9 million.
- Guala Closures International B.V. partially prepaid the existing Intercompany Loan to GCL Holdings S.C.A. of € 59.9 million.
- The parent GCL Holdings S.C.A. prepaid in full the existing Senior Notes due in 2018 of € 200 million, and paid related accrued interest and redemption premium of 2.344%.
- Guala Closures S.p.A. and certain other group companies entered into an amended and restated Senior Intercreditor Agreement and Parallel Priority Agreement and certain other customary documentation for transactions of such type, including security agreements.

Reference should be made to note 27) “Financial derivative liabilities” to these consolidated financial statements for further information on the Group’s exposure to the risks of fluctuations in interest and exchange rates.

Reference should be made to note 51) “Commitments and guarantees” to these consolidated financial statements for information on the relevant guarantees given.

Financial liabilities at December 31, 2015 and 2016 are shown below:

Thousands of Euros	December 31, 2015	December 31, 2016
Current financial liabilities		
Bonds	1,820	3,365
Bank loans and borrowings	5,569	6,299
Other financial liabilities	1,988	2,782
	9,378	12,446
Non-current financial liabilities		
Bonds	271,219	499,698
Bank loans and borrowings	55,236	34,346
Other financial liabilities	23,438	23,714
	349,893	557,758
Total	**359,270**	**570,204**

(20) Current and non-current financial liabilities—third parties (Continued)

The terms and expiry dates of the financial liabilities at December 31, 2015 and 2016 are shown below:

	Nominal amount					
Thousands of Euros	Total December 31, 2015	Within one year	From one to five years	After five years	Current	Non-current
Bonds						
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	275,000	—	275,000	—	—	275,000
Accrued interest—Guala Closures S.p.A.	1,820	1,820	—	—	1,820	—
Transaction costs	(3,781)	—	(3,781)	—	—	(3,781)
TOTAL FRSN 2019 Guala Closures S.p.A.	**273,038**	**1,820**	**271,219**	**—**	**1,820**	**271,219**
Bank loans and borrowings:						
Senior Revolving Facility	55,000	—	55,000	—	—	55,000
Transaction costs	(966)	—	(966)	—	—	(966)
Total Senior Revolving Facility	**54,034**	**—**	**54,034**	**—**	**—**	**54,034**
Accrued interest and expense—Guala Closures S.p.A.	194	194	—	—	194	—
Handlowy S.A. bank overdraft (Poland)	3,473	3,473	—	—	3,473	—
Bancolombia loan (Colombia)	465	203	263	—	203	263
Bradesco / ITAU loan (Brazil)	1,154	656	497	—	656	497
Advances on receivables and loans (Argentina)	393	174	219	—	174	219
Bancomer loan (Mexico)	1,092	870	222	—	870	222
Total bank loans and borrowings	**60,805**	**5,569**	**55,236**	**—**	**5,569**	**55,236**
Other financial liabilities:						
Guala Closures S.p.A. finance leases	11,780	1,899	9,881	—	1,899	9,881
Bulgarian companies finance leases	65	60	5	—	60	5
Liability to the Ukrainian non-controlling investors	13,500	—	—	13,500	—	13,500
Other liabilities	82	29	53	—	29	53
Total other financial liabilities	**25,427**	**1,988**	**9,938**	**13,500**	**1,988**	**23,438**
TOTAL	**359,270**	**9,378**	**336,393**	**13,500**	**9,378**	**349,893**

(20) Current and non-current financial liabilities—third parties (Continued)

Thousands of Euros	Total December 31, 2016	Within one year	From one to five years	After five years	Current	Non-current
	Nominal amount					
Bonds						
Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A.	510,000	—	510,000	—	—	510,000
Accrued interest—Guala Closures S.p.A.	3,365	3,365	—	—	3,365	—
Transaction costs	(10,302)	—	(10,302)	—	—	(10,302)
TOTAL FRSSN 2021 Guala Closures S.p.A.	**503,063**	**3,365**	**499,698**	**—**	**3,365**	**499,698**
Bank loans and borrowings:						
Senior Revolving Facility	34,000	—	34,000	—	—	34,000
Transaction costs	(1,487)	—	(1,487)	—	—	(1,487)
Total Senior Revolving Facility	**32,513**	**—**	**32,513**	**—**	**—**	**32,513**
Accrued interest and expense—Guala Closures S.p.A.	(4)	(4)	—	—	(4)	—
Handlowy S.A. / Millennium S.A. bank overdraft (Poland)	3,586	3,586	—	—	3,586	—
Bancolombia loan (Colombia)	287	221	66	—	221	66
Bradesco / ITAU loan (Brazil)	1,179	719	460	—	719	460
Advances on receivables and loans (Argentina)	1,434	1,022	411	—	1,022	411
Bancomer loan (Mexico)	1,652	756	896	—	756	896
Total bank loans and borrowings	**40,645**	**6,299**	**34,346**	**—**	**6,299**	**34,346**
Other financial liabilities:						
Guala Closures S.p.A. finance leases	9,821	2,034	7,787	—	2,034	7,787
Liability to the Ukrainian non-controlling investors	15,900	—	—	15,900	—	15,900
Other liabilities	775	748	27	—	748	27
Total other financial liabilities	**26,496**	**2,782**	**7,814**	**15,900**	**2,782**	**23,714**
TOTAL	**570,204**	**12,446**	**541,858**	**15,900**	**12,446**	**557,758**

The liability to the Ukrainian non-controlling investors relates to recognition of these investors' right to exercise a put option if certain conditions are met. It represents the discounted estimated value of the put option at its estimated time of exercise.

This caption has been recognized using the present access method since 2008, whereby the financial liability was recognized as a reduction in equity in the first year. The fluctuation in each year, if any, is recognized under financial income (expense) in profit or loss and the non-controlling interests continue to be presented separately as, to all effects, the non-controlling investors have the right to access the profit or loss pertaining to their investment.

Reference should be made to note 47) "Fair value of financial instruments and sensitivity analysis" for further details.

(20) Current and non-current financial liabilities—third parties (Continued)

The interest rates and expiry dates of the financial liabilities at December 31, 2015 and December 31, 2016 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2015
Bonds				
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	EUR	euribor 3m + 5.375%	2019	275,000
Accrued interest—Guala Closures S.p.A.	EUR	n.a.	2016	1,820
Transaction costs	EUR	n.a.	2019	(3,781)
TOT. BOND FRSN 2019 Guala Closures S.p.A.				**273,038**
Bank loans and borrowings:				
Senior Revolving Facility	EUR	euribor 3m + 3.75%	2017	55,000
Transaction costs	EUR	n.a.	2017	(966)
Total Senior Revolving Facility				**54,034**
Accrued interest and expense—Guala Closures S.p.A.	EUR	n.a.	2016	194
Handlowy S.A. bank overdraft (Poland)	PLN	wibor 1m (*)	n.a.	3,473
Bancolombia loan (Colombia)	COP	I.B.R. + 3.25% (**)	2018	465
Bradesco / ITAU loan (Brazil)	BRL	n.a.	2019	1,154
Advances on receivables and loans (Argentina)	AR$	n.a.	n.a.	393
Bancomer loan (Mexico)	MXP	TIIE28 + 2.50% (***)	2017	1,092
Total bank loans and borrowings				**60,805**
Other financial liabilities:				
Guala Closures S.p.A. finance leases	EUR	euribor + 1.5% (****)	2020	11,780
Bulgarian companies finance leases	BGN	n.a.	2016	65
Liability to the Ukrainian non-controlling investors	EUR	n.a.	n.a.	13,500
Other liabilities	EUR	n.a.	n.a.	82
Total other financial liabilities				**25,427**
TOTAL				**359,270**

(*) Wibor stands for "Warsaw Inter-bank Bid and Offered Rate"

(**) I.B.R. stands for "Indicador Bancario de Referencia"

(***) TIIE30 stands for "Tasa de Interés Interbancaria de Equilibrio a 30 dias".

(****) Nominal interest rate on the property finance lease.

(20) Current and non-current financial liabilities—third parties (Continued)

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2016
Bonds				
Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A.	EUR	euribor 3m + 4.75%	2021	510,000
Accrued interest—Guala Closures S.p.A.	EUR	n.a.	2017	3,365
Transaction costs	EUR	n.a.	2021	(10,302)
TOT. BOND FRSSN 2021 Guala Closures S.p.A.				**503,063**
Bank loans and borrowings:				
Senior Revolving Facility due in 2021	EUR	euribor 3m + 4.00%	2021	34,000
Transaction costs	EUR	n.a.	2021	(1,487)
Total Senior Revolving Facility				**32,513**
Accrued interest and expense—Guala Closures S.p.A.	EUR	n.a.	2017	(4)
Millennium Bank / Handlowy Bank overdraft (Poland)	PLN	wibor 1m (*)	n.a.	3,586
Bancolombia loan (Colombia)	COP	I.B.R. + 3.25% (**)	2018	287
Bradesco / ITAU loan (Brazil)	BRL	n.a.	2019	1,179
Advances on receivables and loans (Argentina)	AR$	n.a.	n.a.	1,434
Bancomer loan (Mexico)	USD	3.62%	2019	1,652
Total bank loans and borrowings				**40,645**
Other financial liabilities:				
Guala Closures S.p.A. finance leases	EUR	euribor + 1.5% (***)	2020	9,821
Liability to the Ukrainian non-controlling investors	EUR	n.a.	n.a.	15,900
Other liabilities	EUR	n.a.	n.a.	775
Total other financial liabilities				**26,496**
TOTAL				**570,204**

(*) Wibor stands for "Warsaw Inter-bank Bid and Offered Rate"

(**) I.B.R. stands for "Indicador Bancario de Referencia"

(***) Nominal interest rate on the property finance lease.

The Senior Revolving Facility's availability is shown in the table below:

Credit facility	Available amount (thousands of Euros)	Amount used at December 31, 2016	Residual available amount at December 31, 2016
Revolving Facility due 2021	65,000	34,000	31,000
Total	**65,000**	**34,000**	**31,000**

(21) Current and non-current financial liabilities—related parties

This section discloses the contractual terms governing the loans granted by GCL Holdings S.C.A. (parent of Guala Closures S.p.A.).

Following the Group's refinancing:

- Guala Closures S.p.A. prepaid in full the existing intercompany loan to GCL Holdings S.C.A. of € 55.7 million and the related accrued interest.
- Guala Closures International B.V. partially prepaid the existing intercompany loan to GCL Holdings S.C.A. of € 59.9 million.

(21) Current and non-current financial liabilities—related parties (Continued)

The terms and expiry dates of the loans at December 31, 2015 and 2016 are shown below:

	Nominal amount					
Thousands of Euros	Total December 31, 2015	Within one year	From one to five years	After five years	Current	Non-current
Loan granted by GCL Holdings S.C.A. to Guala Closures S.p.A.—due 2018	61,454	953	60,501	—	953	60,501
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V.—due 2018	94,092	2,367	91,725	—	2,367	91,725
TOTAL	**155,546**	**3,320**	**152,226**	**—**	**3,320**	**152,226**

Thousands of Euros	Total December 31, 2016	Within one year	From one to five years	After five years	Current	Non-current
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V.—due 2021	33,138	1,313	31,825	—	1,313	31,825
TOTAL	**33,138**	**1,313**	**31,825**	**—**	**1,313**	**31,825**

The interest rates of the loans at December 31, 2015 and 2016 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Total December 31, 2015
Loan granted by GCL Holdings S.C.A. to Guala Closures S.p.A.—due 2018	EUR	9.30%	61,454
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V.—due 2018	EUR	10.10%	94,092
Total			**155,546**

Thousands of Euros	Currency	Nominal interest rate	Total December 31, 2016
Loan granted by GCL Holdings S.C.A. to Guala Closures International B.V.—due 2021	EUR	Euribor 3M + 5.25%	33,138
Total			**33,138**

(22) Trade payables—third parties

This caption is made up as follows:

Thousands of Euros	December 31, 2015	December 31, 2016
Suppliers	59,377	63,614
Payments on account	7,527	2,032
Total	**66,905**	**65,645**

The decrease in the payments on account is due to an advance payment received in 2015 from a customer in Argentina.

(22) Trade payables—third parties (Continued)

At December 31, 2016, trade payables may be analyzed by original currency as follows:

Thousands of Euros	EUR	USD	GBP	Other currencies	Total
Trade payables	37,771	2,564	2,460	22,850	**65,645**

Other currencies include trade payables in the following local currencies:

Thousands of Euros	December 31, 2016
Australian dollar	5,172
Mexican peso	4,268
Polish zloty	3,012
Indian rupia	2,901
Argentinean peso	2,797
Ukrainian hryvnia	1,170
Brazilian real	892
Chinese renmimbi	758
South African rand	596
New Zealand dollar	594
Columbian peso	264
Other	426
Total	**22,850**

(23) Trade payables—related parties

This caption is made up as follows:

Thousands of Euros	December 31, 2015	December 31, 2016
Payables to GCL Holdings S.C.A.	1,548	311
Total	**1,548**	**311**

(24) Current direct tax liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2015	December 31, 2016
Current direct tax liabilities	5,198	4,430
Total	**5,198**	**4,430**

In 2016 a tax provision was accounted for an amount of € 0.7 million due to the possible unfavourable tax contincencies arose in China in relation to the merger between Guala Closures International B.V. and Guala Closures China B.V. in 2015.

(25) Current indirect tax liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2015	December 31, 2016
VAT and other indirect taxes	4,290	4,556
Total	**4,290**	**4,556**

(26) Provisions

This caption may be analyzed as follows:

CURRENT PROVISIONS:

Thousands of Euros	December 31, 2015	December 31, 2016
Provision for returns	582	1,014
Provision for restructuring	1,012	158
Other current provisions	30	5
Total current provisions	**1,624**	**1,176**

The provision for returns reflects the calculation of customer claims received.

The provision for restructuring in 2015 refered mainly to the closure of the Australian site of Acacia Ridge and to the reallocation of its crown seals production to the other Australian Group plant located in Central West and, for the remainder, the Italian plants' restructuring process started in 2014.

Changes in the provisions are as follows:

CURRENT PROVISIONS:

Thousands of Euros	2016
Opening current provisions	1,624
Exchange rate gains	3
Accrual	776
Utilization	(1,227)
Closing current provisions	**1,176**

The utilization of current provisions mainly refers to the utilization of the provision for restructuring for the Australian and Italian plants.

NON-CURRENT PROVISIONS:

Thousands of Euros	December 31, 2015	December 31, 2016
Provision for agents' termination indemnity	121	127
Provision for legal disputes	27	24
Total non-current provisions	**148**	**151**

Changes in the provisions are as follows:

NON-CURRENT PROVISIONS:

Thousands of Euros	2016
Opening non-current provisions	148
Exchange rate losses	(1)
Accrual	4
Utilization	(1)
Closing non-current provisions	**151**

(27) Financial derivative liabilities

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2015	December 31, 2016
Fair value of IRSs	677	431
Fair value of aluminum derivatives	394	2
Total	**1,071**	**433**

The main features of the contracts in place at December 31, 2016 are summarized below:

—interest rate swaps

Guala Closures S.p.A. has two interest rate swaps in place to hedge floating interest rates on the property finance lease as listed below:

1. Euro interest rate swap agreed with Intesa Sanpaolo S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.945% against the floating one-month Euribor for a notional amount of € 2,898 thousand at December 31, 2016.
2. Euro interest rate swap agreed with Unicredit Banca d'Impresa S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.960% against the floating one-month Euribor for a notional amount of € 2,898 thousand at December 31, 2016.

These derivatives meet the formal requirements of IAS 39 at the reporting date and have been recognized as hedging instruments.

—Currency swaps

The Group did not have any currency swaps at the reporting date.

The following table shows the fair value of the derivatives held at the reporting date:

Contract (Thousands of Euros)	Recognition at December 31, 2016	December 31, 2015 Positive/ (negative) fair value	December 31, 2016 Positive/ (negative) fair value
Interest rate swaps on leases	Hedge accounting	(677)	(431)
Forward aluminum purchases	Recognized at fair value through profit or loss	(394)	(2)
Forward aluminum purchases	Recognized at fair value through profit or loss	—	533

(28) Other current liabilities

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2015	December 31, 2016
Payables to employees	8,208	8,739
Payables for capex	4,894	4,255
Payable for transaction costs on Guala Closures S.p.A. bond issue	—	3,768
Social security charges payable	2,753	2,803
Payables for dividends	665	1,073
Other payables	5,965	5,663
Total	**22,485**	**26,301**

(29) Employee benefits

This caption is made up as follows:

Thousands of Euros	December 31, 2015	December 31, 2016
Post-employment benefits—Guala Closures S.p.A.	4,295	4,344
Other	1,451	1,901
Total	**5,745**	**6,246**

Changes in Employee benefits are as follows:

Thousands of Euros	December 31, 2015	December 31, 2016
Balance at January 1	7,317	5,745
Exchange rate gains/(losses)	(90)	22
Business combinations	—	247
Change recognized in profit or loss—personnel expense	1,597	1,871
Change recognized in profit or loss—other (income)/expense	27	(414)
Change recognized in OCI	(337)	162
Transfer in (out)	(41)	(29)
Benefits paid	(2,728)	(1,360)
Balance at December 31	**5,745**	**6,246**

The liability for post-employment benefits ("TFR"—Trattamento di fine rapporto) primarily relates to Italian companies (Guala Closures S.p.A. mainly) for employee departures, determined using actuarial techniques and regulated by Article 2120 of the Italian Civil Code. The benefit is paid when the employee leaves the company as a lump sum, the amount of which corresponds to the total benefits accrued during the employees' service period based on payroll costs as revalued until their departure. Following the pension reform, from January 1, 2007, accruing benefits have been transferred to a pension fund or a treasury fund held by the Italian administration for post-retirement benefits (INPS). Companies with less than 50 employees, can continue the scheme as in previous years. Therefore, contributions of future TFR to pension funds or the INPS treasury fund entails that these amounts will be treated as a defined contribution scheme. Amounts vested before January 1, 2007 continue to be accounted for as defined benefits to be assessed based on actuarial assumptions.

Changes in post-employment benefits and the main assumptions used in their measurement are detailed below:

Thousands of Euros	December 31, 2015	December 31, 2016
Balance at January 1	5,944	4,295
Change recognized in profit or loss—personnel expense	1,294	1,159
Change recognized in profit or loss—other (income)/expense	79	65
Change recognized in OCI	(342)	158
Benefits paid	(2,681)	(1,332)
Balance at December 31	**4,295**	**4,344**

Actuarial parameter baseline:

	December 31, 2015	December 31, 2016
Average inflation rate	1.5% (2016) - 1.8% (2017) 1.7% (2018) - 1.6% (2019) 2% from 2020 on	1.50% p.a.
Discount rate	2.03% p.a.	1.31% p.a.
Annual rate of increase in post-employment benefits	2.625% (2016) - 2.85% (2017) 2.775% (2018) - 2.7% (2019) 3% from 2020 on	2.625% p.a.

(29) Employee benefits (Continued)

For valuations at December 31, 2016, an annual fixed discount rate of 1.31% was utilized based on the value of Iboxx indexes AA corporate bonds observed at December 31, 2016, as per the requirements of IAS 19.

The Group expects to pay around € 1.4 million of benefits to its defined benefit plan in 2017 described above.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming the other variables do not change, would have affected Guala Closures S.p.A.'s post-employment benefits at December 31, 2016 by the amounts shown below:

	Defined benefit obligation	
Thousands of Euros	**Increase**	**Decrease**
Turnover rate (1% variation)	(23)	26
Average inflation rate (0.25% variation)	64	(63)
Discount rate (0.25% variation)	(100)	104

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Guala Closures UK has a defined benefit pension plan under which the employees of the former Metalclosures Ltd. have the right to a pension. This plan has a surplus at both December 31, 2015 and 2016 (i.e., the fair value of the plan assets is higher than the present value of the defined benefit obligation). As required by IAS 19 and IFRIC 14, the surplus that can be recognized must be less than the benefits available in the form of reimbursements or the contribution holiday: following completion of the West Bromwich site restructuring plan in 2008, the amount of the contribution holiday is zero and, therefore, the English company has not recognized the fund surplus. In addition, the Group did not have contingent liabilities at the reporting date as the fund covers the present value of its future obligations with its plan assets.

For disclosure purposes, the amounts of the fund obligations and plan assets, as well as the baseline actuarial parameters used for their calculation, are shown below:

Thousands of Euros	December 31, 2015	December 31, 2016
Present value of the obligations	(72,119)	(71,944)
Fair value of plan assets	89,487	87,500
Total	**17,368**	**15,556**

Changes in the net amount of the fund:

Thousands of Euros	December 31, 2015	December 31, 2016
Balance at January 1	16,888	17,368
Exchange rate (gains) losses	1,040	(2,510)
Service cost	(25)	(22)
Interest on defined benefit obligation	(2,489)	(2,212)
Interest on plan assets	3,087	2,765
Scheme administration expenses	(215)	(242)
Actuarial (gains) losses	(919)	409
Balance at December 31	**17,368**	**15,556**

(29) Employee benefits (Continued)

Changes in the present value of the obligations:

Thousands of Euros	December 31, 2015	December 31, 2016
Balance at January 1	(72,726)	(72,119)
Exchange rate (gains) losses	(4,453)	10,961
Service cost	(25)	(22)
Interest on defined benefit obligation	(2,489)	(2,212)
Contribution by plan participants	(4)	(4)
Benefits paid	5,195	4,486
Actuarial gains	2,382	(13,035)
Balance at December 31	**(72,119)**	**(71,944)**

Changes in the fair value of plan assets:

Thousands of Euros	December 31, 2015	December 31, 2016
Balance at January 1	89,614	89,487
Exchange rate (gains) losses	5,493	(13,471)
Interest on plan assets	3,087	2,765
Scheme administration expenses	(215)	(242)
Contribution by plan participants	4	4
Benefits paid	(5,195)	(4,486)
Actuarial (gains) losses	(3,300)	13,444
Balance at December 31	**89,487**	**87,500**

Plan assets comprise (major categories of plan assets as a percentage of the total plan assets):

	December 31, 2015	December 31, 2016
Equities	37%	38%
Bonds	31%	31%
Gilts	31%	31%
Cash	1%	0%

All equities and government bonds have quoted prices in active markets.

Actuarial parameter baseline:

	December 31, 2015	December 31, 2016
Salary growth rate	4.00% p.a.	4.00% p.a.
Rate of increase in pensions provided (average)	3.00% p.a.	3.00% p.a.
Average inflation rate	3.00% p.a.	3.20% p.a.
Discount rate	3.55% p.a.	2.55% p.a.

The Group does not expect to pay any further contributions in 2017 in relation to these defined benefit obligations.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming the other variables do not change, would have affected Guala Closures UK's defined benefit pension plan at December 31, 2016 by the amounts shown below:

Thousands of Euros	Impact on present value of the obligations	Impact on fair value of plan assets
Life expectancy (+ 1 year)	(2,997)	—
Average inflation rate (-0.1% p.a.)	364	—
Discount rate (+0.1% p.a.)	1,114	—

(29) Employee benefits (Continued)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(30) Other non-current liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2015	December 31, 2016
Other non-current liabilities	112	43
Total	**112**	**43**

(31) Equity attributable to the owners of the Company

At December 31, 2016, Guala Closures S.p.A. is a single-member company limited by shares wholly owned by GCL Holdings S.C.A..

At December 31, 2016, Guala Closures S.p.A. has subscribed and paid-up share capital of € 74,624 thousand, consisting of 74,624,491 ordinary shares with a nominal value of € 1 each.

On December 22, 2014, the extraordinary shareholders' meeting of Guala Closures S.p.A. approved the issuance, pursuant to article 2346, last paragraph, of the Italian Civil Code, of 50.7 million participating financial instruments ("SFP") with a nominal value of € 1.00 each and a duration equal to that of the Company, against a contribution in cash of € 50.7 million, reserved to the sole shareholder GCL Holdings S.C.A..

The main features of the SFP are:

- The participating financial instruments are perpetual and are subordinate to the Group's other creditors. The purpose of issuing participating financial instruments was to strengthen the Group's capital base;
- Coupons on the SFP are settled from time to time by Guala Closures S.p.A. in accordance with the relevant resolutions (if any) of the competent corporate bodies of the Company. The coupon rate of the participating financial instruments is 9.3%. Coupon payments and their tax effect are recognised directly in equity;
- Guala Closures S.p.A. may, at its sole discretion, omit or defer coupon payments to the holders. However, deferred coupon payments will fall due for payment in the event of Guala Closures S.p.A. subsequently making any distributions to its shareholders, both as dividends and reserves;
- The SFP holder(s) may freely transfer, in whole or in part, the SFPs to any third party;
- Pursuant to the SFP Rules, the SFPs shall be redeemable at any time, in whole or in part, at the option of the Company's board of directors only and within the amount of the distributable profits and distributable reserves as recorded in the financial statements of the Company as duly approved by its competent corporate bodies.

As the SFP satisfy the IAS 32 criteria for equity, they have been recognized as part of equity.

In 2016 no coupons on the SFP are declared by Guala Closures S.p.A.'s management.

The increase in the equity reserve "Participating financial instruments reserve" is due to income of the owners of the Participating Financial Instruments of the Company related to such instruments.

Neither the parent nor its subsidiaries hold treasury shares either directly or indirectly through trustees or nominees.

Reference should be made to the statement of changes in equity for changes in, and details of, the components of equity.

As per the Senior Revolving Facility Agreement and for the Floating Rate Senior Secured Notes, there are certain restrictions to the transfer of funds between Guala Closures subsidiaries and Guala Closures S.p.A. and between Guala Closures S.p.A. and the parent GCL Holdings S.C.A..

(31) Equity attributable to the owners of the Company (Continued)

The Group's objectives in capital management are to create value for shareholders, safeguard the Group's future and to support its development.

Equity and participating financial instruments are considered to be capital.

The Group thus seeks to maintain a sufficient level of capitalization, while giving shareholders satisfactory returns and ensuring the Group has access to external sources of financing at acceptable terms, including via maintaining an adequate rating.

The Group monitors the debt/equity ratio on an ongoing basis, particularly in terms of net indebtedness and cash flows generated by operating activities.

The board of directors carefully monitors the balance between greater returns through the right level of indebtedness and the advantages of a sound financial position.

To achieve these objectives, the Group strives to continuously make its operations more profitable.

The board of directors monitors the return on share capital, being total equity pertaining to owners of the parent, excluding non-controlling interests, and the amount of dividends to be distributed to holders of ordinary shares.

The Group's capital management policies have not changed during the year.

(32) Equity attributable to non-controlling interests

Equity attributable to non-controlling interests relates to the following consolidated companies:

	Non-controlling interests % December 31, 2015	Non-controlling interests % December 31, 2016	Balance at December 31, 2015	Balance at December 31, 2016
Guala Closures Ukraine LLC	30.0%	30.0%	8,078	9,112
Guala Closures India Pvt Ltd.	5.0%	5.0%	1,748	1,938
Guala Closures Argentina S.A.	1.6%	1.6%	32	31
Guala Closures de Colombia LTDA	6.8%	6.8%	518	562
Guala Closures Bulgaria A.D.	30.0%	30.0%	1,669	1,837
Guala Closures Tools A.D.	30.0%	30.0%	378	453
Guala Closures DGS Poland S.A.	30.0%	30.0%	12,274	11,234
CapMetal SAS	30.0%	30.0%	—	171
Total			**24,699**	**25,338**

Reference should be made to the consolidated statement of changes in equity for changes in equity attributable to the non-controlling interests.

(32) Equity attributable to non-controlling interests (Continued)

The following tables summarise the information relating to each of the Group's subsidiaries that have material non-controlling interests, before any intra-group eliminations:

December 31, 2015	Carrying amount					
Thousands of Euros	Guala Closures DGS Poland S.A.	Guala Closures Ukraine LLC	Guala Closures Bulgaria A.D.	Guala Closures India pvt Ltd	Other individually immaterial subsidiaries	Total
Non-controlling interests percentage	**30%**	**30%**	**30%**	**5%**		
Non-current assets	32,563	10,590	1,685	25,451		
Current assets	27,205	23,588	4,994	18,241		
Non-current liabilities	(3,205)	—	(73)	(937)		
Current liabilities	(15,648)	(7,250)	(1,042)	(7,798)		
Equity	**40,915**	**26,927**	**5,565**	**34,958**		
Equity attributable to non-controlling interests	**12,274**	**8,078**	**1,669**	**1,748**	**929**	**24,699**
Total revenue (third parties + related parties)	**81,722**	**49,160**	**7,915**	**62,880**		
Profit for the year	11,084	12,002	(99)	7,087		
Other comprehensive income/(expense) (OCI)	100	(6,571)	—	1,077		
Total comprehensive income	**11,184**	**5,431**	**(99)**	**8,164**		
Profit allocated to non-controlling interests	3,325	3,601	(30)	354	146	7,397
OCI allocated to non-controlling interests	30	(1,971)	—	54	(92)	(1,979)
Total comprehensive income allocated to non-controlling interests	**3,355**	**1,629**	**(30)**	**408**	**54**	**5,418**
Cash flows from operating activities	11,778	13,369	1,187	15,257		
Cash flows used in investing activities	(2,706)	(4,696)	(141)	(2,947)		
Cash flows used in financing activities (including dividends to NCI)	(9,691)	341	(762)	(11,012)		
Net increase (decrease) in cash and cash equivalents	**(618)**	**9,014**	**284**	**1,298**		
Dividends paid to non-controlling interests	2,880	—	226	486	265	3,858

(32) Equity attributable to non-controlling interests (Continued)

December 31, 2016	Carrying amount					
Thousands of Euros	Guala Closures DGS Poland S.A.	Guala Closures Ukraine LLC	Guala Closures Bulgaria A.D.	Guala Closures India pvt Ltd	Other individually immaterial subsidiaries	Total
Non-controlling interests percentage	**30%**	**30%**	**30%**	**5%**		
Non-current assets	31,046	11,561	1,026	26,748		
Current assets	26,656	26,758	5,873	20,272		
Non-current liabilities	(2,888)	—	(32)	(890)		
Current liabilities	(17,368)	(7,946)	(742)	(7,360)		
Equity	**37,446**	**30,373**	**6,124**	**38,770**		
Equity attributable to non-controlling interests	**11,234**	**9,112**	**1,837**	**1,938**	**1,216**	**25,338**
Total revenue (third parties + related parties)	**81,108**	**51,032**	**8,560**	**67,156**		
Profit for the year	10,189	14,624	560	9,875		
Other comprehensive income/(expense) (OCI)	(803)	2,683	—	629		
Total comprehensive income	**9,386**	**17,306**	**560**	**10,504**		
Profit allocated to non-controlling interests	3,057	4,387	168	494	209	8,314
OCI allocated to non-controlling interests	(241)	805	—	31	58	654
Total comprehensive income allocated to non-controlling interests	**2,816**	**5,192**	**168**	**525**	**267**	**8,968**
Cash flows from operating activities	14,144	12,309	1,320	11,249		
Cash flows used in investing activities	(3,473)	(4,722)	(150)	(5,615)		
Cash flows used in financing activities (including dividends to NCI)	(11,000)	(7,300)	(9)	(6,393)		
Net increase (decrease) in cash and cash equivalents	**(329)**	**286**	**1,161**	**(759)**		
Dividends paid to non-controlling interests	3,263	2,594	—	314	130	6,302

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (EXPENSE)

(33) Net revenue

The table below illustrates the geographical distribution of net revenue based on the geographical location from where the product is sold by the group companies:

Thousands of Euros	2015	2016
Europe	284,430	273,146
Asia	70,356	74,768
Latin and North America	96,589	89,276
Oceania	49,871	48,660
Africa	19,286	14,418
Total	**520,533**	**500,268**

(34) Other operating income

This caption includes:

Thousands of Euros	2015 (*)	2016
Sundry recoveries/repayments	3,224	3,019
Gains on sale of fixed assets	203	207
Release of provision for contingencies on tax matters	944	—
Other	413	712
Total	**4,783**	**3,938**

(*) 2015 figures were restated since capitalized development expenditure and extraordinary maintenance booked in 2015 as "Other operating income" have been reclassified to the caption "Work performed by the Group and capitalized"

Capitalized development expenditure and extraordinary maintenance booked in 2015 as "Other operating income" have been reclassified to the caption "Work performed by the Group and capitalized" to be consistent with 2016 classification).

(35) Work performed by the Group and capitalised

This caption amounts to € 6,615 thousand in 2016 (€ 5,936 thousand in 2015) and includes € 496 thousand of capitalized development expenditure related to new closures and € 6,119 thousand of extraordinary maintenance carried out on property, plant and equipment, of which extraordinary maintenance and upgrading of the production capacity of Guala Closures S.p.A. amounting to € 800 thousand and foreign companies amounting to € 5,319 thousand.

(36) Costs for raw materials

This caption includes:

Thousands of Euros	2015	2016
Raw materials and supplies	216,005	194,468
Packaging	9,330	8,985
Consumables and maintenance	9,729	11,562
Fuels	454	427
Other purchases	1,774	2,573
Change in raw materials inventories	(3,955)	421
Total	**233,336**	**218,436**

The increase in consumables and maintenance is due to higher maintenance made in 2016 on Group machines.

(37) Costs for services—third parties

This caption includes:

Thousands of Euros	2015	2016
Electricity / heating	22,316	21,764
Transport	20,531	20,031
External processing	8,509	7,550
Maintenance	5,860	5,517
Sundry industrial services	5,470	5,395
External labor / porterage	4,650	5,267
Travel	4,261	3,932
Legal and consulting fees	3,070	3,398
Insurance	3,035	2,673
Administrative services	2,311	2,022
Cleaning service	1,128	1,086
Technical assistance	889	1,034
Directors' fees	1,988	991
Entertainment expenses	686	842
Commissions	952	779
Telephone costs	802	718
Security	548	449
Expos and trade fairs	441	366
Commercial services	334	279
Advertising services	431	258
Other	2,219	2,164
Total	**90,432**	**86,515**

Details of fees paid to the key management personnel and to statutory auditors are provided in notes 48) "Related party transactions" and 52) "Fees of the Statutory Auditors" to these consolidated financial statements.

(38) Costs for services—related parties

This caption includes:

Thousands of Euros	2015	2016
Admistrative consultancy—GCL Holdings S.C.A.	1,548	4,663
Total	**1,548**	**4,663**

(39) Personnel expense

This caption includes:

Thousands of Euros	2015	2016
Wages and salaries	75,571	73,461
Social security contributions	13,152	12,307
Expense/(Income) from defined benefit plans	1,597	1,871
Other costs	2,592	2,643
Total	**92,912**	**90,282**

Reference should be made to note 29) "Employee benefits" to these consolidated financial statements for details on Expense/(income) for defined benefit plans.

(39) Personnel expense (Continued)

At December 31, 2015 and 2016, the Group had the following number of employees:

Number	December 31, 2015	December 31, 2016
Blue collars	2,928	2,990
White collars	872	844
Managers	189	198
Total	**3,989**	**4,032**

(40) Other operating expense

This caption includes:

Thousands of Euros	2015	2016
Rent and leases	4,774	4,493
Other costs for the use of third party assets	1,707	1,586
Taxes and duties	2,319	2,014
Provisions	1,529	781
Other charges	930	1,023
Total	**11,259**	**9,897**

(41) Financial income—third parties

This caption includes:

Thousands of Euros	2015	2016
Exchange rate gains	8,139	6,259
Interest income	713	1,618
Change in fair value of IRS	1,975	—
Fair value gains on aluminium derivatives	16	—
Other financial income	238	167
Total	**11,081**	**8,045**

The increase in interest income is mainly due to the interest on the cash held in Ukraine for a certain part of the year.

(42) Financial income—related parties

This caption includes:

Thousands of Euros	2015	2016
Interest income—GCL Holdings S.C.A.	—	656
Total	**—**	**656**

Following the Group refinancing occurred on November 11, 2016, Guala Closures S.p.A. granted a new Intercompany Loan to GCL Holdings S.C.A. of € 91.2 million.

(43) Financial expense—third parties

This caption includes:

Thousands of Euros	2015	2016
Interest expense	21,814	21,337
Exchange rate losses	12,028	8,719
Financial expense on liability versus non-controlling investors in the Ukrainian company	3,600	2,400
Financial expense for debt refinancing	—	3,630
Fair value losses on aluminum derivatives	1,512	—
Other financial expense	1,085	978
Total	**40,039**	**37,064**

The Financial expense on liability versus non-controlling investors in the Ukrainian company relates to recognition of the increase in the financial liability for these investors' right to exercise a put option if certain conditions are met. The liability was determined by discounting the estimated value of the put option at its estimated time of exercise.

Financial expense for debt refinancing in 2016 refers to the derecognition of unamortized transaction costs due to the Group's refinancing (early redemption of existing Floating Rate Senior Secured Notes and Revolving Credit Facility).

(44) Financial expense—related parties

This caption includes:

Thousands of Euros	2015	2016
Interest expense—GCL Holdings S.C.A.	15,203	13,133
Total	**15,203**	**13,133**

Interest expense to GCL Holdings S.C.A. includes € 8.3 million on the loan granted by GCL Holdings S.C.A. to Guala Closures International B.V. and partially repaid following the Group refinancing in November 2016 and € 4.8 million on the loan provided by GCL Holdings S.C.A. to Guala Closures S.p.A. that has been fully reimbursed following the Group refinancing in November 2016.

(45) Income and expense on financial assets/liabilities

The following table shows income and expense on financial assets/liabilities, specifying which are recognized in profit or loss and which directly in equity:

Thousands of Euros	2015	2016
Recognized in profit or loss		
Interest income	713	2,274
Fair value gains on derivatives	1,991	—
Exchange rate gains	8,139	6,259
Other financial income	238	167
Total financial income	**11,081**	**8,701**
Interest expense on financial liabilities measured at amortized cost	(37,018)	(34,469)
Exchange rate losses	(12,028)	(8,719)
Fair value losses on derivatives	(1,512)	—
Other financial expense	(4,685)	(7,008)
Total financial expense	**(55,242)**	**(50,197)**
Net financial expense recognized in profit or loss	**(44,161)**	**(41,496)**
Recognized directly in equity in the hedging reserve		
Effective portion of fair value losses on cash flow hedges	(47)	(29)
Net change in fair value of cash flow hedges reclassified to profit or loss	318	275
Total recognized directly in equity	**271**	**246**

(46) Income taxes

This caption includes:

Thousands of Euros	2015	2016
Current taxes	(23,915)	(20,206)
Deferred tax income	1,448	525
Total	**(22,468)**	**(19,681)**

In 2016 a tax provision was accounted for an amount of € 0.7 million (including the corporate income tax, interest expense and penalties) due to the possible unfavourable tax contincencies arose in China in relaton to the merger between Guala Closures International B.V. and Guala Closures China B.V. in 2015.

Deferred tax income in profit or loss does not reflect the change in the corresponding captions of the statement of financial position due to the effect of transactions recognized directly in equity (€ -68 thousand), as described in the following table.

Change in deferred tax liabilities recognized directly in equity

Thousands of Euros	December 31, 2015	December 31, 2016
Change in deferred tax liabilities on fair value adjustments on cash flow hedges	(75)	(68)
Total	**(75)**	**(68)**

(46) Income taxes (Continued)

Reconciliation between the theoretical and effective tax charge

The difference between the theoretical and effective tax charge is mainly related to the impact of the different tax rates in foreign countries, non-taxable revenue and non-deductible costs.

Thousands of Euros	2015	2016
Profit before taxation	**23,123**	**29,947**
Income tax using Italian tax rate ***(2015: 27.5%; 2016: 27.5%)***	**(6,359)**	**(8,236)**
Effect of tax rates in foreign jurisdictions	1,466	1,592
Reduction in tax rate	13	14
Non-deductible expenses	(11,454)	(7,481)
Tax-exempt income	1,036	951
Tax incentives	3	523
Current-year losses for which no deferred tax asset is recognised	(2,168)	(2,323)
Recognition of previously unrecognised tax losses	(235)	403
Changes in estimates related to prior years	318	(384)
Total increase	**(11,021)**	**(6,705)**
Effective tax	**(17,380)**	**(14,941)**
IRAP	(227)	(291)
Other taxes, other than income taxes *(2015: 29.7%; 2016: 25.9%)*	(4,861)	(4,450)
Total income taxes for the year	**(22,468)**	**(19,681)**

Guala Closures S.p.A. participates in the national tax consolidation scheme pursuant to articles 117-128 of Presidential decree no. 917 of December 22, 1986 with its subsidiary Pharma Trade S.r.l..

The Italian corporate income tax rate will decrease from 27.5% to 24%, with effect from the tax period following December 31, 2016.

OTHER INFORMATION

(47) Fair value of financial instruments and sensitivity analysis

(a) Accounting classifications and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, as at December 31, 2015 and 2016. They do not include fair value information for financial assets and financial liabilities not measured at fair value as their carrying amount is a reasonable approximation of fair value. There were no movements from one level to another in 2016.

(47) Fair value of financial instruments and sensitivity analysis (Continued)

December 31, 2015		Carrying amount						
Thousands of Euros	**Note**	**Fair value - Held-for-trading**	**Designated at fair value**	**Fair value - hedging instruments**	**Held-to-maturity**	**Loans and receivables**	**Available-for-sale**	**Oth finan liabil**
Financial assets not measured at fair value(*)								
Trade receivables—third parties	8					86,880		
Trade receivables—related parties	9					436		
Cash and cash equivalents	5					61,754		
		—	—	—	—	**149,070**	—	
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	27			(677)				
Aluminium derivatives used for trading	27	(394)						
Put option on non-controlling interests	20		(13,500)					
		(394)	**(13,500)**	**(677)**	—	—	—	
Financial liabilities not measured at fair value(*)								
Bank overdraft	20							(3,
Secured bank loans	20							(55,
Unsecured bank loans	20							(1,
Secured bond issues	20							(273,
Intragroup loans	21							(155,
Finance lease liabilities	20							(11,
Trade payables—third parties	22							(66,
Trade payables—related parties	23							(1,
Other payables	20							
		—	—	—	—	—	—	**(569,**

(*) The Group has not disclosed the fair values of financial instruments such as current trade receivables and payables, because their carrying amou

(47) Fair value of financial instruments and sensitivity analysis (Continued)

December 31, 2016		Carrying amount						
Thousands of Euros	**Note**	**Fair value - Held-for-trading**	**Designated at fair value**	**Fair value - hedging instruments**	**Held-to-maturity**	**Loans and receivables**	**Available-for-sale**	**Oth finan liabil**
Financial assets measured at fair value								
Aluminium derivatives used for trading	13	533						
		533	**—**	**—**	**—**	**—**	**—**	
Financial assets not measured at fair value(*)								
Trade receivables—third parties	8					89,134		
Trade receivables—related parties	9					277		
Intragroup loans	7					91,856		
Cash and cash equivalents	5					53,973		
		—	**—**	**—**	**—**	**235,241**	**—**	
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	27			(431)				
Aluminium derivatives used for trading	27	(2)						
Put option on non-controlling interests	20		(15,900)					
		(2)	**(15,900)**	**(431)**	**—**	**—**	**—**	
Financial liabilities not measured at fair value(*)								
Bank overdraft	20							(3,
Secured bank loans	20							(35,
Unsecured bank loans	20							(1,
Secured bond issues	20							(503,
Intragroup loans	21							(33,
Finance lease liabilities	20							(9,
Trade payables—third parties	22							(65,
Trade payables—related parties	23							(
Other payables	20							(
		—	**—**	**—**	**—**	**—**	**—**	**(653,**

(*) The Group has not disclosed the fair values of financial instruments such as current trade receivables and payables, because their carrying amou

(47) Fair value of financial instruments and sensitivity analysis (Continued)

(b) Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Put option on non-controlling interest	*Discounted cash flows:* The fair value is determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast EBITDA of the Ukrainian subsidiary.	• Forecast EBITDA (average of last 2 years—2015 and 2016—and 2017 budget figures) • Net financial position of the Ukrainian subsidiary as at December 31, 2016 • Risk-adjusted discount rate (6.6%) • Expected date of put option exercise	The estimated fair value would increase if: • the EBITDA was higher • the Net financial position was higher • the risk-adjusted discount rate was lower • the expected date of put option was exercised early
Forward interest rate swaps	*Market comparison technique:* The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Secured bonds issues Intragroup loans Finance lease liabilities	Discounted cash flows	Not applicable.

(47) Fair value of financial instruments and sensitivity analysis (Continued)

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation of the opening balances to the closing balances for Level 3 fair values.

Thousands of Euros	December 31, 2015	December 31, 2016
Balance at January 1	9,900	13,500
Loss included in "financial expense"		
— Net change in fair value (unrealised)	3,600	2,400
Balance at December 31	**13,500**	**15,900**

Sensitivity analysis

For the fair value of the Put option on non-controlling interest, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

Thousands of Euros	Increase/ (decrease) in unobservable inputs	Favourable/ (unfavourable) impact on profit or loss
Forecast EBITDA	10%	(1,400)
	(10%)	1,500
Net financial position	+ 1 million €	(200)
	- 1 million €	200
Risk-adjusted discount rate	1%	1,700
	(1%)	(1,800)
Expected date of put option exercise	+ 1 year	1,000
	- 1 year	(1,000)

(c) Financial risk management

The Group is exposed to the following risks as a result of its operations:

- credit risk;
- liquidity risk;
- interest rate risk;
- currency risk;
- other price risk,

Guala Closures S.p.A.'s board of directors has overall responsibility for establishing and monitoring a risk management system for the Group.

The proxy system ensures the risk management guidelines are implemented and regularly monitored.

The finance department is responsible for the monitoring and, in carrying out such activities, it uses information generated by the internal control system.

Credit risk

This is the risk that a customer or the counterparty to a financial instrument is unable to meet an obligation, leading to a financial loss. These risks arise mainly in relation to trade receivables and financial investments.

The Group's exposure to credit risk depends largely on each customer's specific characteristics. The demographics of the Group's customer portfolio, including the segment insolvency risk and the country risk, have an impact on the credit risk.

(47) Fair value of financial instruments and sensitivity analysis (Continued)

The Group accrues an allowance for impairment equal to the estimated losses on trade and other loans and receivables. It comprises both the recognition of impairment losses for material individual amounts and the recognition of collective impairment for similar groups of assets to cover losses already incurred but not yet identified. The collective impairment losses are calculated on the basis of historical payment statistics.

Most of the Group's trade receivables are due from leading operators of the alcoholic and non-alcoholic beverage segment. Most of its trading relationships are with longstanding customers. The Group's historical figures indicate a modest amount of bad debts. The risk is fully covered by the corresponding allowance for impairment recognized in the consolidated financial statements.

There are no cases of very concentrated credit risk in geographical terms.

At December 31, 2015 and 2016, trade receivables may be analyzed by geographical segment as follows:

Thousands of Euros	December 31, 2015	December 31, 2016
Europe	44,733	48,817
Asia	13,524	13,686
Latin America	13,990	10,730
Oceania	5,194	5,928
Rest of the world	9,439	9,973
Total	**86,880**	**89,134**

At December 31, 2016, trade receivables may be analyzed by due date as follows:

Thousands of Euros	Gross amount December 31, 2016	Impairment losses December 31, 2016	Net amount December 31, 2016
Not yet due	72,122	(110)	72,012
0-30 days overdue	10,987	(77)	10,910
31-90 days overdue	4,890	(146)	4,743
More than 90 days overdue	8,879	(7,411)	1,468
Total	**96,878**	**(7,744)**	**89,134**

The Group believes that the unimpaired amounts that are overdue by more than 30 days are still collectible, based on historical payment behavior and extensive analyses of the underlying customers' credit ratings. Based on historical default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not yet due or overdue by up to 30 days.

At December 31, 2016, trade receivables may be analyzed by original currency as follows:

Thousands of Euros	EUR	INR	USD	GBP	Other currencies	Total
Trade receivables	30,616	10,699	9,173	6,334	32,313	**89,134**

(47) Fair value of financial instruments and sensitivity analysis (Continued)

Other currencies includes trade receivables in the following local currencies:

Thousands of Euros	December 31, 2016
Ukrainian hryvnia	6,845
Polish zloty	5,017
Russian ruble	4,938
Australian dollar	4,366
South African rand	1,643
New Zealand dollar	1,512
Columbian peso	1,498
Argentinean peso	1,487
Brazilian real	1,430
Mexican peso	1,384
Chinese renmimbi	1,266
Bulgarian Lev	265
Other	662
Total	**32,313**

An analysis of the credit quality of trade receivables is as follows:

Thousands of Euros	December 31, 2016
— Four or more years' trading history with the Group	64,590
— From four to one years' trading history with the Group	7,631
— Less than one year' trading history with the Group	3,679
— Residual (not classified)	13,234
Total	**89,134**

Liquidity risk

This risk regards the Group's ability to meet its obligations arising from financial liabilities.

The Group's approach to liquidity management is to ensure adequate funds are always available to cover its obligations at the expiry dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions.

The Group generally ensures there is sufficient cash and cash equivalents to cover forecast short-term operating expenses, including those related to financial liabilities. Contingent effects arising from extreme situations that cannot reasonably be forecast, such as natural disasters, are excluded from the above.

The aim of Guala Closures Group's financing strategy is to maintain a well-balanced maturity profile for liabilities to thereby reduce the refinancing risk. Historically, the Group has always met its obligations on time and was able to re-finance the indebtedness in advance before it expires.

Reference should be made to the tables in note 20) "Current and non-current financial liabilities—third parties" to these consolidated financial statements for information on the Group's loans, credit lines and facilities at the reporting date.

(47) Fair value of financial instruments and sensitivity analysis (Continued)

Exposure to liquidity risk

The following are the outstanding contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements:

Thousands of Euros	Carrying amount	Contractual cash flows: Within one year	From one to five years	After five years	Total contractual cash flows
Non-derivative financial liabilities					
Put option on non-controlling interests	15,900			(34,200)	(34,200)
Bank overdrafts	3,586	(3,586)			(3,586)
Secured bank loans	35,594	(3,663)	(42,366)	—	(46,029)
Unsecured bank loans	1,465	(939)	(526)	—	(1,465)
Secured bond issues	503,063	(24,225)	(607,237)	—	(631,462)
Intragroup loans	33,138	(1,671)	(38,299)	—	(39,970)
Finance lease liabilities	9,821	(2,094)	(7,787)	—	(9,881)
Trade payables—third parties	65,645	(65,645)	—	—	(65,645)
Trade payables—related parties	311	(311)	—	—	(311)
Other	775	(748)	(27)	—	(775)
Total	**669,298**	**(102,882)**	**(696,243)**	**(34,200)**	**(833,324)**
Derivative financial liabilities					
Interest rate swaps used for hedging	431	(240)	(360)	—	(600)
Aluminium derivatives used for trading	2	(2)	—	—	(2)
Total	**433**	**(242)**	**(360)**	**—**	**(602)**

The interest payments on variable interest rate loans and bond issues in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows on contingent consideration and derivative instruments may be different from the amount in the above table as interest rates and exchange rates or the relevant conditions underlying the contingency change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis will materalise significantly earlier, or at significantly different amounts.

Interest rate risk

This risk relates to volatility of the market rates which determine the interest expense paid on outstanding loans.

The Group is exposed to interest rate risk as almost the full amount of its financial liabilities is subject to the payment of interest at floating rates subject to short-term repricing.

The Group's policy is to hedge a portion of the payable amount subject to interest rate risk. Interest rate swaps are used to hedge the risk which enable the interest rate to be set at fixed amounts.

(47) Fair value of financial instruments and sensitivity analysis (Continued)

Effective interest rate and repricing analysis

The following table shows the effective interest rate at the reporting date and for the period in which the related rate may be reviewed for interest-bearing financial assets and liabilities:

		Repricing date					
Thousands of Euros	**Effective interest rate— December 2016**	**Total 31/12/16**	**Up to 6 months**	**6 - 12 months**	**1 - 2 years**	**2 - 5 years**	**After 5 years**
Bonds							
Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A.	4.75%	510,000	510,000	—	—	—	—
Accrued interest—Guala Closures S.p.A.	n.a.	3,365	3,365	—	—	—	—
Transaction costs	n.a.	(10,302)	(10,302)	—	—	—	—
TOT. BOND FRSSN 2021 Guala Closures S.p.A.		**503,063**	**503,063**	**—**	**—**	**—**	**—**
Bank loans and borrowings:							
Senior Revolving Facility due in 2021	4.00%	34,000	34,000	—	—	—	—
Transaction costs	n.a.	(1,487)	(1,487)	—	—	—	—
Total Senior Revolving Facility		**32,513**	**32,513**	**—**	**—**	**—**	**—**
Accrued interest and expense— Guala Closures S.p.A.	n.a.	(4)	(4)	—	—	—	—
Millennium Bank / Handlowy Bank overdraft (Poland)	0.70%	3,586	3,586	—	—	—	—
Bancolombia loan (Colombia)	7.35%	287	287	—	—	—	—
Bradesco / ITAU loan (Brazil)	3.90%	1,179	1,179	—	—	—	—
Advances on receivables and loans (Argentina)	n.a.	1,434	1,434	—	—	—	—
Bancomer loan (Mexico)	3.62%	1,652	1,652	—	—	—	—
Total bank loans and borrowings		**40,645**	**40,645**	**—**	**—**	**—**	**—**
Other financial liabilities:							
Guala Closures S.p.A. finance leases	n.a.	9,821	9,821	—	—	—	—
Liability to the Ukrainian non-controlling investors	n.a.	15,900	15,900	—	—	—	—
Other liabilities	n.a.	775	775	—	—	—	—
Total other financial liabilities		**26,496**	**26,496**	**—**	**—**	**—**	**—**
TOTAL		**570,204**	**570,204**	**—**	**—**	**—**	**—**

		Repricing date					
Thousands of Euros	**Effective interest rate— December 2016**	**Total 31/12/16**	**Up to 6 months**	**6 - 12 months**	**1 - 2 years**	**2 - 5 years**	**After 5 years**
Loan from GCL Holdings S.C.A.— Guala Closures International B.V.	5.25%	33,138	33,138	—	—	—	—
Total		**33,138**	**33,138**	**—**	**—**	**—**	**—**

(47) Fair value of financial instruments and sensitivity analysis (Continued)

Sensitivity analysis

Financial liabilities' fair values were calculated by an external actuary using the following methodology:

– the cash flows generated by the outstanding payables are identified both in terms of interest and principal. These cash flows are calculated with reference to the interest rates and the repayment plan;

– the individual cash flows are discounted using risk-free rates ruling on the measurement date. The bootstrap method is applied to the swap rates for each expiry date of the corresponding cash flow based on the resulting time curve;

– furthermore the individual cash flows are discounted using an additional rate, based on the Group's credit standing, calculated as the weighted average of the spreads applied to the different financing agreements. The spreads applied to the financing agreements are deemed to objectively represent the Group's credit standing and subsequent significant changes should not arise given its current financial position.

The following table shows the sensitivity analysis for the cash flows from these financial liabilities and the related hedging derivatives at December 31, 2016:

Thousands of Euros	Increase of 100bp	Decrease of 100bp
Floating Rate Senior Secured Notes due in 2021 issued by Guala Closures S.p.A.	(22,154)	—
Senior Revolving Facility Agreement—gross of transaction costs	(1,522)	—
Sensitivity of cash flows for Bonds and Revolving facility (net)	**(23,676)**	**—**
Finance leases	(158)	—
Related interest rate swaps	83	(50)
Sensitivity of cash flows of other financial liabilities (net)	**(75)**	**(50)**

The following methodology is used to perform the sensitivity analyses: a change is assumed in the interest rate used to calculate the interest (+/- 100 basis points), which indicates the change in the overall liability. Accordingly, negative amounts indicate an increase in the fair value of the liability and vice versa for positive amounts.

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales and purchases in currencies other than the functional currencies of the various group entities.

The Group is exposed to currency risk, particularly in relation to fluctuations of the pound sterling and US dollar.

Interest on loans is denominated in the currency of the cash flows generated by the Group's underlying transactions.

The risk of exchange rate fluctuations is managed using exchange rate hedges when significant differences are noted between cost and revenue in foreign currency.

If that is the case, such differences are hedged through currency swaps. These provide for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the Euro.

Sensitivity analysis

A strengthening of the Euro, as indicated below, against the USD, GBP, AUD, INR, UAH and PLN at December 31, 2015 and 2016 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on exchange rate fluctuations that the Group considered to be

(47) Fair value of financial instruments and sensitivity analysis (Continued)

reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis, although the changes in exchange rates differed to those expected, as indicated below.

	Strengthening		Weakening	
2015	**Assets**	**Profit or loss**	**Liabilities**	**Profit or loss**
USD (10% change)	701	701	(573)	(573)
GBP (10% change)	743	743	(608)	(608)
AUD (10% change)	726	726	(594)	(594)
INR (10% change)	1,280	1,280	(1,047)	(1,047)
UAH (10% change)	1,406	1,406	(1,151)	(1,151)
PLN (10% change)	(251)	(251)	205	205

	Strengthening		Weakening	
2016	**Assets**	**Profit or loss**	**Liabilities**	**Profit or loss**
USD (10% change)	760	760	(622)	(622)
GBP (10% change)	663	663	(542)	(542)
AUD (10% change)	435	435	(356)	(356)
INR (10% change)	1,287	1,287	(1,053)	(1,053)
UAH (10% change)	1,506	1,506	(1,232)	(1,232)
PLN (10% change)	(134)	(134)	110	110

Other price risk

As a result of the nature of its activities, the Group is exposed to the risk of fluctuations in the purchase price of raw materials, particularly plastics and aluminum.

The risk of fluctuations in the purchase price of plastics has not been hedged as these raw materials were not listed on international markets (the London Metal Exchange). However, this risk will be able to be hedged in the near future given current developments in the listing of plastics on the international market and corresponding hedging instruments.

The risk of fluctuations in the purchase price of aluminum is partly hedged through derivatives which set the forward purchase price.

(48) Related party transactions

Intragroup transactions and balances between consolidated group companies are eliminated on consolidation and, therefore, do not appear in the consolidated financial statements figures and are not disclosed in this report.

Transactions with the key management personnel are set out below:

	Costs recognized in the year								
Thousands of Euros	**Fees for position held**	**Incentives**	**Remuneration for employment**	**Accrual for post-employment benefits and other supplementary pension funds**	**Non-cash benefits**	**Other benefits**	**Total**	**Payables at December 31, 2016**	**Cash flows in the year**
Total key management personnel transactions	580	319	318	23	22	—	**1,261**	70	1,334

Furthermore, in relation to services provided by key management personnel which act as managers of the parent GCL Holdings S.C.A., the Group received a recharge in 2016 of around € 2.6 million.

(48) Related party transactions (Continued)

Melville S.r.l. is considered a related party of the Group.

The relationships between Melville S.r.l. and the Group at December 31, 2016 are summarized below:

- at December 31, 2016, Melville S.r.l. has a representative on the board of directors and a representative on the board of statutory auditors of Guala Closures S.p.A.;
- at December 31, 2016, Melville S.r.l. has a representative on the board of directors of GCL Holdings S.C.A.;
- at December 31, 2016, Melville S.r.l. has a representative on the board of directors of GCL Holdings GP S.à r.l.;
- at December 31, 2016, Melville S.r.l. has a representative on the board of directors of GCL Holdings LP S.à r.l.;
- at December 31, 2016, Melville S.r.l. controls an ultimate beneficial voting interest of 19.6%, via an investment in GCL Holdings L.P. S.à r.l..
- transactions with Melville took place on an arm's length basis.

In addition, Merchant Banking Funds is considered to be a related party of the Group.

APriori Capital Partners L.P. manages the Merchant Banking Funds.

The transactions and relationships between Merchant Banking Funds and the Group for the period up to December 31, 2016 are summarized below:

- at December 31, 2016, aPriori Capital Partners L.P. had five representatives on the board of directors of Guala Closures S.p.A.;
- at December 31, 2016, aPriori Capital Partners L.P. had seven representatives on the board of directors of GCL Holdings S,C.A.;
- at December 31, 2016, aPriori Capital Partners L.P. had four representatives on the board of directors of GCL Holdings GP S.à r. l.;
- at December 31, 2016, aPriori Capital Partners L.P. had two representatives on the board of directors of GCL Holdings LP S.à r. l.;
- at December 31, 2016, MB Overseas Partners IV, L.P., Merchant Banking Partners IV (Pacific), L.P., Offshore Partners IV, L.P., MBP IV Plan Investors, L.P. and MB Overseas IV AIV, L.P. were collectively the beneficial owners of 58% of GCL Holdings S.C.A. via their indirect ownership of 35.4% of GCL Holdings L.P. S.à r.l.;
- transactions with aPriori Capital Partners L.P. took place on an arm's length basis.

Related parties also include a pension fund for employees of the former Metal Closures Ltd. (now Guala Closures UK Ltd.) managed by Metal Closures Group Trustees Ltd.. Considering the performance of the pension fund, the English Company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 29) "Employee benefits" to the consolidated financial statements for additional information.

Some of Guala Closures S.p.A. managers, who are also the managers of the parent GCL Holdings S.C.A., also hold Class B shares (without voting rights attached) of the parent GCL Holdings S.C.A, whose share capital of €141,217.50 is divided into 39,578 Class A shares, 5,610 Class B limited shares, 67,785 preferred shares and one management share.

Should GCL Holdings LP S.à r.l. sell a controlling stake in GCL Holdings S.C.A., any holder of Class B share shall have its shares converted into Class A shares (with one vote per share).

Around 12% of Class A and 100% of Class B shares are owned by members of the management of GCL Holdings S.C.A..

(49) Contingent liabilities

At the date of publication of these consolidated financial statements, there were no significant contingent liabilities in relation to which the Group can currently foresee future expenditure.

(50) Operating leases and rents

The Group leases a number of warehouse and factory facilities under operating leases or rents. The leases or rents typically run for a period of 4-6 years, with an option to renew the lease after that date. Some leases provide for additional rent payments that are based on changes in local price indices.

Future minimum lease payments

At December 31, 2015 and 2016, the future minimum lease payments under non-cancellable leases and rents were receivable as follows:

Thousands of Euros	2015	2016
Less than one year	4,342	3,923
Between one and five years	9,950	9,109
More than five years	1,022	572
Total	**15,313**	**13,604**

Amounts recognized in profit or loss

Thousands of Euros	2015	2016
Lease and rent expense	5,535	5,309
Contingent rent expense	545	—

(51) Commitments and guarantees

The Group's commitments and guarantees given at December 31, 2016 can be grouped into those guarantees given in relation to the Senior Facilities Agreement and Senior Secured Floating Rate Notes due in 2021 and other guarantees given by other group companies, detailed as follows:

GCL Holdings S.C.A.

- Pledge of the shares of Guala Closures S.p.A. held by GCL Holdings S.C.A.
- Pledge over certain bank accounts of GCL Holdings S.C.A.
- Pledge over receivables of GCL Holdings S.C.A. arising under certain intercompany loan agreements

Guala Closures S.p.A.

- Pledge of the shares held by Guala Closures S.p.A. in Guala Closures International B.V.
- Special lien on the following assets of Guala Closures S.p.A.: (securing the Senior Facilities Agreement only)

– existing and future chattels not listed in public registers which Guala Closures S.p.A. uses in its operations or as plant and machinery;

– raw materials, work in progress, stock, finished goods held at any time at Guala Closures S.p.A.'s warehouses (or with third parties or holders of any kind);

– goods that Guala Closures S.p.A. purchases with income from the financing secured by the special lien;

– receivables arising after the special lien was signed following the sale of some of the above assets;

– any revenues and related assets in connection therewith.

(51) Commitments and guarantees (Continued)

- Pledge of Guala Closures S.p.A.'s intellectual property rights
- Pledge over receivables of Guala Closures S.p.A. arising under certain intercompany loan agreements

Guala Closures UK Ltd.

- A bond and floating charge on all the assets of Guala Closures UK Ltd.

Guala Closures International B.V.

- Specific security deed of the shares of Guala Closures Australia Holdings Pty Ltd. held by Guala Closures International B.V.
- Pledge of the participatory interests and shares of Guala Closures Ukraine LLC held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures Mexico S.A. de C.V. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures Iberica S.A. held by Guala Closures International B.V.
- Specific security deed of the shares of Guala Closures New Zealand Ltd. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures do Brasil Ltda. held by Guala Closures International B.V.
- Charge on the shares of Guala Closures UK Ltd. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures DGS Poland [Spólka Akcyjna] held by Guala Closures International B.V.
- Pledge of the material intellectual property of Guala Closures International B.V.

Guala Closures Australia Holdings Pty Ltd

- Specific security deed over shares of Guala Closures Australia Pty Ltd. held by Guala Closures Australia Holdings Pty Ltd.

Guala Closures Australia Pty Ltd.

- Specific security and general security deed granted on the assets of Guala Closures Australia Pty Ltd.

Guala Closures do Brasil Ltda.

- Mortgage on certain real estate property owned by Guala Closures do Brasil Ltda.

The other guarantees given by group companies at December 31, 2016 are as follows:

Guala Closures Mexico S.A. de C.V.

- Mortgage on land given to Bancomer for an amount of Mexican pesos 31.2 million

Guala Closures Argentina S.A.

- Mortgage on building given to Banco de la Nación Argentina for an amount of Argentinean pesos 5.5 million

Guala Closures South Africa Pty Ltd

- Bank Guarantees for Warehouse Lease for an amount of South African rand 0.6 million

Thousand of Euros	December 31, 2016
Guala Closures S.p.A.	
Third party assets held by the Group	4,793

(52) Fees of the Statutory Auditors

The Statutory Auditors' fees are as follow:

Thousands of Euros	Costs recognized in the year					Payables at December 31, 2016	Cash flows in the year
	Fees for position held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Total		
Total statutory auditors	**52**				**52**	**52**	**52**

(53) Events after the reporting period

On January 11, 2017, the Group received from the owners of the non-controlling interests in Capmetal SAS the payment of the capital increase, resolved upon the acquisition of the company occurred in December 2016.

On January 30, 2017, an accident took place at the Italian plant of Magenta (MI), which resulted in the death of an employee during maintenance and set-up of a decoration line.

Following the accident, the production line was immediately confiscated and the competent authorities have prescribed safety measures, giving the company 45 days from the date the line was confiscated on March 15, 2017 to comply with said requirements.

The dynamics and the causes of the accident are currently being investigated by the competent Public Prosecutor's office and we have no further information in this regard as the investigations are confidential at this time.

On March 1, 2017, the Floating Rate Senior Secured Notes issued by Guala Closures S.p.A. have been listed and admitted for trading on the Luxembourg Stock Exchange.

On behalf of the Board of directors
Chairman
Marco Giovannini
(signed on the original)

March 28, 2017

GUALA CLOSURES GROUP

CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2015

KPMG S.p.A.
Revisione e Organizzazione contabile
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10123 TORINO TO

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Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the sole shareholder of
Guala Closures S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the Guala Closures Group (the "group"), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statements of profit or loss and other comprehensive income (expenses), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The parent's directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting standards endorsed by the European Union.

Independent auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11.3 of Legislative decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the consolidated financial statements.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

Ancona Aosta Bari Bergamo
Bologna Bolzano Brescia
Catania Como Firenze Genova
Lecco Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona

Società per azioni
Capitale sociale
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Sede legale: Via Vittor Pisani, 25
20124 Milano MI ITALIA

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union.

Turin, 13 April 2016

KPMG S.p.A.

Roberto Bianchi
Director of Audit

GUALA CLOSURES GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Thousands of Euros)	December 31, 2014	December 31, 2015	Note
ASSETS			
Current assets			
Cash and cash equivalents	35,047	61,754	4
Current financial assets	69	65	5
Trade receivables—third parties	92,108	86,880	6
Trade receivables—related parties	—	436	7
Inventories	64,307	67,301	8
Current direct tax assets	2,162	2,138	9
Current indirect tax assets	7,190	5,821	10
Financial derivative assets	66	—	11
Other current assets	3,724	3,382	12
Total current assets	**204,672**	**227,777**	
Non-current assets			
Non-current financial assets	222	194	13
Property, plant and equipment	202,825	185,680	14
Intangible assets	385,554	376,656	15
Deferred tax assets	9,171	8,060	16
Other non-current assets	699	414	17
Total non-current assets	**598,471**	**571,004**	
TOTAL ASSETS	**803,144**	**798,780**	
LIABILITIES AND EQUITY			
Current liabilities			
Current financial liabilities—third parties	8,920	9,378	18
Current financial liabilities—related parties	7,316	3,320	19
Trade payables—third parties	54,327	66,905	20
Trade payables—related parties	—	1,548	21
Current direct tax liabilities	4,440	5,198	22
Current indirect tax liabilities	3,854	4,290	23
Current provisions	8,937	1,624	24
Financial derivative liabilities	3,036	1,071	25
Other current liabilities	22,038	22,485	26
Total current liabilities	**112,868**	**115,818**	
Non-current liabilities			
Non-current financial liabilities—third parties	334,700	349,893	18
Non-current financial liabilities—related parties	153,726	152,226	19
Employee benefits	7,318	5,745	27
Deferred tax liabilities	19,155	15,981	16
Non-current provisions	686	148	24
Other non-current liabilities	166	112	28
Total non-current liabilities	**515,751**	**524,105**	
Total liabilities	**628,619**	**639,923**	
Share capital and reserves attributable to non-controlling interests	16,641	17,302	
Profit for the year attributable to non-controlling interests	7,156	7,397	
Equity attributable to non-controlling interests	**23,796**	**24,699**	30
Equity attributable to the owners of the Company			
Share capital	74,624	74,624	
Share premium reserve	184,582	184,582	
Legal reserve	775	775	
Participating financial instruments reserve	50,731	55,512	
Translation reserve	(35,715)	(46,077)	
Hedging reserve	(1,170)	(974)	
Losses carried forward and other reserves	(98,707)	(122,762)	
Loss for the year	(24,391)	(11,522)	
Equity attributable to the owners of the Company	**150,729**	**134,158**	29
Total equity	**174,525**	**158,857**	
TOTAL LIABILITIES AND EQUITY	**803,144**	**798,780**	

The accompanying notes are an integral part of the consolidated financial statements.

GUALA CLOSURES GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (EXPENSE)

(Thousands of Euros)	2014	2015	Note
Net revenue	**487,794**	**520,533**	31
Change in inventories of finished goods and semi-finished products	1,023	3,066	8
Other operating income	9,974	10,719	32
Costs for raw materials	(219,182)	(233,336)	33
Costs for services—third parties	(85,774)	(90,432)	34
Costs for services—related parties	—	(1,548)	35
Personnel expense	(90,719)	(92,912)	36
Other operating expense	(14,135)	(11,259)	37
Amortization, depreciation and impairment losses	(39,396)	(37,547)	6-14-15
Operating profit	**49,585**	**67,284**	
Financial income	7,754	11,081	38
Financial expense—third parties	(37,744)	(40,039)	39
Financial expense—related parties	(19,902)	(15,203)	40
Net finance costs	**(49,892)**	**(44,161)**	
Profit (loss) before taxation	**(306)**	**23,123**	
Income taxes	(16,812)	(22,468)	42
Profit (loss) for the year	**(17,118)**	**655**	

OTHER COMPREHENSIVE INCOME (EXPENSE)

	2014	2015
Items that will never be reclassified to profit or loss:		
Actuarial gains/(losses) on defined benefit liability (asset)	(821)	337
	(821)	***337***
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	(13,107)	(12,341)
Effective portion of fair value gains (losses) of cash flow hedges	(273)	(47)
Net change in fair value of cash flow hedges reclassified to profit or loss	350	318
Tax on items that are or may be reclassified subsequently to profit or loss	(21)	(75)
	(13,051)	***(12,145)***
Other comprehensive expense for the year, net of tax	**(13,872)**	**(11,808)**
Total comprehensive expense for the year	**(30,990)**	**(11,153)**
Profit (loss) attributable to:		
owners of the shares of the Company	(24,391)	(11,522)
owners of the Participating Financial Instruments of the Company	118	4,781
non-controlling interests	7,156	7,397
Total result for the year	**(17,118)**	**655**
Total comprehensive income (expense) attributable to:		
owners of the shares of the Company	(34,958)	(21,351)
owners of the Participating Financial Instruments of the Company	118	4,781
non-controlling interests	3,850	5,418
Total comprehensive income (expense) for the year	**(30,990)**	**(11,153)**

The accompanying notes are an integral part of the consolidated financial statements.

GUALA CLOSURES GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

(Thousands of Euros)	2014	2015	Note
Opening cash and cash equivalents	**41,163**	**35,047**	4
A) Cash flows generated by operating activities			
Profit (loss) before taxation	(306)	23,123	
Amortization, depreciation and impairment losses	39,396	37,547	6-14-15
Net finance costs	49,892	44,161	38-39-40
Adjustments for:			
Receivables, payables and inventories	(9,613)	11,520	6- 7-8-20-21
Other	1,692	(3,081)	12-17-24-26-27-28
VAT and indirect tax assets/liabilities	1,612	2,092	10-23
Income taxes paid	(21,148)	(24,112)	9-22-42
TOTAL	**61,524**	**91,248**	
B) Cash flows used in investing activities			
Acquisitions of property, plant and equipment and intangible assets	(33,848)	(22,258)	14-15-26
Proceeds from sale of property, plant and equipment and intangible assets	350	116	12-14-15
Proceeds from sale of assets held for sale	8	—	
TOTAL	**(33,490)**	**(22,142)**	
C) Cash flows used in financing activities			
Acquisition of non-controlling interest in Guala Closures China BV	(224)	—	
Acquisition of non-controlling interest in Guala Closures Argentina	(1,030)	(689)	
Interest received	274	930	38
Interest paid	(41,957)	(44,801)	39-40
Other financial items	76	(1,108)	
Dividends paid	(6,555)	(3,858)	26
Proceeds from new borrowings	35,320	19,733	
Repayment of borrowings	(18,185)	(8,220)	
Repayment of finance leases	(2,092)	(2,007)	
Change in financial assets	142	82	
TOTAL	**(34,230)**	**(39,939)**	
D) Net cash flow for the year	**(6,196)**	**29,167**	
Effect of exchange rate fluctuations on cash held	81	(2,461)	
Closing cash and cash equivalents	**35,047**	**61,754**	4

The accompanying notes are an integral part of the consolidated financial statements.

GUALA CLOSURES GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Thousands of Euros)	Attributable to the owners of the Company							
	Share capital	Share premium reserve	Legal reserve	Participating financial instruments	Translation reserve	Hedging reserve	Losses carried forward and other reserves	Lo for t yea
Balance at January 1, 2014	**74,624**	**184,582**	**775**	**—**	**(25,911)**	**(1,226)**	**(78,762)**	**(18,**
Allocation of 2013 profit (loss)							(18,275)	18,
Profit (loss) for the year ended December 31, 2014				118				(24,
Other comprehensive expense					(9,804)	56	(819)	
Total comprehensive income/(expense) for the year	—	—	—	***118***	***(9,804)***	***56***	***(19,094)***	***(6,***
Dividends to non-controlling interests								
Participating financial instruments				50,613				
Total contributions by and distributions to owners of the Company	—	—	—	***50,613***	—	—	—	
Acquisition of non-controlling interests without a change in control (*)							(852)	
Total changes in ownership interests in subsidiaries	—	—	—	—	—	—	**(852)**	
Balance at December 31, 2014	**74,624**	**184,582**	**775**	**50,731**	**(35,715)**	**(1,170)**	**(98,707)**	**(24,**
Balance at January 1, 2015	**74,624**	**184,582**	**775**	**50,731**	**(35,715)**	**(1,170)**	**(98,707)**	**(24,**
Allocation of 2014 profit (loss)							(24,391)	24,
Profit (loss) for the year ended December 31, 2015				4,781				(11,
Other comprehensive expense			—		(10,362)	196	337	
Total comprehensive income/(expense) for the year	—	—	—	***4,781***	***(10,362)***	***196***	***(24,054)***	***12,***
Dividends to non-controlling interests								
Total contributions by and distributions to owners of the Company	—	—	—	—	—	—	—	
Balance at December 31, 2015	**74,624**	**184,582**	**775**	**55,512**	**(46,077)**	**(974)**	**(122,762)**	**(11,**

(*) The acquisition of non-controlling interests without a change in control does not include € 475 thousand of translation impact which is accounte

The accompanying notes are an integral part of the consolidated financial state

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT DECEMBER 31, 2015

GENERAL INFORMATION

(1) The Group's activities and key changes in its structure during the year

Guala Closures Group's main activities involve the design and manufacturing of closures for spirits, wine and non-alcoholic drinks such as water, olive oil and vinegar, as well as pharma products to be sold on the domestic and international markets.

The Group is also active in the field of production of PET plastic preforms and bottles.

The Group's activities are separated into two divisions:

- the Closures division, representing the Group's core business, specialized in the production of safety closures (safety product line), standard aluminum closures, customized plastic and aluminum closures (decorative product line) and closures for other sectors and accessories; the division also produces aluminum, plastic and rubber closures for the pharmaceutical sector;
- the PET division, which produces preforms and bottles for carbonated soft drinks (CSD product line) and preforms, bottles, molds, jars, flasks and miniature drinks bottles and containers for cosmetics, beauty products and pharmaceuticals and foodstuffs (custom molding product line). This division is no longer considered as a core business.

Currently, the Group is the European and international leader in the production of safety closures for spirits bottles, with over 60 years' experience in the sector.

It is also the leading European producer of aluminum closures for spirits bottles.

The following transactions took place in 2015:

- **Merger between group companies:**

On February 9, 2015, the merger between Guala Closures International B.V. and Guala Closures China B.V. was completed (effective from January 1, 2015).

On June 19, 2015, the merger between Guala Closures International B.V. and Guala Closures Patents B.V. was completed (effective from January 1, 2015).

The purpose of the above mergers is to concentrate and rationalize the resources of the companies, realising cost savings and, as a result, increasing the overall efficiency of the Group's structure.

- **Incorporation of Guala Closures Chile SpA:**

On September 1, 2015, Guala Closures Chile SpA was incorporated. The Group decision to install production capacity locally is aimed at better serve and further develop the Chilean market.

- **Production reallocation:**

On September 1, 2015, the Group decided to close the Australian site of Acacia Ridge and reallocate its crown seals production to the other Australian Group plant located in Central West in the second quarter of 2016.

This industrial reorganization will allow the Group to improve production efficiency.

The estimated plant shut-down expenses are in the region of € 0.9 million, of which € 0.2 million already paid in 2015 and the remaining € 0.7 million to be paid in 2016.

(2) Accounting policies

The consolidated financial statements at December 31, 2015 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union ("EU"), and related interpretations. They include the financial information of the parent and all subsidiaries shown in the Group structure at December 31, 2015.

(2) Accounting policies (Continued)

The consolidated financial statements have been prepared on a historical cost basis, except for derivatives which are measured at fair value, and on a going concern basis. Business risks and/or any identified uncertainties related to the Group's reference markets are not significant and do not cast doubts on its ability to continue as a going concern.

The consolidated financial statements have been prepared using the following formats:

- captions of the statement of financial position are classified by current and non-current assets and liabilities;
- statement of profit or loss and other comprehensive income ("OCI") captions are classified by nature;
- the statement of cash flows has been prepared using the indirect method;
- the statement of changes in equity has been prepared in accordance with the structure of changes in equity.

The consolidated financial statements have been prepared in Euros, which is the Group's presentation currency, rounding the amounts to the nearest thousand. Any discrepancies between financial statements balances and those of the tables of the notes to the consolidated financial statements are due exclusively to rounding and do not alter their reliability or substance.

Guala Closures S.p.A.'s board of directors approved the consolidated financial statements on March 23, 2016.

The shareholders who will be called to approve the parent's separate financial statements have the power to request changes to the consolidated financial statements.

The most important accounting policies used by the Group to draw up its consolidated financial statements are consistent with those used for the consolidated financial statements as at and for the year ended December 31, 2014 apart from that stated in paragraph (c) Changes in accounting standards. They are described below.

The accounting policies have been applied consistently across all group companies.

(a) Basis of consolidation

Accounting for business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Acquisitions on or after January 1, 2010

For acquisitions on or after January 1, 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss in the other income caption.

The consideration transferred does not include amounts related to the settlement of preexisting relationships. Such amounts are generally recognised in profit or loss.

(2) Accounting policies (Continued)

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for in equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between January 1, 2004 and January 1, 2010

For acquisitions between January 1, 2004 and January 1, 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations, were capitalised as part of the cost of the acquisition.

Acquisitions prior to January 1, 2004 (date of transition to IFRSs)

As part of its transition to IFRSs, the Group elected to restate only those business combinations that occurred on or after January 1, 2004. In respect of acquisitions prior to January 1, 2004, goodwill represents the amount recognised under the Group's previous accounting framework, Italian GAAP.

Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(2) Accounting policies (Continued)

The entities included in the consolidation scope are listed in the following table:

List of investments in subsidiaries at December 31, 2015

Company name	Registered office	Currency	Share/quota capital	Investment percentage	Type of investment	Method of consolidation
EUROPE						
Guala Closures International B.V.	The Netherlands	EUR	92,000	100%	Direct	Line-by-line
Pharma Trade S.r.l.	Italy	EUR	100,000	100%	Direct	Line-by-line
Guala Closures UK Ltd.	Great Britain	GBP	134,000	100%	Indirect	Line-by-line
Guala Closures Iberica, S.A.	Spain	EUR	2,479,966	100%	Indirect	Line-by-line
Guala Closures Ukraine LLC	Ukraine	UAH	90,000,000	70%	Indirect	Line-by-line
Guala Closures Bulgaria AD	Bulgaria	BGN	10,420,200	70%	Indirect	Line-by-line
Guala Closures Tools AD	Bulgaria	BGN	2,375,700	70%	Indirect	Line-by-line
Guala Closures DGS Poland S.A.	Poland	PLN	595,000	70%	Indirect	Line-by-line
ASIA						
Guala Closures India pvt Ltd.	India	INR	170,000,000	95.0%	Indirect	Line-by-line
Beijing Guala Closures Co. Ltd.	China	CNY	20,278,800	100%	Indirect	Line-by-line
Guala Closures Japan KK	Japan	JPY	5,000,000	100%	Indirect	Line-by-line
LATIN AMERICA						
Guala Closures Mexico, S.A. de C.V.	Mexico	MXN	94,630,010	100%	Indirect	Line-by-line
Guala Closures Servicios Mexico, S.A. de C.V.	Mexico	MXN	50,000	100%	Indirect	Line-by-line
Guala Closures Argentina S.A.	Argentina	ARS	17,702,910	98.38%	Indirect	Line-by-line
Guala Closures do Brasil LTDA	Brazil	BRL	10,736,287	100%	Indirect	Line-by-line
Guala Closures de Colombia LTDA	Colombia	COP	8,691,219,554	93.20%	Indirect	Line-by-line
Guala Closures Chile SpA	Chile	CLP	36,729,000	100%	Indirect	Line-by-line
OCEANIA						
Guala Closures New Zealand Ltd.	New Zealand	NZD	5,700,000	100%	Indirect	Line-by-line
Guala Closures Australia Holdings Pty Ltd.	Australia	AUD	34,450,501	100%	Indirect	Line-by-line
Guala Closures Australia Pty Ltd.	Australia	AUD	810	100%	Indirect	Line-by-line
AFRICA						
Guala Closures South Africa Pty Ltd.	South Africa	ZAR	60,000,000	100%	Indirect	Line-by-line
REST OF THE WORLD						
Guala Closures North America, Inc.	United States	USD	60,000	100%	Indirect	Line-by-line

Note:

The table does not include the figures for Metal Closures Group Trustee Ltd. (the company that manages the Metal Closures pension schemes—see note 27) "Employee benefits") as they are not consolidated due to their immaterial size.

Consolidation procedures

The financial statements of the subsidiaries are prepared for each reporting period using the same accounting policies as those of the parent. Consolidation adjustments are recognized to make those captions impacted by the application of different accounting policies consistent. All intragroup balances and transactions, including any unrealized profits on transactions within the Group, are completely eliminated. Unrealized losses, other than impairment losses, are eliminated. The related tax effects are measured on all consolidation adjustments.

(b) Use of estimates and judgments

Following the adoption of IFRS, management has to make judgments, estimates and assumptions that affect the application of accounting policies and the carrying amounts of assets, liabilities, costs and revenue. Estimates and the related assumptions are based on past experience and other factors considered to be reasonable in the circumstances. They are adopted to estimate the carrying amount of assets and liabilities that cannot easily be assumed from other sources. However, as they are estimates, the actual figure may not match the result of the estimate. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended December 31, 2015 is included in the

(2) Accounting policies (Continued)

following notes: allowances for impairment and inventory write-down (note 8), amortization and depreciation (notes 14-15), impairment of non-current assets (note 17), employee benefits (note 27), taxes (note 42), provisions (note 24), and to measure financial derivatives (notes 11-25) and effects of business combinations.

Such estimates and assumptions are reviewed regularly. Any changes arising therefrom are recognized in the year in which the review takes place if this only affects that year. If the review relates to both current and future years, the change is recognized in the year in which the review takes place and in the related future year.

(c) Changes in accounting standards

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of January 1, 2015:

- Accounting for an obligation to pay a levy that is not income tax (IFRIC Interpretation 21—Levies and interpretation of IAS 37—Provisions, contingent liabilities and contingent assets). The interpretation, effective from January 1, 2015, sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation identifies the obligations event for the recognition of a liability as the activity that triggers the payment of the levy. There was no significant effect on the consolidated financial statements from the application of this interpretation.
- IASB issued Annual Improvements to IFRSs 2011–2013 Cycle. The most important topics addressed in these amendments are, among others, the extension of the exclusion from the scope of IFRS 3—Business combinations to all types of joint arrangements and to clarify the application of certain exceptions in IFRS 13—Fair value measurement. The improvements are effective for annual periods beginning on or after January 1, 2015.

The application of these amendments had no significant effect on the disclosures presented in these consolidated financial statements or on the measurement of the related items.

(d) Foreign currency

Functional currency and presentation currency

The figures stated in the financial statements of each group company are measured using their functional currency, being the currency of the primary economic environment in which the company operates. The consolidated financial statements are drawn up in Euros, the parent's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions, including the effects of fair value adjustments arising from business combinations and goodwill from acquisitions of entities whose functional currency is not the Euro, are translated into the functional currency applying the exchange rate ruling on the date of the transaction. Monetary items in foreign currency existing at the reporting date are translated into Euros using the closing rate. Exchange rate gains and losses are taken to profit or loss. Non-monetary items measured at their historical cost in foreign currency are translated using the exchange rate ruling on the transaction date. Non-monetary items measured at fair value in foreign currency are translated into Euros using the exchange rates ruling on the date their fair value was determined.

Financial statements of the foreign companies

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euros at the closing rates. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into Euros at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a

(2) Accounting policies (Continued)

non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

The following exchange rates are applied to translate those financial statements presented in currencies that are not legal tender in Italy:

Statement of financial position

1 Euro = x foreign currency	December 31, 2014	December 31, 2015
Pound sterling	0.77890	0.73395
US dollar	1.21410	1.08870
Indian rupee	76.71900	72.02150
Mexican peso	17.86790	18.91450
Colombian peso	2,892.26000	3,456.01000
Brazilian real	3.22070	4.31170
Chinese renmimbi	7.53580	7.06080
Argentinean peso	10.27550	14.09720
Polish zloty	4.27320	4.26390
New Zealand dollar	1.55250	1.59230
Australian dollar	1.48290	1.48970
Ukrainian hryvnia	19.20600	26.15870
Bulgarian lev	1.95580	1.95580
South African Rand	14.03530	16.95300
Japan Yen	145.23000	131.07000
Chilean peso	n.a.	772.71300

Statement of profit or loss and other comprehensive income (expense)

1 Euro = x foreign currency	2014	2015
Pound sterling	0.80643	0.72600
US dollar	1.32884	1.10963
Indian rupee	81.06888	71.17522
Mexican peso	17.66208	17.59948
Colombian peso	2,654.99398	3,042.08500
Brazilian real	3.12277	3.69160
Chinese renmimbi	8.18825	6.97300
Argentinean peso	10.77447	10.24954
Polish zloty	4.18447	4.18279
New Zealand dollar	1.59986	1.59067
Australian dollar	1.47240	1.47648
Ukrainian hryvnia	15.87113	24.28918
Bulgarian lev	1.95580	1.95580
South African Rand	14.40652	14.15280
Japan Yen	140.37150	134.28657
Chilean peso	n.a.	766.55400

(2) Accounting policies (Continued)

(e) Cash and cash equivalents

Cash and cash equivalents include cash balances and on-demand deposits as well as all highly-liquid investments with an original expiry date equal to or of less than three months.

Cash and cash equivalents are calculated in the same way for both the statement of financial position and statement of cash flows.

(f) Derivatives

The Group uses derivatives solely to hedge interest rate risks, the risk of fluctuations in the purchase price of aluminum and currency risk related to purchase and sales transactions.

In line with its treasury policy, the Group does not hold or issue derivatives for speculative or trading purposes. Nevertheless, those derivatives that do not qualify for hedge accounting are recognized as trading instruments.

Derivative financial assets and liabilities are initially measured at fair value which is then remeasured at each reporting date.

The fair value of interest rate swaps is the present value of the difference between the rate to pay/receive and the interest rate based on market trends at the same date as the swap.

The fair value of currency swaps, currency options and derivatives related to the price of raw materials is calculated by leading financial institutions on the basis of market conditions.

To reduce the risk of default, the counterparties in the derivative contracts are usually leading banks and financial institutions.

Cash flow hedges

The effective part of changes in the fair value of those derivatives that qualify as cash flow hedges and which are highly effective is recognized in other comprehensive income and presented in the hedging reserve in equity. The amounts included in this reserve and subsequent changes in the fair value of the derivatives are reclassified to profit or loss in the year in which the flows generated by the hedged captions affect profit and loss.

Changes in the fair value of those derivatives that do not qualify as cash flow hedges and the ineffective portion of those which do qualify are recognized in profit or loss.

(g) Trade and other receivables

Trade and other receivables with due dates in line with generally accepted current trade terms are initially recognized at fair value, which generally equals their nominal amount. They are subsequently measured at amortized cost, net of identified impairment losses. The estimate of the amounts considered unrecoverable is based on the present value of estimated future cash flows.

Impairment losses are recognized in profit and loss under amortization, depreciation and impairment losses.

(h) Inventories

Inventories are measured at the lower of purchase or production cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

The production cost of finished goods includes the portions of the costs of raw materials and external materials and processing, as well as all other direct and indirect production costs reasonably attributable to the products, excluding financial expense.

Purchase or production cost is calculated on a weighted average cost basis.

(2) Accounting policies (Continued)

Obsolete and/or slow-moving inventories are written down on the basis of their estimated possibility of use or future realizable value, through an accrual to the specific allowance adjusting the value of inventories. The amount is reinstated if, in subsequent years, the reasons for the write-down no longer exist.

(i) Assets held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

(j) Property, plant and equipment

Property, plant and equipment are recognized at historical cost, including directly related ancillary costs necessary for the use of the asset. Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

Where significant components of the asset have different useful lives, they are recognized separately.

Property, plant and equipment are shown net of accumulated depreciation and any impairment losses determined as set out later on.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The depreciation periods are as follows:

	Depreciation period (years)
Buildings	30 – 35
Light constructions	8 – 10
Specific plant, machinery, presses and molds	4 – 12
Generic plant	10 – 13
Laboratory equipment	2 – 3
Canteen equipment, office furniture and equipment and fittings for exhibitions and trade fairs	8 – 10
Vehicles, canteen facilities	4 – 6
Internal means of transport, electronic equipment and mobile phones	5 – 8

(2) Accounting policies (Continued)

The carrying amount of property, plant and equipment is tested for impairment if events or changed circumstances suggest that the carrying amount may not be recovered. If there is an indication of this type and in the event the carrying amount exceeds the estimated realizable value, the assets are adjusted to their realizable value. The realizable value of property, plant and equipment is the higher of an asset's net selling price and its value in use. Value in use is defined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market estimate of the time value of money and specific risks of the item of property, plant and equipment. Impairment losses are recognized in profit or loss under amortization, depreciation and impairment losses. Such impairment losses are reversed if the reasons for impairment are no longer valid.

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is depreciated over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

At the time of disposal or when there are no expected future economic benefits from an asset's use, the caption is derecognized. Any gain or loss (calculated as the difference between the sales amount and carrying amount) is taken to profit or loss in the year of derecognition.

(k) Leases

Finance leases

Leases for property, plant and equipment where the Group substantially takes on all risks and rewards incidental to ownership are classified as finance leases. Plant and machinery acquired under finance leases are recognized at the lower of fair value and the present value of the minimum lease payments due at the inception of the lease, net of accumulated depreciation and any impairment losses. The related assets, liabilities, revenue and expense deriving from the lease are recognized under the financial method at the inception of the lease, i.e., when the lessee is authorized to exercise its right to use the leased asset.

Property, plant and equipment acquired under finance leases are depreciated over the related asset's useful life.

Interest expense on finance lease payments is recognized in profit or loss using the effective interest method.

Operating leases

Those leases where the Group does not substantially take on all risks and rewards incidental to ownership are recognized as operating leases. Operating lease payments are taken to profit or loss on a straight-line basis over the lease term.

(l) Intangible assets

Goodwill

Goodwill arising from the acquisition of subsidiaries is initially recognized at cost. After initial recognition, goodwill is adjusted for any accumulated impairment losses, determined using the criteria described later on.

Goodwill is tested for impairment on an annual basis at least, or more frequently if events or changes in circumstances take place that could give rise to impairment losses. At the date of acquisition, any goodwill is allocated to each of the cash-generating units that are expected to benefit from the synergic effects of the acquisition. Any impairment losses are identified through assessment of each unit's ability to generate cash flows such to recover the part of goodwill allocated to it, using the method described in the section on Property, plant and equipment. An impairment loss is recognized in the event the amount recoverable by the cash-generating unit is less than its carrying amount.

These impairment losses are not reversed if the reasons for impairment are no longer valid.

(2) Accounting policies (Continued)

Research expenditure

Expenditure on research undertaken to gain scientific and technical knowledge and information is recognized as an expense when incurred.

Development expenditure

Development expenditure, which also relates to the application of research findings to a plan or design for the production of new or substantially improved products or processes, is capitalized when the product or process is feasible in technical and commercial terms and the Group has adequate resources to complete the development stage.

Capitalized development expenditure is measured at cost, net of accumulated amortization and impairment losses.

Other intangible assets

These assets are measured at cost, determined in the same way as described for property, plant and equipment.

Other intangible assets, which all have a finite useful life, are subsequently shown net of accumulated amortization and any impairment losses, determined in the same way as described for property, plant and equipment.

Useful life is checked annually and, where necessary, any changes are reflected on a prospective basis.

The amortization periods for other intangible assets are as follows:

	Amortization period (years)
Development expenditure	5
Patents and trademarks	5 – 10
Software	5
Licenses	5
Other capitalized expenditure	5 or in line with the contract term

Subsequent expenditure is included in an asset's carrying amount when it is probable that the future economic benefits exceeding those determined originally will flow to the Group. This expenditure is amortized over the related asset's residual useful life. All other expenditure is expensed in the year in which it is incurred.

The gain or loss arising from the disposal of an intangible asset is determined as the difference between the net disposal proceeds and carrying amount. It is recognized in profit or loss at the time of disposal.

(m) Income taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in the consolidated statement of equity or in OCI.

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

(2) Accounting policies (Continued)

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The income tax consequences of dividends are recognized when the dividend is approved.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(n) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt instruments to maturity, then such financial assets are classified as held to maturity. Held-to-maturity investments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available for sale, and prevent the Group from classifying investment securities as held to maturity for the current and following two years.

(2) Accounting policies (Continued)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt instruments.

(o) Non-derivative financial liabilities

The Group initially recognises debt instruments issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Group classifies non-derivative financial liabilities in the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a decrease in equity, net of any tax effects.

Business combinations

When as a result of a takeover/acquisition of control not involving the entire stake in the acquiree, the Group has the potential obligation to acquire the residual investment in the acquiree should the non-controlling investors exercise a put option and the non-controlling investors still have present access to the economic benefit associated with the underlying ownership interests, it recognizes a liability calculated

(2) Accounting policies (Continued)

by discounting the estimated value at the exercise date using the present access method whereby a liability is recognized decreasing the equity caption "Retained earnings (losses carried forward)" in the first year, with subsequent remeasurement recognized in profit or loss as financial expense.

(p) Trade payables

Trade payables with due dates in line with generally accepted trade terms are initially recognized at fair value and subsequently measured at amortized cost.

(q) Employee benefits

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

IFRIC 14 clarifies the provisions of IAS 19 "Employee benefits" with respect to the measurement of defined benefit plan assets when there is a minimum funding requirement. A defined benefit plan is in surplus when the fair value of the plan assets exceeds the present value of the defined benefit obligation. IFRIC 14/IAS 19 only permit the recognition of this surplus at the present value of the financial benefits available through refunds or reductions in future contributions. Moreover, disclosure is required when the plan requires a minimum contribution that could give rise to a liability.

The post-employment benefits in Italy (TFR, trattamento di fine rapporto) are treated in the same way as benefit obligations arising from defined benefit plans.

(r) Provisions

Provisions include certain or probable costs and charges, the amount or due date of which is unknown at year end. A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow from the Group of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. The provisions are stated as the best estimate of the expenditure required to settle the obligation at the reporting date or to transfer it to a third party at that date. If the impact of discounting the time value of money is significant, the provision is determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

(s) Participating financial instruments

In accordance with IAS 32, the participating financial instruments issued by Guala Closures S.p.A. at the end of 2014 have to be recognized as part of the Group's equity components due to their terms.

(2) Accounting policies (Continued)

Following the guidance of IAS 1, the Participating Instruments are recognized in the Participating Finance Instruments reserve as a separate component of equity. Any borrowing costs incurred are directly deducted from the participating financial instruments, taking account of related deferred income taxes.

Accordingly, the tax-deductible interest payments are not shown under interest expense but are treated similarly to dividend obligations with Guala Closures S.p.A. shareholders.

Since the participating financial instruments are issued by the parent, the interest accrued during the accounting period is shown as part of the allocated profit or loss and other comprehensive income or loss attributable to the equity holders of the parent and, consequently, in the reconciliation of changes in each equity reserve, the profit attributable to the participating financial instruments is allocated to the participating financial instruments reserve disclosing any cumulative interest / dividends which have not yet been distributed / paid.

(t) Revenue

Revenue is recognized to the extent that it is possible to reliably determine its amount and it is probable that the related economic benefits will flow to the Group. Revenue is recognized using the following criteria depending on the type of transaction:

- revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer;
- recovery of the consideration is probable and the associated costs and possible return of goods can be estimated reliably;
- there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.
- revenue for services is recognized in relation to the stage of completion of the transaction at the reporting date.

Revenue is measured net of returns, trade discounts and volume rebates.

No revenue is recognized if significant uncertainties exist in relation to the collection of the related receivables net of any returns.

(u) Grants

Grants relating to assets and income are recognized when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Grants related to assets are recognized as deferred revenue under Other liabilities in the statement of financial position and are taken to profit or loss on a systematic basis to offset them against the depreciation of the relevant assets. Grants relating to income are recognized under Other operating income.

(v) Financial income and expense

Financial income and expense are recognized on an accruals basis and calculated on the carrying amount of the related financial assets and liabilities using the effective interest method.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Borrowing costs related to loans taken out specifically for investments in property, plant and equipment are considered part of the carrying amount of the related assets and, as such, capitalized.

(w) New standards and interpretations not adopted early

The following new standards and amendments applicable from January 1, 2016 were issued by the IASB. The Group is currently evaluating the implementation method and the impact of adoption of new

(2) Accounting policies (Continued)

standards and amendments effective after January 1, 2017 on the consolidated financial statements. It will comply with the relevant guidance no later than their respective effective dates.

- In November 2013, the IASB issued amendments to IAS 19—Employee benefits entitled "Defined Benefit Plans: Employee Contributions" which apply to contributions from employees or third parties to defined benefit plans in order to simplify their accounting in specific cases. No significant effect is expected from the adoption of these amendments.
- In September 2014, the IASB issued the Annual Improvements to IFRSs 2010—2012 Cycle. The most important topics addressed in these amendments are, among others, the definition of vesting conditions in IFRS 2—Share-based payments, the disclosure on judgment used in the aggregation of operating segments in IFRS 8—Operating Segments, the identification and disclosure of a related party transaction that arises when a management entity provides key management personnel service to a reporting entity in IAS 24—Related Party disclosures, the extension of the exclusion from the scope of IFRS 3—Business Combinations to all types of joint arrangements and to clarify the application of certain exceptions in IFRS 13—Fair value Measurement. No significant effect is expected from the adoption of these amendments.
- In May 2014, the IASB issued amendments to IFRS 11—Joint arrangements: Accounting for acquisitions of interests in joint operations which clarify the accounting for acquisitions of an interest in a joint operation that constitutes a business. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016 with earlier application permitted for any new acquisition. No significant effect is expected from the adoption of these amendments.
- In May 2014, the IASB issued an amendment to IAS 16—Property, Plant and Equipment and to IAS 38—Intangible Assets. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. These amendments are effective for annual periods beginning on or after January 1, 2016, with early application permitted. No significant effect is expected from the adoption of these amendments.
- In August 2014, the IASB issued an amendment to IAS 27—Separate Financial Statements which outlines the accounting and disclosure requirements for 'separate financial statements', which are financial statements prepared by a parent, or an investor in a joint venture or associate, where those investments are accounted for either at cost or in accordance with IAS 39—Financial instruments: Recognition and Measurement or IFRS 9—Financial instruments. The standard also outlines the accounting requirements for dividends and contains numerous disclosure requirements. No significant effect is expected from the adoption of these amendments.
- In December 2014, the IASB issued amendments to IAS 1—Presentation of Financial Statements as part of its major initiative to improve presentation and disclosure in financial reports. The amendments make clear that materiality applies to the whole financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that entities should use professional judgment in determining where and in what order information is presented in the financial disclosures. The amendments are effective for annual periods beginning on or after January 1, 2016 with early application permitted. No significant effect is expected from the adoption of these amendments.

(x) Standards, amendments and interpretations not yet applicable

The European Union had not yet completed its endorsement process for these standards and amendments at the date of these consolidated financial statements:

- Standards

(2) Accounting policies (Continued)

- In January 2014, the IASB issued IFRS 14—Regulatory deferral accounts that permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required.
- In May 2014, the IASB issued IFRS 15—Revenue from contracts with customers. The standard requires an entity to recognize revenue upon transfer of control of goods or services to a customer at an amount that reflects the consideration it expects to receive. This new revenue recognition model defines a five-step process to achieve this objective. The updated guidance also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. On September 11, 2015, the IASB issued an amendment to this standard, formalizing the deferral of the effective date for periods beginning January 1, 2018, with early application permitted.
- In July 2014, the IASB issued IFRS 9—Financial Instruments. The improvements introduced by the new standard include a logical approach for classification and measurement of financial instruments driven by cash flow characteristics and the business model in which an asset is held, a single "expected loss" impairment model for financial assets and a substantially reformed approach for hedge accounting. The standard is effective, retrospectively with limited exceptions, for annual periods beginning on or after January 1, 2018 with earlier application permitted.
- In January 2016, the IASB issued IFRS 16—Leases which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract and replaces the previous leases standard, IAS 17—Leases. IFRS 16, which is not applicable to service contracts, but is only applicable to leases or lease components of a contract, defines a lease as a contract that conveys to the customer (lessee) the right to use an asset for a period of time in exchange for consideration. IFRS 16 eliminates the classification of leases for the lessee as either operating leases or finance leases as required by IAS 17 and instead, introduces a single lessee accounting model whereby a lessee is required to recognize assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognize depreciation of lease assets separately from interest on lease liabilities in the income statement. As IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, a lessor will continue to classify its leases as operating leases or finance leases and to account for those two types of leases differently. IFRS 16 is effective from January 1, 2019, with early application allowed only if IFRS 15—Revenue from Contracts with Customers is also adopted.

- Amendments
  - In September 2014, the IASB issued narrow amendments to IFRS 10—Consolidated Financial Statements and IAS 28—Investments in Associates and Joint Ventures (2011). The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments which were initially expected to be effective prospectively from January 1, 2016, have been postponed indefinitely by the IASB in planning a broader review that may result in a simplification of accounting of such transactions.
  - In September 2014, the IASB issued the Annual Improvements to IFRSs 2012-2014 cycle, a series of amendments to IFRSs in response to issues raised mainly on IFRS 5—Non-current assets held for sale and discontinued operations, on the changes of method of disposal, on IFRS 7—

(2) Accounting policies (Continued)

Financial Instruments: Disclosures on the servicing contracts, on IAS 19—Employee benefits, on the discount rate determination. The effective date of the amendments is January 1, 2016. No significant effect is expected from the adoption of these amendments.

- In December 2014, IASB finalised amendments regarding the application of the investment entities exception and issued IFRS 10/12/IAS 28—Investment entity amendments. Such amendments involves a number of potential amendments to IFRS 10—Consolidated financial statements and IAS 28—Investments in associates and joint ventures (2011) to address issues that have arisen in relation to the exemption from consolidation for investment entities:
  - whether an investment entity parent should account for an investment entity subsidiary at fair value, when the subsidiary provides investment-related services to third parties;
  - the interaction between the investment entity amendments and the exemption from preparing consolidated financial statements requirements in IFRS 10;
  - whether a non-investment entity must 'unwind' the fair value accounting of its joint ventures or associates that are investment entities.

  These amendments are effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.
  - In January 2016, the IASB issued amendments to IAS 12—Income taxes that clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.
  - In January 2016, the IASB issued amendments to IAS 7—Statement of cash flows introducing additional disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective from January 1, 2017, with earlier application permitted.

(y) Determination of fair value

Several standards and disclosure requirements require the determination of fair value of financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are classified into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2—inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3—inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the level of the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after suitable negotiation wherein the parties had

(2) Accounting policies (Continued)

each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

Intangible assets

The fair value of patents and trademarks acquired as part of a business combination is based on an estimate of the discounted amount of royalties that the Group expects to receive from ownership of such patents or trademarks (ideal royalty method), or replacement cost, if appropriate.

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventories

The fair value of inventories acquired as part of a business combination is calculated using the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and a suitable profit margin based on the efforts required to complete or sell the inventories.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. Current receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

Derivatives

The fair values of commodities purchase forwards and interest rate swaps are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values include adjustments to take account of the credit risk of the group entity and counterparty when appropriate.

Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

For finance leases, the market rate of interest is determined with reference to similar lease agreements.

(3) Operating segments

Reportable segments are the Group's strategic divisions as determined in accordance with the quantitative and qualitative requirements of IFRS 8.

The Group has only one reportable segment, the Closures division. The Group's CEO (the chief operating decision maker) reviews internal management reports on the reportable segment, the Closures division, on at least a quarterly basis. The following summary describes the operations in this reportable segment.

(3) Operating segments (Continued)

The Closures division represents the Group's core business. Other operations include the PET division that does not meet any of the quantitative thresholds for determining reportable segments in 2015 or 2014 under IFRS 8.

Information regarding the results of the Group's reportable segment is included below. Performance is measured based on segment revenue and operating profit, depreciation and amortization, trade receivables, inventories, property, plant and equipment, trade payables and capital expenditure as included in the internal management reports that are reviewed by the CEO and by the board of directors.

Management considers the above information as the most suitable to evaluate the results of the segment compared to other entities that operate in these industries.

All other asset and liability figures are non reportable by segment as the management believes that the availability of such information by segment is not relevant.

	Closures		Other Operations		Total	
Thousands of Euros	2014	2015	2014	2015	2014	2015
External revenue	484,440	517,367	3,354	3,165	487,794	520,533
Operating profit	88,809	104,612	172	219	88,981	104,830
Depreciation and Amortization	(39,233)	(37,406)	(163)	(141)	(39,396)	(37,547)

	Closures		Other Operations		Total	
Thousands of Euros	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015
Trade receivables—third parties	91,415	86,347	693	533	92,108	86,880
Trade receivables—related parties	—	436	—	—	—	436
Inventories	63,891	66,788	416	513	64,307	67,301
Trade payables—third parties	(54,033)	(66,594)	(294)	(311)	(54,327)	(66,905)
Trade payables—related parties	—	(1,548)	—	—	—	(1,548)
Property, plant and equipment	202,153	185,117	672	564	202,825	185,680

	Closures		Other Operations		Total	
Thousands of Euros	2014	2015	2014	2015	2014	2015
Capital expenditure	32,633	22,503	36	32	32,669	22,536

Geographical information

The Closures segment operates from many manufacturing facilities primarily in Italy, India, Poland, the United Kingdom, Ukraine, Spain, Mexico, Australia, Argentina and South Africa.

(3) Operating segments (Continued)

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the assets/subsidiaries.

Thousands of Euros	Net revenue 2014	Net revenue 2015
Italy	69,360	67,702
India	55,843	62,879
Poland	59,918	59,364
UK	53,193	57,573
Ukraine	42,871	43,702
Spain	38,821	42,819
Mexico	24,243	38,905
Australia	37,016	37,803
Argentina	18,390	23,476
South Africa	17,295	19,286
Other countries and consolidation adjustments	70,846	67,023
Net revenue	**487,794**	**520,533**

Thousands of Euros	Non-current assets other than financial instruments and deferred tax assets: Property, plant and equipment and Intangible assets	
	December 31, 2014	December 31, 2015
Italy	335,294	327,652
Australia	71,574	69,689
Poland	33,760	32,563
India	25,775	25,320
Spain	17,684	21,120
Mexico	17,922	15,361
Brasil	13,759	10,133
Ukraine	12,236	10,265
South Africa	12,029	9,780
Other countries and consolidation adjustments	48,347	40,455
Property, plant and equipment and Intangible assets	**588,379**	**562,337**

Thousands of Euros	Deferred Tax Assets	
	December 31, 2014	December 31, 2015
Italy	4,149	2,993
Australia	1,372	1,661
Spain	802	763
Argentina	514	468
New Zealand	208	246
UK	127	53
Mexico	39	71
Other countries and consolidation adjustments	1,959	1,804
Deferred Tax Assets	**9,171**	**8,060**

The Group is not exposed to significant geographical risks other than normal business risks.

(3) Operating segments (Continued)

Information about major customers

In the Closures segment, there is only one customer with a percentage of revenue (of total revenue) over 10%. The breadth and diversity of the Group's customer base means that no one brand makes up more than 3% of net revenue over the last three years.

STATEMENT OF FINANCIAL POSITION

(4) Cash and cash equivalents

This caption represents the balance of the bank and postal accounts considering the nominal amount of the current accounts held with banks.

Thousands of Euros	December 31, 2014	December 31, 2015
Bank and postal accounts	31,220	53,967
Other cash equivalents	3,828	7,787
Total	**35,047**	**61,754**

The increase in Cash and cash equivalents of € 26.7 million is mainly due to the strong cash flows generated in the last quarter of 2015 and to cash held by the subsidiaries at year end which has not been distributed to the holding companies.

(5) Current financial assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
Current financial assets	69	65
Total	**69**	**65**

The carrying amount of Current financial assets approximates their fair value at the reporting date.

(6) Trade receivables—third parties

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
Trade receivables	100,591	95,031
Allowance for impairment	(8,483)	(8,151)
Total	**92,108**	**86,880**

The allowance for impairment varied as follows:

Thousands of Euros	2015
Opening allowance for impairment	8,483
Exchange rate losses	(75)
Accrual	537
Utilization	(795)
Closing allowance for impairment	**8,151**

The allowance at December 31, 2015 includes about € 4.7 million related to few customers with overdue amount over 90 days. The residual part relates to other customers that have indicated that they do not expect to be able to pay their outstanding balances, mainly due to their financial difficulties.

(7) Trade receivables—related parties

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
Receivables from the parent GCL Holdings S.C.A.	—	436
Total	**—**	**436**

(8) Inventories

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2014(*)	December 31, 2015
Raw materials, consumables and supplies	32,508	34,111
(Allowance for inventory write-down)	(1,534)	(1,590)
Work in progress and semi-finished products	16,090	16,925
(Allowance for inventory write-down)	(739)	(572)
Finished products and goods	19,042	19,752
(Allowance for inventory write-down)	(1,453)	(1,493)
Payments on account	393	170
Total	**64,307**	**67,301**

(*) 2014 figures restated in order to be consistent with the 2015 classification

The changes in the caption are as follows:

Thousands of Euros	
Balance at January 1, 2015	64,307
Exchange rate losses	(3,804)
Change in raw materials, consumables and supplies	3,955
Change in finished goods and semi-finished products	3,066
Change in payments on account	(223)
Balance at December 31, 2015	**67,301**

The allowance for inventory write-down varied as follows:

Thousands of Euros	2015
Opening allowance for inventory write-down	3,726
Exchange rate losses	(181)
Accrual	1,730
Utilization	(1,619)
Closing allowance for inventory write-down	**3,656**

(9) Current direct tax assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
Current direct tax assets	2,162	2,138
Total	**2,162**	**2,138**

(10) Current indirect tax assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
VAT and other indirect taxes	7,190	5,821
Total	**7,190**	**5,821**

(11) Financial derivative assets

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
Fair value of forward aluminum purchases	66	—
Total	**66**	**—**

(12) Other current assets

This caption is made up as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
Other receivables	3,724	3,382
Total	**3,724**	**3,382**

Other receivables at December 31, 2015 include, inter alia, advances to suppliers of € 1.8 million.

(13) Non-current financial assets

This caption is made up as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
Guarantee deposits—Guala Closures S.p.A.	76	40
Investments in other companies	27	26
Other financial assets	119	128
Total	**222**	**194**

The carrying amount of Non-current financial assets is consistent with their fair value at the reporting date.

(14) Property, plant and equipment

The following tables show the changes in 2014 and 2015:

Thousands of Euros	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at December 31, 2013	76,810	353,330	57,938	7,927	5,564	**501,570**
Accumulated depreciation and impairment at December 31, 2013	(13,815)	(229,702)	(45,330)	(6,845)	—	**(295,692)**
Carrying amount at December 31, 2013	**62,995**	**123,628**	**12,608**	**1,082**	**5,564**	**205,878**
Carrying amount at January 1, 2014	**62,995**	**123,628**	**12,608**	**1,082**	**5,564**	**205,878**
Exchange rate gains/(losses)	(1,420)	(2,006)	204	20	(276)	**(3,478)**
Additions	330	7,367	166	169	23,345	**31,377**
Disposals	(23)	(283)	(16)	(26)	—	**(348)**
Impairment losses	(511)	(793)	—	—	—	**(1,304)**
Reclassifications	828	17,217	3,427	139	(21,619)	**(8)**
Depreciation	(1,925)	(23,520)	(3,408)	(437)	—	**(29,290)**
Historical cost at December 31, 2014	76,356	361,977	58,209	8,228	7,015	**511,785**
Accumulated depreciation and impairment at December 31, 2014	(16,082)	(240,367)	(45,230)	(7,282)	—	**(308,960)**
Carrying amount at December 31, 2014	**60,274**	**121,610**	**12,980**	**946**	**7,015**	**202,825**

Thousands of Euros	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at December 31, 2014	76,356	361,977	58,209	8,228	7,015	**511,785**
Accumulated depreciation and impairment at December 31, 2014	(16,082)	(240,367)	(45,230)	(7,282)	—	**(308,960)**
Carrying amount at December 31, 2014	**60,274**	**121,610**	**12,980**	**946**	**7,015**	**202,825**
Carrying amount at January 1, 2015	**60,274**	**121,610**	**12,980**	**946**	**7,015**	**202,825**
Exchange rate gains/(losses)	(3,077)	(4,379)	210	7	(249)	**(7,488)**
Additions	2,429	4,361	147	53	12,611	**19,602**
Disposals	(15)	(63)	(7)	(22)	(9)	**(116)**
Impairment losses	(11)	(694)	—	—	—	**(705)**
Reclassifications	1,195	12,042	2,204	49	(15,497)	**(6)**
Depreciation	(1,950)	(22,897)	(3,219)	(365)	—	**(28,431)**
Historical cost at December 31, 2015	76,358	367,584	59,780	8,315	3,870	**515,907**
Accumulated depreciation and impairment at December 31, 2015	(17,512)	(257,603)	(47,465)	(7,647)		**(330,227)**
Carrying amount at December 31, 2015	**58,846**	**109,981**	**12,315**	**668**	**3,870**	**185,680**

Property, plant and equipment include the amounts arising from internal work capitalized (reference should be made to note 37) "Other operating income" to these consolidated financial statements for further information).

(14) Property, plant and equipment (Continued)

The caption includes the carrying amount of leased assets (€ 17,094 thousand), against which the Group has recognized current financial liabilities (€ 1,899 thousand) and non-current financial liabilities (€9,881 thousand).

None of the Group's property, plant and equipment has been pledged as collateral at year end, except for the items indicated in note 47) "Commitments and guarantees" to these consolidated financial statements.

The main investments of 2015 took place in Italy, Poland, India, Ukraine, China and Mexico. In particular, during 2015, the main investments were made for the sputtering technology in Italy, Ukraine and Mexico, for the capacity increase in India, for plant safety and for new projects in different countries.

During 2015, Guala Closures S.p.A. revised the useful life of some generic plant and equipment of Magenta plant (i.e. cutting and degreasing lines, which decreased from a rate of 15.5% to 7.75% and for the storage line that went from 10% to 5%) based on internal appraisal that show a longer useful life for such assets. The effect on the consolidated statement of profit or loss and other comprehensive income of the year is € 0.7 million of lower depreciation expenses.

Impairment losses in the year mainly refers to the impairment loss on the machines at the Indian plant.

(15) Intangible assets

The following tables show the changes in 2014 and 2015:

Thousands of Euros	Development expenditure	Licences and patents	Goodwill	Other	Assets under development and payments on account	Total
Historical cost at December 31, 2013	5,902	64,549	364,670	11,619	1,789	**448,529**
Accumulated amortization and impairment at December 31, 2013	(5,552)	(41,336)	—	(4,223)	—	**(51,111)**
Carrying amount at December 31, 2013	**350**	**23,213**	**364,670**	**7,397**	**1,789**	**397,418**
Carrying amount at January 1, 2014	**350**	**23,213**	**364,670**	**7,397**	**1,789**	**397,418**
Exchange rate gains/(losses)	(947)	(21)	(6,111)	(69)	925	**(6,222)**
Additions	7	52	—	114	1,478	**1,651**
Disposals	—	(1)	—	—	—	**(1)**
Reclassifications	1,856	1,016	—	—	(2,863)	**8**
Amortization	(414)	(5,330)	—	(1,556)	—	**(7,300)**
Historical cost at December 31, 2014	6,797	65,588	358,559	11,535	1,329	**443,808**
Accumulated amortization and impairment at December 31, 2014	(5,945)	(46,659)	—	(5,650)	—	**(58,254)**
Carrying amount at December 31, 2014	**851**	**18,929**	**358,559**	**5,885**	**1,329**	**385,554**

(15) Intangible assets (Continued)

Thousands of Euros	Development expenditure	Licences and patents	Goodwill	Other	Assets under development and payments on account	Total
Historical cost at December 31, 2014	6,797	65,588	358,559	11,535	1,329	**443,808**
Accumulated amortization and impairment at December 31, 2014	(5,945)	(46,659)	—	(5,650)	—	**(58,254)**
Carrying amount at December 31, 2014	**851**	**18,929**	**358,559**	**5,885**	**1,329**	**385,554**
Carrying amount at January 1, 2015	**851**	**18,929**	**358,559**	**5,885**	**1,329**	**385,554**
Exchange rate gains/(losses)	(53)	154	(2,391)	(118)	(2)	**(2,410)**
Additions	—	—	—	7	1,137	**1,144**
Impairment losses	—	(126)	—	—	(56)	**(183)**
Reclassifications	511	348	—	—	(852)	**6**
Amortization	(454)	(5,472)	—	(1,529)	—	**(7,455)**
Historical cost at December 31, 2015	7,207	70,921	356,168	15,016	1,556	**450,868**
Accumulated amortization and impairment at December 31, 2015	(6,352)	(57,089)	—	(10,771)	—	**(74,212)**
Carrying amount at December 31, 2015	**855**	**13,833**	**356,168**	**4,245**	**1,556**	**376,656**

The fluctuation of the goodwill in respect of previous year may be analysed as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
Goodwill—Guala Closures Group	317,227	317,227
Acquisition of Guala Closures DGS Poland S.A.	24,812	24,864
Goodwill—Guala Closures Ukraine LLC	7,916	5,812
Acquisition of GC Bulgaria AD	3,203	3,203
Acquisition of Pharma Trade	2,512	2,512
Acquisition of MCL division by Guala Closures South Africa	1,985	1,646
Acquisition of GC Tools AD	722	722
Acquisition of Metalprint assets by Guala Closures S.p.A.	182	182
Total	**358,559**	**356,168**

Goodwill is tested for impairment annually.

For impairment testing purposes, it has been considered the goodwill accounted in relation to the Closures division.

These values have been analysed considering the entire GCL Holdings S.C.A. Group, to which Guala Closures Group belongs.

The recoverable amount of cash-generating units is based on a calculation of their value in use.

This calculation uses projected consolidated cash flows based on the actual operating profit and the GCL Holdings S.C.A. Group five-year business plan. This business plan is put together considering the Group approved budget figures for the first year and projecting the revenue and costs for the following four years using the historic trend adjusted for any new elements (average EBITDA growth rate of the next five years 11.3%; 2014:8.4%). Such growth rate is consistent with the management expectation of growth in high value safety closures, serving a blue-chip customer base across all geographies, expecially in the developing countries.

In the 2015 valuation, the following assumptions are utilized, as additional improvement in respect to the past years calculation:

- WACC for the Closures division was weighted with the 2015 EBITDA% of each country in respect of the 2015 consolidated EBITDA, with a weighted average (consistently with the weighted average for the EBITDA in Terminal Value) of around 13.0%;

(15) Intangible assets (Continued)

- Long term growth rate "g": it was utilized a value equal to 4.0%, calculated by weighting the estimates of inflation rate, with the 2015 EBITDA of each country in line with the calculation for the Terminal Value. Such rate "g" is consistent with both the Guala Closures Group's historical growth rate and forecast future market developments.

Last year the impairment test was calculated with a WACC of 10% and a rate "g" of 1.6%. The increase in 2015 in the rate "g" and, proportionally of WACC, is the result of the Group's significant growth in the developing countries that positively impact turnover and margins. Such increase in "g" rate has been negatively compensated by an increase in WACC due to the higher risk of such countries.

The resulting recoverable amount is greater than the carrying amount of goodwill and investments value accounted in the financial assets.

Management carried out a sensitivity analysis on the relevant underlying assumptions (growth rate +/- 1%; WACC +/-1%) and verified that the resulting recoverable amount is greater than the carrying amount of goodwill and investments value accounted in the financial assets as well.

Goodwill has never been impaired.

(16) Deferred tax assets and liabilities

The following table gives a breakdown of the captions at December 31, 2014 and 2015:

	Assets		Liabilities		Net balance	
Thousands of Euros	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**	**December 31, 2015**
Allowance for inventory write-down	902	832	(23)	(17)	880	816
Taxed allowance for receivables impairment	2,129	1,853	—	—	2,129	1,853
Provision	821	877	—	—	821	877
Other	436	261	(17)	(654)	419	(393)
Losses carried forward	279	160	—	—	279	160
Derecognition of intragroup profit on inventories	171	171	—	—	171	171
Intragroup gains	1,595	1,276	—	—	1,595	1,276
Leases	133	133	—	—	133	133
Property, plant and equipment and intangible assets	1,626	1,440	(16,058)	(12,711)	(14,432)	(11,271)
Employee benefits	554	664	(71)	(32)	483	632
Derivatives	449	374	—	—	449	374
Exchange rate gains /(losses)	75	19	(2,987)	(2,568)	(2,911)	(2,549)
TOTAL	**9,171**	**8,060**	**(19,155)**	**(15,981)**	**(9,984)**	**(7,921)**

Changes in net deferred tax assets/liabilities may be analyzed as follows:

Thousands of Euros	**December 31, 2014**	**Changes in profit and loss**	**Changes in equity**	**Exchange rate gains/losses**	**December 31, 2015**
Allowance for inventory write-down	880	(38)		(26)	815
Taxed allowance for receivables impairment	2,129	(137)		(139)	1,853
Provision	821	109		(52)	877
Other	419	(764)		(47)	(393)
Losses carried forward	279	(111)		(8)	160
Derecognition of intragroup profit on inventories	171	—		—	171
Intragroup gains	1,595	(319)		—	1,276
Leases	133	—		—	133
Property, plant and equipment and intangible assets	(14,432)	2,236		925	(11,271)
Employee benefits	483	275		(126)	632
Derivatives	449	—	(75)	—	374
Exchange rate gains /(losses)	(2,912)	197		166	(2,548)
TOTAL	**(9,984)**	**1,448**	**(75)**	**691**	**(7,921)**

(16) Deferred tax assets and liabilities (Continued)

Tax losses that can be carried forward at year end but that the Group has not considered in its calculation of the deferred tax assets in the statement of financial position total € 168,721 thousand. They may be used in accordance with the legislation of the different countries in which the companies to which they relate are based.

Tax losses that can be carried forward indefinitely amount to € 149,418 thousand and refer to Guala Closures S.p.A.. If recognized, potential deferred tax assets on total tax losses that can be carried forward would amount to € 46,000 thousand at December 31, 2015 (including € 41,090 thousand related to losses that can be carried forward indefinitely).

(17) Other non-current assets

This caption is made up as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
Tax assets	384	91
Other	315	323
Total	**699**	**414**

(18) Financial liabilities—third parties

This section provides information on the contractual terms governing the Group's bank overdrafts, borrowings and bonds.

Reference should be made to note 25) "Financial derivative liabilities" to these consolidated financial statements for further information on the Group's exposure to the risks of fluctuations in interest and exchange rates.

Reference should be made to note 47) "Commitments and guarantees" to these consolidated financial statements for information on the relevant guarantees given.

Financial liabilities at December 31, 2014 and 2015 are shown below:

Thousands of Euros	December 31, 2014	December 31, 2015
Current financial liabilities		
Bonds	880	1,820
Bank loans and borrowings	6,069	5,569
Other financial liabilities	1,971	1,988
	8,920	9,378
Non-current financial liabilities		
Bonds	271,249	271,219
Bank loans and borrowings	41,557	55,236
Other financial liabilities	21,894	23,438
	334,700	349,893
Total	**343,620**	**359,270**

(18) Financial liabilities—third parties (Continued)

The terms and expiry dates of the financial liabilities at December 31, 2014 and 2015 are shown below:

Thousands of Euros	Total December 31, 2014	Nominal amount: Within one year	Nominal amount: From one to five years	Nominal amount: After five years	Current	Non-current
Bonds						
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	275,000	—	275,000	—	—	275,000
Accrued interest—Guala Closures S.p.A.	1,833	1,833	—	—	1,833	—
Transaction costs	(4,704)	(953)	(3,751)	—	(953)	(3,751)
TOTAL FRSN 2019 Guala Closures S.p.A.	**272,129**	**880**	**271,249**	**—**	**880**	**271,249**
Bank loans and borrowings:						
Senior Revolving Facility	40,000	—	40,000	—	—	40,000
Transaction costs	(1,480)	(515)	(966)	—	(515)	(966)
Total Senior Revolving Facility	**38,520**	**(515)**	**39,034**	**—**	**(515)**	**39,034**
Cassa di Risparmio di Alessandria loan	319	319	—	—	319	—
Accrued interest and expense—Guala Closures S.p.A.	656	656	—	—	656	—
Raiffeisen Bank overdraft (Ukraine)	318	318	—	—	318	—
Millennium Bank overdraft (Poland)	2,740	2,740	—	—	2,740	—
Banco Sabadell loan (Spain)	253	253	—	—	253	—
Bancolombia loan (Colombia)	867	242	625	—	242	625
Bradesco / ITAU loan (Brazil)	855	273	583	—	273	583
Advances on receivables and loans (Argentina)	621	420	200	—	420	200
Scotiabank loan (Mexico)	2,477	1,362	1,115	—	1,362	1,115
Total bank loans and borrowings	**47,626**	**6,069**	**41,557**	**—**	**6,069**	**41,557**
Other financial liabilities:						
Guala Closures S.p.A. finance leases	13,730	1,882	8,757	3,091	1,882	11,848
Bulgarian companies finance leases	123	58	65	—	58	65
Liability to the Ukrainian non-controlling investors	9,900	—	—	9,900	—	9,900
Other liabilities	113	32	81	—	32	81
Total other financial liabilities	**23,866**	**1,971**	**8,904**	**12,991**	**1,971**	**21,894**
TOTAL	**343,620**	**8,920**	**321,710**	**12,991**	**8,920**	**334,700**

(18) Financial liabilities—third parties (Continued)

Thousands of Euros	Total December 31, 2015	Nominal amount Within one year	From one to five years	After five years	Current	Non-current
Bonds						
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	275,000	—	275,000	—	—	275,000
Accrued interest—Guala Closures S.p.A.	1,820	1,820	—	—	1,820	—
Transaction costs	(3,781)	—	(3,781)	—	—	(3,781)
TOTAL FRSN 2019 Guala Closures S.p.A.	**273,038**	**1,820**	**271,219**	**—**	**1,820**	**271,219**
Bank loans and borrowings:						
Senior Revolving Facility	55,000	—	55,000	—	—	55,000
Transaction costs	(966)	—	(966)	—	—	(966)
Total Senior Revolving Facility	**54,034**	**—**	**54,034**	**—**	**—**	**54,034**
Accrued interest and expense—Guala Closures S.p.A.	194	194	—	—	194	—
Handlowy S.A. bank overdraft (Poland)	3,473	3,473	—	—	3,473	—
Bancolombia loan (Colombia)	465	203	263	—	203	263
Bradesco / ITAU loan (Brazil)	1,154	656	497	—	656	497
Advances on receivables and loans (Argentina)	393	174	219	—	174	219
Bancomer loan (Mexico)	1,092	870	222	—	870	222
Total bank loans and borrowings	**60,805**	**5,569**	**55,236**	**—**	**5,569**	**55,236**
Other financial liabilities:						
Guala Closures S.p.A. finance leases	11,780	1,899	9,881	—	1,899	9,881
Bulgarian companies finance leases	65	60	5	—	60	5
Liability to the Ukrainian non-controlling investors	13,500	—	—	13,500	—	13,500
Other liabilities	82	29	53	—	29	53
Total other financial liabilities	**25,427**	**1,988**	**9,938**	**13,500**	**1,988**	**23,438**
TOTAL	**359,270**	**9,378**	**336,393**	**13,500**	**9,378**	**349,893**

The liability to the Ukrainian non-controlling investors relates to recognition of these investors' right to exercise a put option if certain conditions are met. It represents the discounted estimated value of the put option at its estimated time of exercise.

This caption has been recognized using the present access method since 2008, whereby the financial liability was recognized as a reduction in equity, Retained earnings, in the first year. The fluctuation in each year, if any, is recognized under financial income (expense) in profit or loss and the non-controlling interests continue to be presented separately as, to all effects, the non-controlling investors have the right to access the profit or loss pertaining to their investment.

Reference should be made to note 43) "Fair value of financial instruments and sensitivity analysis" for further details.

(18) Financial liabilities—third parties (Continued)

The interest rates and expiry dates of the financial liabilities at December 31, 2014 and December 31, 2015 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2014
Bonds				
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	EUR	euribor 3m + 5.375%	2019	275,000
Accrued interest—Guala Closures S.p.A.	EUR	n.a.	2014	1,833
Transaction costs	EUR	n.a.	2019	(4,704)
TOT. BOND FRSN 2019 Guala Closures S.p.A.				**272,129**
Bank loans and borrowings:				
Senior Revolving Facility	EUR	euribor 3m + 3.75%	2017	40,000
Transaction costs	EUR	n.a.	2017	(1,480)
Total Senior Revolving Facility				**38,520**
Cassa di Risparmio di Alessandria loan	EUR	euribor 3m + 2.75%	2015	319
Accrued interest and expense—Guala Closures S.p.A.	EUR	n.a.	2014	656
Raiffeisen Bank overdraft (Ukraine)	UAH	20.00%	n.a.	318
Millennium Bank overdraft (Poland)	PLN	wibor 1m(*)	n.a.	2,740
Banco Sabadell loan (Spain)	EUR	5.20%	2015	253
Bancolombia loan (Colombia)	COP	I.B.R. + 3.25%(**)	2018	867
Bradesco / ITAU loan (Brazil)	BRL	n.a.	2019	855
Advances on receivables and loans (Argentina)	AR$	n.a.	n.a.	621
Scotiabank loan (Mexico)	MXP	TIIE30 + 4.00%(***)	2016	2,477
Total bank loans and borrowings				**47,626**
Other financial liabilities:				
Guala Closures S.p.A. finance leases	EUR	euribor + 1.5%(****)	2020	13,730
Bulgarian companies finance leases	BGN	n.a.	n.a.	123
Liability to the Ukrainian non-controlling investors	EUR	n.a.	n.a.	9,900
Other liabilities	EUR	n.a.	n.a.	113
Total other financial liabilities				**23,866**
TOTAL				**343,620**

(*) Wibor stands for "Warsaw Inter-bank Bid and Offered Rate"

(**) I.B.R. stands for "Indicador Bancario de Referencia"

(***) TIIE30 stands for "Tasa de Interés Interbancaria de Equilibrio a 30 dias".

(****) Nominal interest rate on the property finance lease.

(18) Financial liabilities—third parties (Continued)

Thousands of Euros	Currency	Nominal interest rate	Expiry date	Total December 31, 2015
Bonds				
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	EUR	euribor 3m + 5.375%	2019	275,000
Accrued interest—Guala Closures S.p.A.	EUR	n.a.	2016	1,820
Transaction costs	EUR	n.a.	2019	(3,781)
TOT. BOND FRSN 2019 Guala Closures S.p.A.				**273,038**
Bank loans and borrowings:				
Senior Revolving Facility	EUR	euribor 3m + 3.75%	2017	55,000
Transaction costs	EUR	n.a.	2017	(966)
Total Senior Revolving Facility				**54,034**
Accrued interest and expense—Guala Closures S.p.A.	EUR	n.a.	2016	194
Handlowy S.A. bank overdraft (Poland)	PLN	wibor 1m(*)	n.a.	3,473
Bancolombia loan (Colombia)	COP	I.B.R. + 3.25%(**)	2018	465
Bradesco / ITAU loan (Brazil)	BRL	n.a.	2019	1,154
Advances on receivables and loans (Argentina)	AR$	n.a.	n.a.	393
Bancomer loan (Mexico)	MXP	TIIE28 + 2.50%(***)	2017	1,092
Total bank loans and borrowings				**60,805**
Other financial liabilities:				
Guala Closures S.p.A. finance leases	EUR	euribor + 1.5%(****)	2020	11,780
Bulgarian companies finance leases	BGN	n.a.	2016	65
Liability to the Ukrainian non-controlling investors	EUR	n.a.	n.a.	13,500
Other liabilities	EUR	n.a.	n.a.	82
Total other financial liabilities				**25,427**
TOTAL				**359,270**

(*) Wibor stands for "Warsaw Inter-bank Bid and Offered Rate"

(**) I.B.R. stands for "Indicador Bancario de Referencia"

(***) TIIE30 stands for "Tasa de Interés Interbancaria de Equilibrio a 30 dias".

(****) Nominal interest rate on the property finance lease.

The Senior Revolving Facility's availability is shown in the table below:

Credit facility	Available amount (thousands of Euros)	Amount used at December 31, 2015	Residual available amount at December 31, 2015
Senior Revolving Facility due 2017	75,000	55,000	20,000

(19) Financial liabilities—related parties

This section discloses the contractual terms governing the loans granted by GCL Holdings S.C.A. (parent of Guala Closures S.p.A.).

(19) Financial liabilities—related parties (Continued)

The terms and expiry dates of the loans at December 31, 2014 and 2015 are shown below:

Thousands of Euros	Total December 31, 2014	Nominal amount: Within one year	From one to five years	After five years	Current	Non-current
Loan due 2018 from GCL Holdings S.C.A.—Guala Closures S.p.A.	66,949	4,948	62,001	—	4,948	62,001
Loan due 2018 from GCL Holdings S.C.A.—Guala Closures International B.V.	94,093	2,368	91,725	—	2,368	91,725
TOTAL	**161,042**	**7,316**	**153,726**	**—**	**7,316**	**153,726**

Thousands of Euros	Total December 31, 2015	Nominal amount: Within one year	From one to five years	After five years	Current	Non-current
Loan due 2018 from GCL Holdings S.C.A.—Guala Closures S.p.A.	61,454	953	60,501	—	953	60,501
Loan due 2018 from GCL Holdings S.C.A.—Guala Closures International B.V.	94,092	2,367	91,725	—	2,367	91,725
TOTAL	**155,546**	**3,320**	**152,226**	**—**	**3,320**	**152,226**

Guala Closures International B.V. shall repay the loan received from GCL Holdings S.C.A. in 2018. In the event any principal amount of the Notes issued by the parent GCL Holdings S.C.A. in 2011 (due 2018) is required to be or may at any time be repurchased, redeemed, prepaid or repaid in whole or in part, Guala Closures International B.V. shall prepay or procure the prepayment of the loan up to the amount payable by GCL Holdings S.C.A. in connection with such repurchase, redemption, prepayment or repayment.

The interest rates of the loans at December 31, 2014 and 2015 are shown below:

Thousands of Euros	Currency	Nominal interest rate	Total December 31, 2014
Loan due 2018 from GCL Holdings S.C.A.—Guala Closures S.p.A.	EUR	9.30%	66,949
Loan due 2018 from GCL Holdings S.C.A.—Guala Closures International B.V.	EUR	10.10%	94,093
Total			**161,042**

Thousands of Euros	Currency	Nominal interest rate	Total December 31, 2015
Loan due 2018 from GCL Holdings S.C.A.—Guala Closures S.p.A.	EUR	9.30%	61,454
Loan due 2018 from GCL Holdings S.C.A.—Guala Closures International B.V.	EUR	10.10%	94,092
Total			**155,546**

(20) Trade payables—third parties

This caption is made up as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
Suppliers	53,998	59,377
Payments on account	329	7,527
Total	**54,327**	**66,905**

The increase in the payments on account is due to an advance payment received from a customer in Argentina.

At December 31, 2015, trade payables may be analyzed by original currency as follows:

Thousands of Euros	EUR	USD	GBP	Other currencies	Total
Trade payables	34,941	2,219	2,280	27,465	**66,905**

Other currencies include trade payables in the following local currencies:

Thousands of Euros	December 31, 2015
Argentinean peso	6,383
Mexican peso	4,900
Australian dollar	4,257
Polish zloty	2,972
Indian rupia	2,809
Ukrainian hryvnia	1,394
South African rand	1,116
Chinese renmimbi	771
Brazilian real	672
New Zealand dollar	517
Columbian peso	266
Other	1,409
Total	**27,465**

(21) Trade payables—related parties

This caption is made up as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
Payables to GCL Holdings S.C.A.	—	1,548
Total	**—**	**1,548**

(22) Current direct tax liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
Current direct tax liabilities	4,440	5,198
Total	**4,440**	**5,198**

The increase in current direct tax liabilities is mainly due to the increase in profit before taxation of some operating companies.

(23) Current indirect tax liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
VAT and other indirect taxes	3,854	4,290
Total	**3,854**	**4,290**

(24) Provisions

This caption may be analyzed as follows:

CURRENT PROVISIONS:

Thousands of Euros	December 31, 2014	December 31, 2015
Provision for restructuring	2,676	1,012
Provision for returns	590	582
Other current provisions	116	30
Provision for contingencies	5,555	—
Total current provisions	**8,937**	**1,624**

The provision for restructuring in 2015 refers mainly to the closure of the Australian site of Acacia Ridge and to the reallocation of its crown seals production to the other Australian Group plant located in Central West and to the remain part of the Italian plants restructuring process started in 2014.

The provision for contingencies existing as at December 2014 has been utilized for € 4.8 million to pay taxes and related penalties referred to the tax years 2009-2011. The residual amount (€ 0.7 million) has been released based on Legislative Decree n. 158/2015 which has introduced a more favorable framework for the calculation of the admistrative tax penalties.

Changes in the provisions are as follows:

CURRENT PROVISIONS:

Thousands of Euros	2015
Opening current provisions	8,937
Exchange rate losses	(11)
Accrual	1,523
Utilization	(8,824)
Closing current provisions	**1,624**

The utilization of current provisions refers to the utilization of provision for contingencies for the payment of tax and related penalties related to tax years 2009-2011 and provision for restructuring of Italian and Australian plants.

The provision for returns reflects the calculation of customer claims received.

NON-CURRENT PROVISIONS:

Thousands of Euros	December 31, 2014	December 31, 2015
Provision for agents' termination indemnity	117	121
Provision for legal disputes	29	27
Provision for contingencies	540	—
Total non-current provisions	**686**	**148**

The non-current provision for contingencies existing as at December 2014 has been utilized for € 0.1 million to pay taxes and penalties related to the tax years 2010-2012. The residual amount (€ 0.4 million) has been released based on Legislative Decree n. 158/2015 which has introduced a more favorable framework for the calculation of the admistrative tax penalties.

(24) Provisions (Continued)

NON-CURRENT PROVISIONS:

Thousands of Euros	2015
Opening non-current provisions	686
Exchange rate losses	(2)
Accrual	6
Utilization	(95)
Reversal	(447)
Closing non-current provisions	**148**

The utilization of non-current provisions refers to the payment of taxes and penalties dating to the period 2010-2012.

(25) Financial derivative liabilities

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
Fair value of IRSs	2,850	677
Fair value of aluminum derivatives	185	394
Total	**3,036**	**1,071**

The main features of the contracts in place at December 31, 2015 are summarized below:

—interest rate swaps

Guala Closures S.p.A. has two interest rate swaps in place to hedge floating interest rates on the property finance lease as listed below:

1. Euro interest rate swap agreed with Intesa Sanpaolo S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.945% against the floating one-month Euribor for a notional amount of € 3,622 thousand at December 31, 2015.
2. Euro interest rate swap agreed with Unicredit Banca d'Impresa S.p.A. on March 7, 2006, expiring July 1, 2019. It has a fixed swap rate of 3.960% against the floating one-month Euribor for a notional amount of € 3,622 thousand at December 31, 2015.

These derivatives meet the formal requirements of IAS 39 at the reporting date and have been recognized as hedging instruments.

On September 30, 2015, three interest rate swaps, entered into in order to hedge floating interest rates on bank loans, expired.

—Forward purchase of aluminum

At December 31, 2015, the Group has twenty-two contracts for the forward purchase of aluminum, for a total of over 5,000 tons, spread over various expiry dates based on forecast monthly requirements.

The hedge accounting requirements of IAS 39 were not met and these derivatives have been, therefore, recognized as trading instruments.

(25) Financial derivative liabilities (Continued)

The following tables show the forward aluminum purchase contracts in place at December 31, 2015:

Expiry date	Hedged amount (tons)	Strike price (US$/ton)	December 31, 2015 Positive/(negative) fair value (Thousands of Euros)
January 2016	300	1,377	(43)
January 2016	300	1,377	(37)
January 2016	300	1,377	(25)
February 2016	300	1,383	(35)
February 2016	300	1,383	(17)
March 2016	300	1,386	(34)
March 2016	300	1,386	(22)
April 2016	300	1,381	(33)
April 2016	25	1,381	—
May 2016	300	1,383	(32)
May 2016	25	1,383	—
June 2016	300	1,385	(29)
July 2016	300	1,387	(19)
July 2016	50	1,387	—
August 2016	300	1,390	(18)
August 2016	50	1,390	1
September 2016	300	1,393	(14)
September 2016	50	1,393	1
October 2016	300	1,396	(13)
October 2016	50	1,396	1
November 2016	300	1,397	(13)
December 2016	300	1,399	(12)
Total	**5,050**		**(394)**

—*Currency swaps*

The Group did not have any currency swaps at the reporting date.

The following table shows the fair value of the derivatives held at the reporting date:

(Thousands of Euros) Contract	Recognition at December 31, 2015	December 31, 2014 Positive/(negative) fair value	December 31, 2015 Positive/(negative) fair value
Interest rate swaps on leases	Hedge accounting	(948)	(677)
Interest rate swaps on loans	Recognized at fair value through profit or loss	(1,903)	—
Forward aluminum purchases	Recognized at fair value through profit or loss	(185)	(394)
Forward aluminum purchases	Recognized at fair value through profit or loss	66	—

(26) Other current liabilities

This caption may be analyzed as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
Payables to employees	7,911	8,208
Payables for capex	6,724	4,894
Social security charges payable	2,871	2,753
Dividends payable	—	665
Other payables	4,533	5,965
Total	**22,038**	**22,485**

Other payables as at December 31, 2014 included AR$ 6,905 thousand (€ 672 thousand) as residual amount to be paid for the acquisition of an additional 16% interest in Guala Closures Argentina S.A.. In 2015, the Group paid € 689 thousand, recording an exchange rate loss of € 17 thousand.

(27) Employee benefits

This caption is made up as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
Post-employment benefits—Guala Closures S.p.A.	5,944	4,295
Other	1,373	1,451
Total	**7,318**	**5,745**

Changes in Employee benefits are as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
Balance at January 1	6,835	7,318
Exchange rate losses	(23)	(90)
Change recognized in profit or loss—personnel expense	1,623	1,597
Change recognized in profit or loss—other (income)/expense	171	27
Change recognized in OCI	821	(337)
Transfer in (out)	(189)	(41)
Benefits paid	(1,921)	(2,728)
Balance at December 31	**7,318**	**5,745**

The liability for post-employment benefits (“TFR”—Trattamento di fine rapporto) primarily relates to Italian companies (Guala Closures S.p.A. mainly) for employee departures, determined using actuarial techniques and regulated by Article 2120 of the Italian Civil Code. The benefit is paid when the employee leaves the company as a lump sum, the amount of which corresponds to the total benefits accrued during the employees’ service period based on payroll costs as revalued until their departure. Following the pension reform, from January 1, 2007, accruing benefits have been transferred to a pension fund or a treasury fund held by the Italian administration for post-retirement benefits (INPS). Companies with less than 50 employees, can continue the scheme as in previous years. Therefore, contributions of future TFR to pension funds or the INPS treasury fund entails that these amounts will be treated as a defined contribution scheme. Amounts vested before January 1, 2007 continue to be accounted for as defined benefits to be assessed based on actuarial assumptions.

(27) Employee benefits (Continued)

Changes in post-employment benefits and the main assumptions used in their measurement are detailed below:

Thousands of Euros	December 31, 2014	December 31, 2015
Balance at January 1	5,572	5,944
Change recognized in profit or loss—personnel expense	1,341	1,294
Change recognized in profit or loss—other (income)/expense	153	79
Change recognized in OCI	758	(342)
Benefits paid	(1,879)	(2,681)
Balance at December 31	**5,944**	**4,295**

Actuarial parameter baseline:

	December 31, 2014	December 31, 2015
Average inflation rate	0.6% (2015)—1.2% (2016) 1.5% (2017-18) 2% from 2019 on	1.5% (2016)—1.8% (2017) 1.7% (2018)—1.6% (2019) 2% from 2020 on
Discount rate	1.49% p.a.	2.03% p.a.
Annual rate of increase in post-employment benefits	1.95% (2015)—2.4% (2016) 2.625% (2017-18) 3% from 2019 on	2.625% (2016)—2.85% (2017) 2.775% (2018)—2.7% (2019) 3% from 2020 on

For valuations at December 31, 2015, an annual fixed discount rate of 2.03% was utilized based on the value of Iboxx indexes AA corporate bonds observed at December 31, 2015, as per the requirements of IAS 19.

The Group expects to pay around € 1.5 million of benefits to its defined benefit plan in 2016 described above.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming the other variables do not change, would have affected Guala Closures S.p.A.'s post-employment benefits at December 31, 2015 by the amounts shown below:

	Defined benefit obligation	
Thousands of Euros	Increase	Decrease
Turnover rate (1% variation)	(13)	14
Average inflation rate (0.25% variation)	65	(64)
Discount rate (0.25% variation)	(102)	106

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Guala Closures UK has a defined benefit pension plan under which the employees of the former Metalclosures Ltd. have the right to a pension. This plan has a surplus at both December 31, 2014 and 2015 (i.e., the fair value of the plan assets is higher than the present value of the defined benefit obligation). As required by IAS 19 and IFRIC 14, the surplus that can be recognized must be less than the benefits available in the form of reimbursements or the contribution holiday: following completion of the West Bromwich site restructuring plan in 2008, the amount of the contribution holiday is zero and, therefore, the English company has not recognized the fund surplus. In addition, the Group did not have contingent liabilities at the reporting date as the fund covers the present value of its future obligations with its plan assets.

(27) Employee benefits (Continued)

For disclosure purposes, the amounts of the fund obligations and plan assets, as well as the baseline actuarial parameters used for their calculation, are shown below:

Thousands of Euros	December 31, 2014	December 31, 2015
Present value of the obligations	(72,726)	(72,119)
Fair value of plan assets	89,614	89,487
Total	**16,888**	**17,368**

Changes in the net amount of the fund:

Thousands of Euros	December 31, 2014	December 31, 2015
Balance at January 1	16,609	16,888
Exchange rate (gains) losses	1,138	1,040
Service cost	(19)	(25)
Interest on defined benefit obligation	(2,631)	(2,489)
Interest on plan assets	3,369	3,087
Scheme administration expenses	(177)	(215)
Actuarial (gains) losses	(1,401)	(919)
Balance at December 31	**16,888**	**17,368**

Changes in the present value of the obligations:

Thousands of Euros	December 31, 2014	December 31, 2015
Balance at January 1	(60,985)	(72,726)
Exchange rate (gains) losses	(4,677)	(4,453)
Service cost	(19)	(25)
Interest on defined benefit obligation	(2,631)	(2,489)
Contribution by plan participants	(4)	(4)
Benefits paid	3,870	5,195
Actuarial gains	(8,280)	2,382
Balance at December 31	**(72,726)**	**(72,119)**

Changes in the fair value of plan assets:

Thousands of Euros	December 31, 2014	December 31, 2015
Balance at January 1	77,594	89,614
Exchange rate (gains) losses	5,815	5,493
Interest on plan assets	3,369	3,087
Scheme administration expenses	(177)	(215)
Contribution by plan participants	4	4
Benefits paid	(3,870)	(5,195)
Actuarial losses	6,878	(3,300)
Balance at December 31	**89,614**	**89,487**

Plan assets comprise (major categories of plan assets as a percentage of the total plan assets):

	December 31, 2014	December 31, 2015
Equities	37%	37%
Bonds	31%	31%
Gilts	32%	31%
Cash	0%	1%

All equities and government bonds have quoted prices in active markets.

(27) Employee benefits (Continued)

Actuarial parameter baseline:

	December 31, 2014	December 31, 2015
Salary growth rate	4.00% p.a.	4.00% p.a.
Rate of increase in pensions provided (average)	3.00% p.a.	3.00% p.a.
Average inflation rate	2.90% p.a.	3.00% p.a.
Discount rate	3.30% p.a.	3.55% p.a.

The Group does not expect to pay any further contributions in 2016 in relation to these defined benefit obligations.

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, assuming the other variables do not change, would have affected Guala Closures UK's defined benefit pension plan at December 31, 2015 by the amounts shown below:

Thousands of Euros	Impact on present value of the obligations	Impact on fair value of plan assets
Life expectancy (+ 1 year)	(2,525)	—
Average inflation rate (+0.1% p.a.)	(317)	—
Discount rate (-0.1% p.a.)	(1,056)	—

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

(28) Other non-current liabilities

This caption is made up as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
Other non-current liabilities	166	112
Total	**166**	**112**

(29) Equity attributable to the owners of the Company

At December 31, 2015, Guala Closures S.p.A. is a single-member company limited by shares wholly owned by GCL Holdings S.C.A..

At December 31, 2015, Guala Closures S.p.A. has subscribed and paid-up share capital of € 74,624 thousand, consisting of 74,624,491 ordinary shares with a nominal value of € 1 each.

On December 22, 2014, the extraordinary shareholders' meeting of Guala Closures S.p.A. approved the issuance, pursuant to article 2346, last paragraph, of the Italian Civil Code, of 50.7 million participating financial instruments ("SFP") with a nominal value of € 1.00 each and a duration equal to that of the Company, against a contribution in cash of € 50.7 million, reserved to the sole shareholder GCL Holdings S.C.A..

The main features of the SFP are:

- The participating financial instruments are perpetual and are subordinate to the Group's other creditors. The purpose of issuing participating financial instruments was to strengthen the Group's capital base;
- Coupons on the SFP are settled from time to time by Guala Closures S.p.A. in accordance with the relevant resolutions (if any) of the competent corporate bodies of the Company. The coupon rate of the participating financial instruments is 9.3%. Coupon payments and their tax effect are recognised directly in equity;

(29) Equity attributable to the owners of the Company (Continued)

- Guala Closures S.p.A. may, at its sole discretion, omit or defer coupon payments to the holders. However, deferred coupon payments will fall due for payment in the event of Guala Closures S.p.A. subsequently making any distributions to its shareholders, both as dividends and reserves;
- The SFP holder(s) may freely transfer, in whole or in part, the SFPs to any third party;
- Pursuant to the SFP Rules, the SFPs shall be redeemable at any time, in whole or in part, at the option of the Company's board of directors only and within the amount of the distributable profits and distributable reserves as recorded in the financial statements of the Company as duly approved by its competent corporate bodies of the Company.

As the SFP satisfy the IAS 32 criteria for equity, they have been recognized as part of equity.

In 2015 no coupons on the SFP are declared by Guala Closures S.p.A.' management.

The increase of the equity reserve "Participating financial instruments reserve" is due to income of the owners of the Participating Financial Instruments of the Company related to such instruments.

Neither the parent nor its subsidiaries hold treasury shares either directly or indirectly through trustees or nominees.

Reference should be made to the statement of changes in equity for changes in, and details of, the components of equity.

As per the Senior Revolving Facility Agreement, for the Floating Rate Senior Secured Notes and for the High Yield Bonds issued by the parent GCL Holdings S.C.A., there are certain restrictions to the transfer of funds between Guala Closures subsidiaries and Guala Closures S.p.A. and between Guala Closures S.p.A. and the parent GCL Holdings S.C.A..

The Group's objectives in capital management are to create value for shareholders, safeguard the Group's future and to support its development.

Equity and participating financial instruments are considered to be capital.

The Group thus seeks to maintain a sufficient level of capitalization, while giving shareholders satisfactory returns and ensuring the Group has access to external sources of financing at acceptable terms, including via maintaining an adequate rating.

The Group monitors the debt/equity ratio on an ongoing basis, particularly in terms of net indebtedness and cash flows generated by operating activities.

The board of directors carefully monitors the balance between greater returns through the right level of indebtedness and the advantages of a sound financial position.

To achieve these objectives, the Group strives to continuously make its operations more profitable.

The board of directors monitors the return on share capital, being total equity pertaining to owners of the parent, excluding non-controlling interests, and the amount of dividends to be distributed to holders of ordinary shares.

The Group's capital management policies have not changed during the year.

(30) Equity attributable to non-controlling interests

Equity attributable to non-controlling interests relates to the following consolidated companies:

	Non-controlling interests % December 31, 2014	Non-controlling interests % December 31, 2015	Balance at December 31, 2014	Balance at December 31, 2015
Guala Closures Ukraine LLC	30.0%	30.0%	6,449	8,078
Guala Closures India Pvt Ltd.	5.0%	5.0%	1,826	1,748
Guala Closures Argentina S.A.	1.6%	1.6%	47	32
Guala Closures de Colombia LTDA	6.8%	6.8%	608	518
Guala Closures Bulgaria A.D.	30.0%	30.0%	1,923	1,669
Guala Closures Tools A.D.	30.0%	30.0%	479	378
Guala Closures DGS Poland S.A.	30.0%	30.0%	12,464	12,274
Total			**23,796**	**24,699**

Reference should be made to the consolidated statement of changes in equity for changes in equity attributable to the non-controlling interests.

(30) Equity attributable to non-controlling interests (Continued)

The following tables summarise the information relating to each of the Group's subsidiaries that have material non-controlling interests, before any intra-group eliminations:

December 31, 2014	Carrying amount					
Thousands of Euros	Guala Closures DGS Poland S.A.	Guala Closures Ukraine LLC	Guala Closures Bulgaria A.D.	Guala Closures India pvt Ltd	Other individually immaterial subsidiaries	Total
Non-controlling interests percentage	**30%**	**30%**	**30%**	**5%**		
Non-current assets	33,760	12,428	2,541	25,908		
Current assets	27,312	17,641	6,171	17,321		
Non-current liabilities	(3,574)	—	(108)	(894)		
Current liabilities	(15,950)	(8,574)	(2,193)	(5,806)		
Equity	**41,548**	**21,496**	**6,411**	**36,529**		
Equity attributable to non-controlling interests	**12,464**	**6,449**	**1,923**	**1,826**	1,134	**23,796**
Total revenue (third parties + related parties)	**73,918**	**48,007**	**10,750**	**55,960**		
Profit for the year	10,038	10,888	831	6,611		
Other comprehensive income/(expense) (OCI)	(1,255)	(10,346)	—	3,838		
Total comprehensive income	**8,782**	**542**	**831**	**10,448**		
Profit allocated to non-controlling interests	3,011	3,266	249	331	298	**7,156**
OCI allocated to non-controlling interests	(377)	(3,104)	—	192	(17)	**(3,306)**
Total comprehensive income allocated to non-controlling interests	**2,635**	**163**	**249**	**522**	**281**	**3,850**
Cash flows from operating activities	13,779	9,162	2,998	10,252		
Cash flows used in investing activities	(5,288)	(6,107)	(3)	(6,622)		
Cash flows used in financing activities (including dividends to NCI)	(14,194)	(4,098)	(1,738)	(5,741)		
Net increase (decrease) in cash and cash equivalents	**(5,704)**	**(1,043)**	**1,256**	**(2,112)**		
Dividends paid to non-controlling interests	4,291	1,044	511	297	412	**6,555**

(30) Equity attributable to non-controlling interests (Continued)

December 31, 2015	Carrying amount					
Thousands of Euros	Guala Closures DGS Poland S.A.	Guala Closures Ukraine LLC	Guala Closures Bulgaria A.D.	Guala Closures India pvt Ltd	Other individually immaterial subsidiaries	Total
Non-controlling interests percentage	**30%**	**30%**	**30%**	**5%**		
Non-current assets	32,563	10,590	1,685	25,451		
Current assets	27,205	23,588	4,994	18,241		
Non-current liabilities	(3,205)	—	(73)	(937)		
Current liabilities	(15,648)	(7,250)	(1,042)	(7,798)		
Equity	**40,915**	**26,927**	**5,565**	**34,958**		
Equity attributable to non-controlling interests	**12,274**	**8,078**	**1,669**	**1,748**	929	**24,699**
Total revenue (third parties + related parties)	**81,722**	**49,160**	**7,915**	**62,880**		
Profit for the year	11,084	12,002	(99)	7,087		
Other comprehensive income/(expense) (OCI)	100	(6,571)	—	1,077		
Total comprehensive income	**11,184**	**5,431**	**(99)**	**8,164**		
Profit allocated to non-controlling interests	3,325	3,601	(30)	354	146	**7,397**
OCI allocated to non-controlling interests	30	(1,971)	—	54	(92)	**(1,979)**
Total comprehensive income allocated to non-controlling interests	**3,355**	**1,629**	**(30)**	**408**	**54**	**5,418**
Cash flows from operating activities	11,778	13,369	1,187	15,257		
Cash flows used in investing activities	(2,706)	(4,696)	(141)	(2,947)		
Cash flows used in financing activities (including dividends to NCI)	(9,691)	341	(762)	(11,012)		
Net increase (decrease) in cash and cash equivalents	**(618)**	**9,014**	**284**	**1,298**		
Dividends paid to non-controlling interests	2,880	—	226	486	265	**3,858**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (EXPENSE)

(31) Net revenue

The table below illustrates the geographical distribution of net revenue based on the geographical location from where the product is sold by the group companies:

Thousands of Euros	2014	2015
Europe	276,962	284,430
Asia	66,844	70,356
Latin and North America	77,714	96,589
Oceania	48,980	49,871
Africa	17,295	19,286
Total	**487,794**	**520,533**

(32) Other operating income

This caption includes:

Thousands of Euros	2014	2015
Internal production	5,859	5,936
Sundry recoveries/repayments	3,513	3,224
Release of provision for contingencies on tax matters	—	944
Gains on sale of fixed assets	268	203
Other	333	413
Total	**9,974**	**10,719**

Internal production includes € 868 thousand of capitalized development expenditure related to new closures and € 5,068 thousand of extraordinary maintenance carried out on property, plant and equipment, of which extraordinary maintenance and upgrading of the production capacity of Guala Closures S.p.A. amounting to € 405 thousand and foreign companies amounting to € 4,663 thousand.

The release of provision for contingencies on tax matters is due to a more favorable framework for the calculation of the admistrative tax penalties according Legislative Decree n. 158/2015.

(33) Costs for raw materials

This caption includes:

Thousands of Euros	2014	2015
Raw materials and supplies	192,285	216,005
Packaging	8,938	9,330
Consumables and maintenance	8,793	9,729
Fuels	490	454
Other purchases	1,992	1,774
Change in inventories	6,685	(3,955)
Total	**219,182**	**233,336**

(34) Costs for services—third parties

This caption includes:

Thousands of Euros	2014	2015
Electricity / heating	22,077	22,316
Transport	18,491	20,531
External processing	8,426	8,509
Maintenance	5,437	5,860
Sundry industrial services	4,555	5,470
External labor / porterage	4,007	4,650
Travel	4,059	4,261
Legal and consulting fees	3,143	3,070
Insurance	3,421	3,035
Administrative services	1,668	2,311
Directors' fees	1,810	1,988
Cleaning service	1,193	1,128
Commissions	973	952
Technical assistance	1,002	889
Telephone costs	854	802
Entertainment expenses	682	686
Security	445	548
Expos and trade fairs	222	441
Advertising services	353	431
Commercial services	590	334
Other	2,365	2,219
Total	**85,774**	**90,432**

Details of fees paid to the parent's directors, statutory auditors, CEO and key managers are provided in notes 44) "Related party transactions" and 48) "Fees of Statutory Auditors" to these consolidated financial statements.

(35) Costs for services—related parties

This caption includes:

Thousands of Euros	2014	2015
Admistrative consultancy—GCL Holdings S.C.A.	—	1,548
Total	**—**	**1,548**

(36) Personnel expense

This caption includes:

Thousands of Euros	2014	2015
Wages and salaries	73,564	75,571
Social security contributions	13,118	13,152
Expense from defined benefit plans	1,623	1,597
Other costs	2,413	2,592
Total	**90,719**	**92,912**

Reference should be made to note 27) "Employee benefits" to these consolidated financial statements for details on Expense/(income) for defined benefit plans.

(36) Personnel expense (Continued)

At December 31, 2014 and 2015, the Group had the following number of employees:

Number	December 31, 2014	December 31, 2015
Blue collars	2,984	2,928
White collars	865	872
Managers	197	189
Total	**4,046**	**3,989**

(37) Other operating expense

This caption includes:

Thousands of Euros	2014	2015
Rent and leases	4,821	4,774
Taxes and duties	1,911	2,319
Other costs for the use of third party assets	1,742	1,707
Provisions	4,831	1,529
Other charges	831	930
Total	**14,135**	**11,259**

The decrease in Other operating expense mainly relates to smaller provisions booked in 2015 (in 2014, the Group recognized non-recurring provisions for restructuring and costs in relation to potential tax and related matters related to the period 2009-2011).

(38) Financial income

This caption includes:

Thousands of Euros	2014	2015
Exchange rate gains	5,025	8,139
Change in fair value of IRS	1,627	1,975
Interest income	171	713
Fair value gains on aluminium derivatives	881	16
Other financial income	49	238
Total	**7,754**	**11,081**

(39) Financial expense—third parties

This caption includes:

Thousands of Euros	2014	2015
Interest expense	22,881	21,814
Exchange rate losses	6,165	12,028
Fair value losses on aluminum derivatives	432	1,512
Financial expense—non-controlling investors in the Ukrainian company	3,500	3,600
Other financial expense	4,765	1,085
Total	**37,744**	**40,039**

Financial expense—non-controlling investors in the Ukrainian company relates to recognition of the increase in the financial liability for these investors' right to exercise a put option if certain conditions are met. The liability was determined by discounting the estimated value of the put option at its estimated time of exercise.

Other financial expense in 2014 included € 3.7 million due to the accrual for taxes and related interest in relation to potential taxes related to the period 2009-2011.

(40) Financial expense—related parties

This caption includes:

Thousands of Euros	2014	2015
Interest expense—GCL Holdings S.C.A.	19,902	15,203
Total	**19,902**	**15,203**

Interest expense to GCL Holdings S.C.A. includes € 9.4 million on the loan granted by GCL Holdings S.C.A. to Guala Closures International B.V. following the Group's debt restructuring which took place in April 2011 and € 5.8 million on the loan previously provided by GCL Holdings S.C.A. to GCL Special Closures S.r.l.. In 2012, following the reverse merger between Guala Closures S.p.A. and GCL Special Closures S.r.l., this loan has been taken over by Guala Closures S.p.A.

Following the conversion in December 2014 of the € 50.7 million financial debt owned by Guala Closures S.p.A. to GCL Holdings S.C.A. into participating financial instruments, the interest accrued from the conversion date to year end has been recognised directly in equity instead of in profit or loss.

(41) Income and expense on financial assets/liabilities

The following table shows income and expense on financial assets/liabilities, specifying which are recognized in profit or loss and which directly in equity:

Thousands of Euros	2014	2015
Recognized in profit or loss		
Bank interest income	171	713
Fair value gains on derivatives	2,509	1,991
Exchange rate gains	5,025	8,139
Other financial income	49	238
Total financial income	**7,754**	**11,081**
Interest expense on financial liabilities measured at amortized cost	42,783	37,018
Exchange rate losses	6,165	12,028
Fair value losses on derivatives	432	1,512
Other financial expense	8,265	4,685
Total financial expense	**57,645**	**55,242**
Net financial expense	**(49,892)**	**(44,161)**
Recognized directly in equity in the Hedging reserve		
Effective portion of fair value losses on cash flow hedges	(273)	(47)
Net change in fair value of cash flow hedges reclassified to profit or loss	350	318
Total recognized directly in equity	**77**	**271**

(42) Income taxes

This caption includes:

Thousands of Euros	2014	2015
Current taxes	(19,846)	(23,915)
Deferred tax income/(expense)	3,034	1,448
Total	**(16,812)**	**(22,468)**

Deferred tax income and expense in profit or loss do not reflect the change in the corresponding captions of the statement of financial position due to the effect of transactions recognized directly in equity (€ -75 thousand), as described in the following table.

(42) Income taxes (Continued)

Deferred tax liabilities recognized directly in equity

Thousands of Euros	December 31, 2014	December 31, 2015
Change in deferred tax liabilities on fair value adjustments on cash flow hedges	(21)	(75)
Total	**(21)**	**(75)**

Reconciliation between the theoretical and effective tax charge

The difference between the theoretical and effective tax charge is mainly related to the impact of the different tax rates in foreign countries, non-taxable revenue and non-deductible costs.

Thousands of Euros	2014	2015
Profit (loss) before taxation	**(306)**	**23,123**
Income tax using Italian tax rate ***(2014: 27.5%; 2015: 27.5%)***	**(84)**	**6,359**
Effect of tax rates in foreign jurisdictions *(2014: n.s.; 2015:(8.7%))*	(2,350)	(2,001)
Tax-exempt revenue and other decreases	(904)	(803)
Non-deductible expense and other increases	16,133	12,767
Other changes	3,558	2,591
Total increase	**16,437**	**12,554**
Effective tax	**16,353**	**18,913**
IRAP	773	227
Other taxes, other than income taxes *(2014: n.s.; 2015: 20.7%)*	2,721	4,775
Total current taxes for the year	**19,846**	**23,915**

Guala Closures S.p.A. participates in the national tax consolidation scheme pursuant to articles 117-128 of Presidential decree no. 917 of December 22, 1986 with its subsidiary Pharma Trade S.r.l..

OTHER INFORMATION

(43) Fair value of financial instruments and sensitivity analysis

(a) Accounting classifications and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, as at December 31, 2014 and 2015. They do not include fair value information for financial assets and financial liabilities not measured at fair value as their carrying amount is a reasonable approximation of fair value. There were no movements from one level to another in 2015.

(43) Fair value of financial instruments and sensitivity analysis (Continued)

December 31, 2014		Carrying amount						
Thousands of Euros	Note	Fair value-Held-for-trading	Designated at fair value	Fair value-hedging instruments	Held-to-maturity	Loans and receivables	Available-for-sale	Oth finan liabi
Financial assets measured at fair value								
Interest rate swaps used for trading	11	66						
		66	**—**	**—**	**—**	**—**	**—**	
Financial assets not measured at fair value(*)								
Trade receivables	6					92,108		
Cash and cash equivalents	4					35,047		
		—	**—**	**—**	**—**	**127,155**	**—**	
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	25			(948)				
Interest rate swaps used for trading	25	(2,088)						
Contingent consideration	18		(9,900)					
		(2,088)	**(9,900)**	**(948)**	**—**	**—**	**—**	
Financial liabilities not measured at fair value(*)								
Bank overdraft	18							(3
Secured bank loans	18							(42
Unsecured bank loans	18							(2
Secured bond issues	18							(272
Intragroup loans	19							(161
Finance lease liabilities	18							(13
Trade payables	20							(54
Other payables	18							
		—	**—**	**—**	**—**	**—**	**—**	**(549**

(*) The Group has not disclosed the fair values of financial instruments such as current trade receivables and payables, because their carrying amou

(43) Fair value of financial instruments and sensitivity analysis (Continued)

December 31, 2015		Carrying amount						
Thousands of Euros	Note	Fair value-Held-for-trading	Designated at fair value	Fair value-hedging instruments	Held-to-maturity	Loans and receivables	Available-for-sale	Othe financ liabilit
Financial assets not measured at fair value(*)								
Trade receivables—third parties	6					86,880		
Trade receivables—related parties	7					436		
Cash and cash equivalents	4					61,754		
		—	**—**	**—**	**—**	**149,070**	**—**	
Financial liabilities measured at fair value								
Interest rate swaps used for hedging	25			(677)				
Interest rate swaps used for trading	25	(394)						
Contingent consideration	18		(13,500)					
		(394)	**(13,500)**	**(677)**	**—**	**—**	**—**	
Financial liabilities not measured at fair value(*)								
Bank overdraft	18							(3,4
Secured bank loans	18							(55,7
Unsecured bank loans	18							(1,6
Secured bond issues	18							(273,0
Intragroup loans	19							(155,5
Finance lease liabilities	18							(11,8
Trade payables—third parties	20							(66,9
Trade payables—related parties	21							(1,5
Other payables	18							
		—	**—**	**—**	**—**	**—**	**—**	**(569,7**

(*) The Group has not disclosed the fair values of financial instruments such as current trade receivables and payables, because their carrying amou

(43) Fair value of financial instruments and sensitivity analysis (Continued)

(b) Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration	*Discounted cash flows:* The fair value is determined considering the expected payment, discounted to present value using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast EBITDA of the Ukrainian subsidiary.	• Forecast EBITDA (average of last 2 years—2014 and 2015—and 2016 budget figures) • Net financial position of the Ukrainian subsidiary as at December 31, 2015 • Risk-adjusted discount rate (7.0%) • Expected date of put option exercise	The estimated fair value would increase if: • the EBITDA was higher • the Net financial position was higher • the risk-adjusted discount rate was lower • the expected date of put option was exercised early
Forward exchange contracts and interest rate swaps	*Market comparison technique:* The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Secured bonds issues Intragroup loans Finance lease liabilities	Discounted cash flows	Not applicable.

(43) Fair value of financial instruments and sensitivity analysis (Continued)

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation of the opening balances to the closing balances for Level 3 fair values.

Thousands of Euros	December 31, 2014	December 31, 2015
Balance at January 1	6,400	9,900
Loss included in "financial expense"		
—Net change in fair value (unrealised)	3,500	3,600
Balance at December 31	**9,900**	**13,500**

Sensitivity analysis

For the fair value of the contingent consideration, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

Thousands of Euros	Increase/ (decrease) in unobservable inputs	Favourable/ (unfavourable) impact on profit or loss
Forecast EBITDA	10%	(1,200)
	(10%)	1,300
Net financial position	+ 1 million €	(200)
	- 1 million €	200
Risk-adjusted discount rate	1%	1,600
	(1%)	(1,700)
Expected date of put option exercise	+ 1 year	900
	- 1 year	(900)

(c) Financial risk management

The Group is exposed to the following risks as a result of its operations:

- credit risk;
- liquidity risk;
- interest rate risk;
- currency risk;
- other price risk,

Guala Closures S.p.A.'s board of directors has overall responsibility for establishing and monitoring a risk management system for the Group.

The proxy system ensures the risk management guidelines are implemented and regularly monitored.

The finance department is responsible for the monitoring and, in carrying out such activities, it uses information generated by the internal control system.

Credit risk

This is the risk that a customer or the counterparty to a financial instrument is unable to meet an obligation, leading to a financial loss. These risks arise mainly in relation to trade receivables and financial investments.

The Group's exposure to credit risk depends largely on each customer's specific characteristics. The demographics of the Group's customer portfolio, including the segment insolvency risk and the country risk, have an impact on the credit risk.

(43) Fair value of financial instruments and sensitivity analysis (Continued)

The Group accrues an allowance for impairment equal to the estimated losses on trade and other loans and receivables. It comprises both the recognition of impairment losses for material individual amounts and the recognition of collective impairment for similar groups of assets to cover losses already incurred but not yet identified. The collective impairment losses are calculated on the basis of historical payment statistics.

Most of the Group's trade receivables are due from leading operators of the alcoholic and non-alcoholic beverage segment. Most of its trading relationships are with longstanding customers. The Group's historical figures indicate a modest amount of bad debts. The risk is fully covered by the corresponding allowance for impairment recognized in the consolidated financial statements. There are no cases of very concentrated credit risk in geographical terms.

At December 31, 2014 and 2015, trade receivables may be analyzed by geographical segment as follows:

Thousands of Euros	December 31, 2014	December 31, 2015
Europe	46,667	44,733
Asia	15,230	13,524
Latin America	14,417	13,990
Oceania	6,226	5,194
Rest of the world	9,569	9,439
Total	**92,108**	**86,880**

At December 31, 2015, trade receivables may be analyzed by due date as follows:

Thousands of Euros	Gross amount December 31, 2015	Impairment losses December 31, 2015	Net amount December 31, 2015
Not yet due	70,355	(334)	70,021
0-30 days overdue	11,647	(255)	11,392
31-90 days overdue	3,090	(81)	3,009
More than 90 days overdue	9,940	(7,481)	2,458
Total	**95,031**	**(8,151)**	**86,880**

The Group believes that the unimpaired amounts that are overdue by more than 30 days are still collectible, based on historical payment behavior and extensive analyses of the underlying customers' credit ratings. Based on historical default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not yet due or overdue by up to 30 days.

At December 31, 2015, trade receivables may be analyzed by original currency as follows:

Thousands of Euros	EUR	INR	USD	GBP	Other currencies	Total
Trade receivables	36,292	9,781	8,395	6,299	26,114	**86,880**

(43) Fair value of financial instruments and sensitivity analysis (Continued)

Other currencies includes trade receivables in the following local currencies:

Thousands of Euros	December 31, 2015
Ukrainian hryvnia	5,704
Australian dollar	3,868
Polish zloty	3,698
Columbian peso	2,624
Chinese renmimbi	2,091
South African rand	2,036
Mexican peso	1,969
Argentinean peso	1,541
New Zealand dollar	1,326
Brazilian real	741
Bulgarian Lev	352
Other	164
Total	**26,114**

An analysis of the credit quality of trade receivables is as follows:

Thousands of Euros	December 31, 2015
—Four or more years' trading history with the Group	64,819
—From four to one years' trading history with the Group	8,211
—Less than one year' trading history with the Group	1,080
—Residual (not classified)	12,771
Total	**86,880**

Liquidity risk

This risk regards the Group's ability to meet its obligations arising from financial liabilities.

The Group's approach to liquidity management is to ensure adequate funds are always available to cover its obligations at the expiry dates, both in normal conditions and at times of financial difficulty, without incurring borrowing expense at terms higher than market conditions.

The Group generally ensures there is sufficient cash and cash equivalents to cover forecast short-term operating expenses, including those related to financial liabilities. Contingent effects arising from extreme situations that cannot reasonably be forecast, such as natural disasters, are excluded from the above.

The aim of Guala Closures Group's financing strategy is to maintain a well-balanced maturity profile for liabilities to thereby reduce the refinancing risk. Historically, the Group has always met its obligations on time and was able to re-finance the indebtedness in advance before it expires.

Reference should be made to the tables in note 18) "Financial liabilities—third parties" to these consolidated financial statements for information on the Group's loans, credit lines and facilities at the reporting date.

(43) Fair value of financial instruments and sensitivity analysis (Continued)

Exposure to liquidity risk

The following are the outstanding contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements:

Thousands of Euros	Carrying amount	Contractual cash flows: Within one year	From one to five years	After five years	Total contractual cash flows
Non-derivative financial liabilities					
Contingent consideration	13,500			(32,400)	(32,400)
Bank overdrafts	3,473	(3,522)			(3,522)
Secured bank loans	55,713	(3,705)	(57,698)	—	(61,404)
Unsecured bank loans	1,619	(893)	(780)	—	(1,673)
Secured bond issues	273,038	(14,559)	(318,676)	—	(333,234)
Intragroup loans	155,546	(15,019)	(174,947)	—	(189,966)
Finance lease liabilities	11,845	(1,996)	(9,933)	—	(11,929)
Trade payables—third parties	66,905	(66,905)		—	(66,905)
Trade payables—related parties	1,548	(1,548)	—	—	(1,548)
Other	82	(60)	(5)	—	(65)
Total	**583,269**	**(108,207)**	**(562,040)**	**(32,400)**	**(702,648)**
Derivative financial liabilities					
Interest rate swaps used for hedging	677	(250)	(500)	—	(750)
Interest rate swaps used for trading	394	(394)	—	—	(394)
Total	**1,071**	**(644)**	**(500)**	**—**	**(1,144)**

The interest payments on variable interest rate loans and bond issues in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows on contingent consideration and derivative instruments may be different from the amount in the above table as interest rates and exchange rates or the relevant conditions underlying the contingency change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis will materalise significantly earlier, or at significantly different amounts.

Interest rate risk

This risk relates to volatility of the market rates which determine the interest expense paid on outstanding loans.

The Group is exposed to interest rate risk as almost the full amount of its financial liabilities provide for the payment of interest at floating rates subject to short-term repricing.

The Group's policy is to hedge a significant portion of the payable amount subject to interest rate risk. Interest rate swaps are used to hedge the risk which enable the interest rate to be set at fixed amounts.

(43) Fair value of financial instruments and sensitivity analysis (Continued)

Effective interest rate and repricing analysis

The following table shows the effective interest rate at the reporting date and for the period in which the related rate may be reviewed for interest-bearing financial assets and liabilities:

Thousands of Euros	Effective interest rate-December 2015	Repricing date					
		Total 31/12/15	Up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	After 5 years
Bonds							
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	5.29%	275,000	275,000	—	—	—	—
Accrued interest—Guala Closures S.p.A.	n.a.	1,820	1,820	—	—	—	—
Transaction costs	n.a.	(3,781)	(3,781)	—	—	—	—
TOTAL FRSN 2019 GUALA CLOSURES S.p.A.		**273,038**	**273,038**	**—**	**—**	**—**	**—**
Bank loans and borrowings:							
Senior Revolving Facility	3.75%	55,000	55,000	—	—	—	—
Transaction costs	n.a.	(966)	(966)	—	—	—	—
Total Senior Revolving Facility		**54,034**	**54,034**	**—**	**—**	**—**	**—**
Accrued interest and expenses—Guala Closures S.p.A.	n.a.	194	194	—	—	—	—
Handlowy S.A. bank overdraft (Poland)	0.50%	3,473	3,473	—	—	—	—
Bancolombia loan (Colombia)	7.35%	465	465	—	—	—	—
Bradesco / ITAU / Santander loan (Brazil)	3.90%	1,154	1,154	—	—	—	—
Advances on receivables and loans (Argentina)	n.a.	393	393	—	—	—	—
Bancomer / Banamex loan (Mexico)	2.50%	1,092	1,092	—	—	—	—
Total bank loans and borrowings		**60,805**	**60,805**	**—**	**—**	**—**	**—**
Other financial liabilities:							
Guala Closures S.p.A. finance leases	n.a.	11,780	11,780	—	—	—	—
Bulgarian companies' finance leases	n.a.	65	65	—	—	—	—
Liability to the Ukrainian non-controlling investors	n.a.	13,500	13.500	—	—	—	—
Other liabilities	n.a.	82	82	—	—	—	—
Total other financial liabilities		**25,427**	**25,427**	**—**	**—**	**—**	**—**
TOTAL		**359,270**	**359,270**	**—**	**—**	**—**	**—**
Loan due 2018 from GCL Holdings S.C.A.—Guala Closures S.p.A.	9.30%	61,454	953	—	—	60,501	—
Loan due 2018 from GCL Holdings S.C.A.—Guala Closures International B.V.	10.10%	94,092	2,367	—	—	91,725	—
Total		**155,546**	**3,320**	**—**	**—**	**152,226**	**—**

(43) Fair value of financial instruments and sensitivity analysis (Continued)

Sensitivity analysis

Financial liabilities' fair values were calculated by an external actuary using the following methodology:

- the cash flows generated by the outstanding payables are identified both in terms of interest and principal. These cash flows are calculated with reference to the interest rates and the repayment plan;
- the individual cash flows are discounted using risk-free rates ruling on the measurement date. The bootstrap method is applied to the swap rates for each expiry date of the corresponding cash flow based on the resulting time curve;
- furthermore the individual cash flows are discounted using an additional rate, based on the Group's credit standing, calculated as the weighted average of the spreads applied to the different financing agreements. The spreads applied to the financing agreements are deemed to objectively represent the Group's credit standing and subsequent significant changes should not arise given its current financial position.

The following table shows the sensitivity analysis for the cash flows from these financial liabilities and the related hedging derivatives at December 31, 2015:

Thousands of Euros	Increase of 100bp	Decrease of 100bp
Floating Rate Senior Secured Notes due in 2019 issued by Guala Closures S.p.A.	(9,942)	1,723
Senior Revolving Facility Agreement—gross of transaction costs	(1,019)	80
Sensitivity of cash flows for Bonds and Revolving facility (net)	**(10,961)**	**1,803**
Finance leases	(242)	29
Related interest rate swaps	129	
Sensitivity of cash flows of other financial liabilities (net)	**(113)**	**29**

The following methodology is used to perform the sensitivity analyses: a change is assumed in the interest rate used to calculate the interest (+/- 100 basis points), which indicates the change in the overall liability. Accordingly, negative amounts indicate an increase in the fair value of the liability and vice versa for positive amounts.

Currency risk

This risk relates to the effect of fluctuations in exchange rates on sales and purchases in currencies other than the functional currencies of the various group entities.

The Group is exposed to currency risk, particularly in relation to fluctuations of the pound sterling and US dollar.

Interest on loans is denominated in the currency of the cash flows generated by the Group's underlying transactions.

The risk of exchange rate fluctuations is managed using exchange rate hedges when significant differences are noted between cost and revenue in foreign currency.

If that is the case, such differences are hedged through currency swaps. These provide for the purchase/sale of agreed amounts in foreign currency at a set exchange rate against the Euro.

Sensitivity analysis

A strengthening of the Euro, as indicated below, against the USD, GBP, AUD, INR, UAH and PLN at December 31, 2014 and 2015 would have increased (decreased) equity and profit or loss by the amounts

(43) Fair value of financial instruments and sensitivity analysis (Continued)

shown below. This analysis is based on exchange rate fluctuations that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis, although the changes in exchange rates differed to those expected, as indicated below.

	Strengthening		Weakening	
2014	Assets	Profit or loss	Liabilities	Profit or loss
USD (10% change)	131	131	(107)	(107)
GBP (10% change)	555	555	(454)	(454)
AUD (10% change)	549	549	(450)	(450)
INR (10% change)	1,373	1,373	(1,124)	(1,124)
UAH (10% change)	530	530	(434)	(434)
PLN (10% change)	(444)	(444)	363	363

	Strengthening		Weakening	
2015	Assets	Profit or loss	Liabilities	Profit or loss
USD (10% change)	701	701	(573)	(573)
GBP (10% change)	743	743	(608)	(608)
AUD (10% change)	726	726	(594)	(594)
INR (10% change)	1,280	1,280	(1,047)	(1,047)
UAH (10% change)	1,406	1,406	(1,151)	(1,151)
PLN (10% change)	(251)	(251)	205	205

Other price risk

As a result of the nature of its activities, the Group is exposed to the risk of fluctuations in the purchase price of raw materials, particularly plastics and aluminum.

The risk of fluctuations in the purchase price of plastics has not been hedged as these raw materials were not listed on international markets (the London Metal Exchange). However, this risk will be able to be hedged in the near future given current developments in the listing of plastics on the international market and corresponding hedging instruments.

The risk of fluctuations in the purchase price of aluminum is partly hedged through derivatives which set the forward purchase price.

(44) Related party transactions

Intragroup transactions and balances between consolidated group companies are eliminated on consolidation and, therefore, do not appear in the consolidated financial statements figures and are not disclosed in this report.

Transactions with the parent's directors and key managers are set out below:

	Costs recognized in the year									
Thousands of Euros	Fees for position held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Non-cash benefits	Other benefits	Total	Accrual for post-employment benefits at December 31, 2015	Other payables at December 31, 2015	Cash flows in the year
Total directors/key managers	1,343	346	626	44	35	120	**2,515**	—	—	2,275

Furthermore, in relation to services provided by key managers which act as managers of the parent company GCL Holdings S.C.A., the Group received a recharge in 2015 of € 764 thousand.

(44) Related party transactions (Continued)

On December 31, 2014, Intesa Sanpaolo S.p.A. was considered to be a related party of the Group.

On March 24, 2015, Intesa Sanpaolo S.p.A. transferred its "private equity" business including its investment in GCL Holdings L.P. S.à r.l. to Manzoni S.r.l. by means of a contribution in kind.

On March 31, 2015, the partial demerger of Manzoni into Melville S.r.l., pursuant to which the investment in GCL Holdings L.P. S.à r.l. was assigned and transferred by Manzoni to Melville, became effective.

On April 21, 2015, NB Renaissance Partners Holdings S.à r.l., a newly established private equity fund sponsored by Intesa Sanpaolo S.p.A. and Neuberger Berman Group, acquired an approximate 72% of Melville S.r.l., while Intesa Sanpaolo Group maintained its non-controlling interest.

On the basis of the above, Intesa Sanpaolo S.p.A is no longer considered a related party of the Group, while Melville S.r.l. is considered a related party of GCL Holdings Group.

The relationships between Melville S.r.l. and the Group as at December 31, 2015 are summarized below:

- at December 31, 2015, Melville S.r.l. has a representative on the board of directors and a representative on the board of statutory auditors of Guala Closures S.p.A.;
- at December 31, 2015, Melville S.r.l. has a representative on the board of directors of GCL Holdings GP S.à r.l. (General Partner of GCL Holdings S.C.A.);
- at December 31, 2015, Melville S.r.l. has a representative on the board of directors of GCL Holdings LP S.à r.l. (General Partner of GCL Holdings GP S.à r.l.);
- at December 31, 2015, Melville S.r.l. controls an ultimate beneficial voting interest of 19.6%, via an investment in GCL Holdings L.P. S.à r.l..

In addition, DLJ Merchant Banking Funds is considered to be a related party of the Group.

On March 31, 2014, the DLJ Merchant Banking Partners team spun off from Credit Suisse to form aPriori Capital Partners L.P., which manages the DLJ Merchant Banking Funds.

The transactions and relationships between DLJ Merchant Banking Funds and the Group for the period up to December 31, 2015 are summarized below:

- for the period up to December 31, 2015, aPriori Capital Partners L.P. had four representatives on the board of directors of GCL Holdings GP S.à r. l. (General Partner of GCL Holdings S.C.A.);
- for the period up to December 31, 2015, aPriori Capital Partners L.P. had two representatives on the board of directors of GCL Holdings LP S.à r. l.;
- for the period up to December 31, 2015, aPriori Capital Partners L.P. had five representatives on the board of directors of Guala Closures S.p.A.;
- for the period up to December 31, 2015, DLJMB Overseas Partners IV, L.P., DLJ Merchant Banking Partners IV (Pacific), L.P. DLJMB Offshore Partners IV, L.P., MBP IV Plan Investors, L.P. and DLJMB Overseas IV AIV, L.P. were collectively the beneficial owners of 58% of GCL Holdings S.C.A. via their indirect ownership of 35.4% of GCL Holdings L.P. S.à r.l.;
- transactions with aPriori Capital Partners L.P. took place on an arm's length basis.

Related parties also include a pension fund for employees of the former Metal Closures Ltd. (now Guala Closures UK Ltd.) managed by Metal Closures Group Trustees Ltd.. Considering the performance of the pension fund, the English Company was not required to transfer funds thereto. Employees have paid their contributions. Reference should be made to note 27) "Employee benefits" to the consolidated financial statements for additional information.

(45) Contingent liabilities

At the date of publication of these consolidated financial statements, there were no significant contingent liabilities in relation to which the Group can currently foresee future expenditure.

(46) Operating leases

The Group leases a number of warehouse and factory facilities under operating leases. The leases typically run for a period of 4-6 years, with an option to renew the lease after that date. Some leases provide for additional rent payments that are based on changes in local price indices.

Future minimum lease payments

At December 31, 2014 and 2015, the future minimum lease payments under non-cancellable leases were receivable as follows:

Thousands of Euros	2014	2015
Less than one year	4,493	4,342
Between one and five years	10,365	9,950
More than five years	2,464	1,022
Total	**17,321**	**15,313**

Amounts recognized in profit or loss

Thousands of Euros	2014	2015
Lease expense	6,142	5,535
Contingent rent expense	23	545
Sublease income	(8)	—

(47) Commitments and guarantees

The Group's commitments and guarantees given at December 31, 2015 can be grouped into those guarantees given in relation to the Senior Facilities Agreement and Senior Secured Notes due in 2019 and other guarantees given by other group companies, detailed as follows:

GCL Holdings S.C.A.

- Receivables Pledge of GCL Holdings S.C.A.'s receivables under the Proceeds Loan, dated April 20, 2011 (also securing the Senior Notes due in 2018).
- Pledge of the shares of Guala Closures S.p.A. held by GCL Holdings S.C.A.

Guala Closures S.p.A.

- Pledge of the shares held by Guala Closures S.p.A. in Guala Closures International B.V.
- Special lien on the following assets of Guala Closures S.p.A.: (securing the Senior Facilities Agreement only)
  - existing and future chattels not listed in public registers which Guala Closures S.p.A. uses in its operations or as plant and machinery;
  - raw materials, work in progress, stock, finished goods held at any time at Guala Closures S.p.A.'s warehouses (or with third parties or holders of any kind);
  - goods that Guala Closures S.p.A. purchases with income from the financing secured by the special lien;
  - receivables arising after the special lien was signed following the sale of some of the above assets;

(47) Commitments and guarantees (Continued)

  - any revenues and related assets in connection therewith.

- Pledge of Guala Closures S.p.A.'s intellectual property rights

Guala Closures UK Ltd.

- A bond and floating charge on all the assets of Guala Closures UK Ltd..

Guala Closures International B.V.

- Specific security deed of the shares of Guala Closures Australia Holdings Pty Ltd. held by Guala Closures International B.V.
- Pledge of the participatory interests and shares of Guala Closures Ukraine LLC held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures Mexico S.A. de C.V. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures Iberica S.A. held by Guala Closures International B.V.
- Specific security deed of the shares of Guala Closures New Zealand Ltd. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures do Brasil Ltda. held by Guala Closures International B.V.
- Charge on the shares of Guala Closures UK Ltd. held by Guala Closures International B.V.
- Pledge of the shares of Guala Closures DGS Poland [Spólka Akcyjna] held by Guala Closures International B.V.
- Pledge of the material intellectual property of Guala Closures International B.V.

Guala Closures Australia Holdings Pty Ltd

- Specific security on Guala Closures Australia Pty Ltd. shares held by Guala Closures Australia Holdings Pty Ltd.

Guala Closures Australia Pty Ltd.

- Specific security and general security deed granted on the assets of Guala Closures Australia Pty Ltd.

Guala Closures do Brasil Ltda.

- Mortgage on certain real estate property owned by Guala Closures do Brasil Ltda. (security documents executed in January 2013).

The other guarantees given by group companies at December 31, 2015 are as follows:

Guala Closures Ukraine LLC

- Pledge on assets given to Raiffeisen Bank for an amount of Ukrainian hryvnia 6.7 million

Guala Closures Mexico S.A. de C.V.

- Mortgage on land given to Scotia Bank for an amount of Mexican pesos 19 million

Guala Closures Argentina S.A.

- Mortgage on building given to Banco de la Nación Argentina for an amount of Argentinean pesos 5.5 million

(47) Commitments and guarantees (Continued)

Guala Closures South Africa Pty Ltd

- Bank Guarantees for Warehouse Lease for an amount of South African rand 0.5 million

Thousand of Euros	December 31, 2015
Guala Closures S.p.A.	
Third party assets held by the Company	1,836

(48) Fees of the Statutory Auditors

The Statutory Auditors' fees are as follow:

	Costs recognized in the year							
Thousands of Euros	Fees for position held	Incentives	Remuneration for employment	Accrual for post-employment benefits and other supplementary pension funds	Total	Accrual for post-employment benefits at December 31, 2015	Other payables at December 31, 2015	Cash flows in the year
Total statutory auditors	52				**52**		52	52

(49) Events after the reporting period

As of March 23, 2016, no significant subsequent events occurred.

On behalf of the Board of directors
Chairman
Marco Giovannini
(signed on the original)

March 23, 2016

SPACE4 S.p.A

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 2018

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
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Email it-fmauditaly@kpmg.it
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Report on review of condensed interim financial statements

To the shareholders of
Guala Closures S.p.A. (formerly Space4 S.p.A.)

Introduction

We have reviewed the accompanying condensed interim financial statements of Space4 S.p.A., comprising the statement of financial position as at 30 June 2018, the statements of profit (loss), comprehensive income, changes in equity and cash flows for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim financial statements

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

Ancona Aosta Bari Bergamo
Bologna Bolzano Brescia
Catania Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona

Società per azioni
Capitale sociale
Euro 10.345.200,00 i.v.
Registro Imprese Milano e
Codice Fiscale N. 00709600159
R.E.A. Milano N. 512867
Partita IVA 00709600159
VAT number IT00709600159
Sede legale: Via Vittor Pisani, 25
20124 Milano MI ITALIA

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial statements of Space4 S.p.A. as at and for the six months ended 30 June 2018 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 12 September 2018

KPMG S.p.A.

Paola Maiorana
Director of Audit

CONDENSED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTHS ENDED JUNE 30, 2018

CONDENSED INTERIM FINANCIAL STATEMENTS

CONDENSED STATEMENT OF FINANCIAL POSITION

€	Note	June 30, 2018	of which: related parties	December 31, 2017	of which: related parties
ASSETS					
Current assets					
Cash and cash equivalents	1	507,385,017	—	512,205,719	—
Other current financial assets		—	—	—	—
Trade receivables		—	—	—	—
Other assets	2	767,730	—	83,931	—
Total current assets		**508,152,747**	**—**	**512,289,650**	**—**
Non-current assets					
Property, plant and equipment		—	—	—	—
Other intangible assets		—	—	—	—
Deferred tax assets		—	—	—	—
Other non-current financial assets		—	—	—	—
Other assets		—	—	—	—
Total non-current assets		**—**	**—**	**—**	**—**
TOTAL ASSETS		**508,152,747**	**—**	**512,289,650**	**—**
LIABILITIES AND EQUITY					
LIABILITIES					
Current liabilities					
Trade payables	3	2,880,515	—	4,490,130	61,781
Tax liabilities		—	—	—	—
Other liabilities	4	88,199	—	53,342	—
Other current financial liabilities	5	8,500,000	—	12,500,000	—
Bank loans and borrowings		—	—	—	—
Provisions for risks and charges		—	—	—	—
Total current liabilities		**11,468,714**	**—**	**17,043,472**	**61,781**
Non-current liabilities					
Other non-current liabilities		—	—	—	—
Other non-current financial liabilities		—	—	—	—
Post-employment benefits		—	—	—	—
Total non-current liabilities		**—**	**—**	**—**	**—**
Share capital	6	51,340,000		51,340,000	
Other reserves	6	450,482,872		450,482,872	
Losses carried forward	6	(6,576,694)		—	
Profit (loss) for the period	6	1,437,855		(6,576,694)	
Equity		**496,684,033**		**495,246,178**	
TOTAL LIABILITIES AND EQUITY		**508,152,747**		**512,289,650**	

(accompanying notes are an integral part to the financial statements)

CONDENSED STATEMENT OF PROFIT OR LOSS

€	Note	H1 2018	of which: related parties
Revenue	7	—	—
Other revenue		—	—
Consumables	8	4,914	—
Personnel expense	9	32,938	—
Leases		—	—
Other net operating costs	10	3,156,398	1,016,575
Amortization, depreciation and impairment losses		—	—
Operating loss		**(3,194,250)**	**(1,016,575)**
Financial income	11	4,632,105	—
Financial expense		—	—
Pre-tax profit (loss)		**1,437,855**	**(1,016,575)**
Income tax expense	12	—	—
Profit (loss) for the period		**1,437,855**	**(1,016,575)**
Basic earnings per share	13	**0.03**	
Diluted earnings per share	13	**0.03**	

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

€	
Profit for the period	**1,437,855**
Items that will not be reclassified to profit or loss	—
Items that may be reclassified subsequently to profit or loss	—
Comprehensive income	**1,437,855**

(accompanying notes are an integral part to the financial statements)

CONDENSED STATEMENT OF CASH FLOWS

€	H1 2018
Operating activities	
Pre-tax profit	1,437,855
Adjustments to reconcile pre-tax profit with net cash flows:	
—Costs to increase share capital	—
—Fair value loss on market warrants	(4,000,000)
Changes in working capital:	
—Change in trade payables, other current liabilities and other assets	(2,258,557)
Net cash flows used in operations	**(4,820,702)**
Interest paid	—
Income taxes paid	—
Net cash flows used in operating activities	**(4,820,702)**
Investing activities	
Property, plant and equipment	—
Other intangible assets	—
Other non-current financial assets	—
Net cash flows generated by (used in) investing activities	**—**
Financing activities	
Capital increase for incorporation	—
Issue of special shares	—
Issue of ordinary shares	—
Net cash flows generated by (used in) financing activities	**—**
Net decrease in cash and cash equivalents	***(4,820,702)***
Opening cash and cash equivalents	512,205,719
Closing cash and cash equivalents	**507,385,017**

(accompanying notes are an integral part to the financial statements)

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium reserve	Othe reserv
Incorporation on September 19, 2017: Capital increase by Space Holding for 10,000 ordinary shares converted into special shares on December 21, 2017	100,000	—	
Capital increase for the placing of December 21, 2017 of 50,000,000 ordinary shares	50,000,000	444,000,000	
Capital increase by Space Holding on December 21, 2017 for 1,240,000 special shares	1,240,000	11,160,000	
Costs to increase share capital	—	—	(4,677,
Loss for the period			
Comprehensive expense, net of tax			
December 31, 2017	51,340,000	455,160,000	(4,677,
Allocation of loss for previous period	—	—	
Profit for the period			
Other comprehensive income	—	—	
Comprehensive income, net of tax	—	—	
Balance at June 30, 2018	**51,340,000**	**455,160,000**	**(4,677,**

Chairman of the board of directors,

Marco Giovannini

(accompanying notes are an integral part to the financial statements)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

Space4 S.p.A. (“Space4” or the “company”) was incorporated on September 19, 2017 through the subscription of its entire fully paid-up share capital of €100,000 by Space Holding S.r.l. (“Space Holding”). Its registered office is in Via Mauro Macchi 27, Milan.

Pursuant to the company’s by-laws, the annual financial statements’ reporting date is December 31.

Pursuant to article 4 of the company’s by-laws, the company’s duration is until December 31, 2019, although, if an agreement for the performance of the Relevant Transaction (i.e. the acquisition of a significant investment in a company or business unit, using whatever method it deemed appropriate, including through a business combination by contribution or a merger, also as part of the acquisition of the investment or the subscription of shares) announced to the market pursuant to article 114 of the Legislative decree no. 58/1998 has been signed at that date, the company’s duration will be automatically extended to June 30, 2020.

The condensed interim financial statements at June 30, 2018 do not present comparative statement of profit or loss account, comprehensive income, or cash flow figures as the company was set up on September 19, 2017. Comparative figures at December 31, 2017 are presented for the statement of financial position.

The condensed interim financial statements as at and for the six months ended June 30, 2018 were approved by the board of directors on September 11, 2018 and show a profit for the period of €1,437,855.

Basis of preparation

General criteria

These condensed interim financial statements have been prepared in accordance with IAS 34— Interim financial reporting, endorsed by the EU and should be read together with the company’s most recent financial statements at December 31, 2017.

They have been prepared based on the historical cost model, except for those captions that are measured at fair value. They have been prepared in Euros, without decimals. The figures in the notes are in Euros, except where stated otherwise.

The condensed interim financial statements have been clearly stated and give a true and fair value of the company’s financial position, financial performance and cash flows.

Basis of presentation

The company opted to present its condensed interim financial statements as follows:

- the statement of financial position presents current and non-current assets and liabilities separately;
- the statement of profit or loss classifies revenue and expenses by nature;
- the statement of cash flows is presented using the indirect model.

These statements are those that best present the company’s financial position, financial performance and cash flows.

The company decided to present the statement of profit or loss separately from the statement of comprehensive income. In addition to the profit or loss for the period, the statement of comprehensive income shows those changes in equity that relate to profit or loss but which are recognized as other comprehensive income items under the IFRS.

This statement does not include any captions for the reporting period.

Estimates and assumptions

In order to prepare the condensed interim financial statements, directors are required to make subjective judgements, estimates and assumptions that affect the carrying amounts of revenue, expenses, assets and liabilities and the related disclosures, as well as contingent liabilities. The uncertainty about these assumptions and estimates may result in significant future adjustments to the carrying amount of the relevant assets and/or liabilities.

The main assumptions about future events and other main uncertainties in estimates which, at the reporting date, give rise to a significant risk of material adjustments to the carrying amount of assets and liability within the following year relates mainly to the measurement of financial assets and liabilities and are discussed below at the paragraph "Fair value measurement". The company's estimates and assumptions are based on data available at the date of preparation of the condensed interim financial statements. However, the current circumstances and assumptions about future developments may vary as a result of market changes or events that are beyond the company's control.

Accounting policies

The main accounting policies adopted in drafting these condensed interim financial statements are set out below.

Current/non-current distinction

Assets and liabilities are classified as current/non-current. An asset is current when:

- it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realized within twelve months after the reporting date;
- it is cash or a cash equivalent unless it is forbidden to exchange or use it to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within twelve months after the reporting date;
- the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as non-current.

Fair value measurement

The company measures its financial instruments, such as derivatives and financial assets, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The company must have access to the principal (or most advantageous) market.

The company measures the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities carried at fair value or whose fair value is disclosed in the financial statements are categorized using a three level fair value hierarchy, as follows.

- Level 1 inputs—quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date;
- Level 2 inputs—inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs—unobservable inputs for the asset or liability.

The fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Cash and cash equivalents

"Cash and cash equivalents" include cash, bank and postal current accounts, on demand deposits and other short-term highly liquid financial investments, maturing before three months of the acquisition date, that are readily convertible into cash and measured at their nominal amount as they are not subject to a material risk of change in value.

Cash and cash equivalents shown in the statement of cash flows match those stated in the statement of financial position.

Other assets

"Other assets" are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest method if the effect of deferred collection is significant. Where appropriate, trade receivables and other assets are adjusted for impairment losses.

Equity

Share capital comprises ordinary and special shares.

Capital transaction costs are recognized as a reduction in equity.

Trade payables and other liabilities

"Trade payables" and "Other liabilities" are initially recognized at fair value, which usually equals their nominal amount, net of discounts, returns or invoicing adjustments, and are subsequently measured at amortized cost, if the effect of deferred payment is significant.

Financial instruments

Financial instruments are initially recognized at fair value and subsequently measured in relation to their category, as required by IFRS 9. financial assets into three main categories: at amortized cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL)

Financial liabilities are classified into just two categories:

– Financial liabilities at fair value through profit or loss;

– Liabilities at amortized cost.

The fair value measurement methods adopted for listed financial instruments: (i.e. market warrants) is the reporting date quoted price in an active market.

In accordance with IAS 32 and based on their nature, market warrants have been recognized as derivative liabilities.

Cost recognition

Costs from services are recognized by reference to the stage of completion of the service at the reporting date, which is determined on the basis of an assessment of the work performed. When the

services provided for by a single contract are rendered in various years, the consideration is allocated to the different services based on their fair value.

Recharges of costs incurred on behalf of third parties are recognized as a decrease in the relevant cost.

Income taxes

Income taxes for the reporting period include current and deferred taxes recognized in profit or loss, except for those captions recognized directly in equity or in other comprehensive income.

Current taxes are calculated on the tax base for the period. The tax base is different from the pre-tax profit or loss shown in the statement of profit or loss as it excludes income and revenue that will be taxable or deductible in other reporting periods and those that will never be taxable or deductible. Current tax liabilities are calculated using the tax rate enacted at the reporting date.

Deferred tax liabilities are usually recognized on all taxable temporary differences, whereas deferred tax assets are recognized to the extent that the company believes that it is probable that it will earn future taxable profits sufficient to offset deductible temporary differences. The company reviews the carrying amount of its deferred tax assets at each reporting date on the basis of updated forecasts of future taxable profits.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, considering the tax rates enacted at the reporting date.

The company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority and the company intends to settle on a net basis.

The company has prudently not recognized any deferred tax assets in these condensed interim financial statements as, at the preparation date, there were no available plans forecasting future taxable profits. These plans may only be prepared when the merger with Guala Closures S.p.A. is carried out (the "Relevant Transaction" described in note 24—Events after the reporting period).

Earnings or loss per share

Basic earnings or loss per share are calculated by dividing the profit or loss for the period by the weighted average number of outstanding shares during the period.

The diluted earnings or loss per share are calculated by dividing the profit or loss for the period by the weighted average number of outstanding ordinary shares during the period (as the special shares do not have dividend rights) and potential shares assuming the conversion of all shares with diluting effects.

The earnings or loss are/is adjusted to reflect the effects of the conversion, net of the tax effect.

New standards and interpretations

The amendments to the IFRS applicable from the years beginning on January 1, 2018 and the future amendments, for which early adoption is possible, but not mandatory, are shown in the tables below.

New standards:

Enforcement date	New standards or amendments
January 1, 2018	IFRS 15 Revenue from contract with customers IFRS 9 Financial instruments Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2) Applying IFRS 9 Financial instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4) Transfers of Investment Property (Amendments to IAS 40) Annual Improvements to IFRSs 2014-2016 Cycle—various standards (Amendments to IFRS 1) IFRIC 22 Foreign Currency Transactions and Advance Consideration

Future standards

The new standards applicable to annual reporting periods beginning on or after January 1, 2019 for which earlier application is allowed are described below. However, the company opted not to adopt them early when preparing these condensed interim financial statements.

Enforcement date	New standards or amendments
January 1, 2019	IFRS 16 Leases
	IFRIC 23 Uncertainty over Income Tax Treatments
January 1, 2021	IFRS 17 Insurance Contracts
To be defined	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The new standards and amendments applicable as from January 1, 2018 did not have an impact on the company's condensed interim financial statements.

Notes to the condensed statement of financial position

Current assets

1—Cash and cash equivalents

Cash and cash equivalents at June 30, 2018 are as follows:

€	June 30, 2018	December 31, 2017	Variation
Bank and postal deposits	507,385,017	512,205,719	(4,820,702)
Cash and cash equivalents	—	—	—
Total cash and cash equivalents	507,385,017	512,205,719	(4,820,702)

The caption comprises unrestricted and restricted bank deposits existing at the reporting date.

A breakdown of the bank accounts existing at the reporting date is as follows:

- Unicredit S.p.A., full transaction bank account with a balance of €14,403,495;
- Intesa SanPaolo Private banking S.p.A, managed on a trustee basis by SPAFID S.p.A. with a balance of €96;
- Unicredit S.p.A, managed on a trustee basis by SPAFID S.p.A. with a balance of €232,678,792;
- Monte dei Paschi di Siena S.p.A., managed on a trustee basis by SPAFID S.p.A. with a restricted balance of €200,144,254;
- Banca Farmafactoring S.p.A, managed on a trustee basis by SPAFID S.p.A. with a restricted balance of €60,158,380.

An amount equal to 98.5% of the contributions received for the capital increase used for the listing (the Escrow Funds) of €492,500,000 is held in current accounts managed by SPAFID S.p.A. on a trustee basis. The other 1.5% equal to €7,500,000 (the Usable Funds) was added to the available resources to cover the company's operating costs (i.e., general and administrative expenses) and other costs incurred to carry out its business object such as selection costs, fees for the due diligence of the potential target and performance of the Relevant Transaction.

On December 27, 2017, part of the Escrow Funds, initially held in a Unicredit S.p.A. current account and managed by SPAFID S.p.A. on a trustee basis (€60,000,000) was invested in a restricted current account with Banca Farmfactoring S.p.A., also managed by SPAFID S.p.A., with a better annual interest rate of 0.70% and a maturity date of December 27, 2019. This account accrued gross interest income of €214,027 at June 30, 2018. Therefore, the company adjusted the fair value of its Escrow Funds to include the net interest income of €158,380.

Gross interest income of €208,274 accrued during the reporting period and is recognized under financial income for a net balance of €154,123.

On January 8, 2018, part of the Escrow Funds held in a Monte dei Paschi di Siena S.p.A. current account and managed by SPAFID S.p.A. on a trustee basis of €200,000,000 were restricted with a step-up interest rate until the maturity date of January 8, 2020.

The interest rate applied in the first six months is 0.20% leading to the recognition of gross interest income of €190,685 at June 30, 2018. The company increased the fair value of the Escrow Funds by the net interest income of €141,107.

The Escrow Funds lodged in the Unicredit S.p.A. account managed by SPAFID S.p.A. on a trustee basis and equal to a nominal €232,500,000 at December 21, 2017 were initially restricted at an interest rate of 0.30% on funds of up to €250,000,001 and a rate of 0.10% on any funds exceeding this amount. These terms were amended and were as follows in March 2018: rate of 0.30% on funds up to €50,000,001 and rate of 0.10% on any funds exceeding this amount. At June 30, 2018, gross interest income accrued amounted to €224,894 and net interest income to €166,421.

2—Other assets

Other assets amounted to €767,730 at the reporting date.

€	June 30, 2018	December 31, 2017	Variation
Tax assets	755,605	83,843	671,762
Advances to service providers	1,012	—	1,012
Deferred tax assets	—	—	—
Other	11,113	88	11,025
Total other assets	767,730	83,931	683,799

The table shows that the main component is the Tax assets caption of €755,605, which comprises the VAT assets of €76,730 for 2017 and €507,415 for the period ended 30 June, 2018 and the withholdings on bank interest income of €171,460.

Current liabilities

3—Trade payables

This caption amounts to €2,880,515 for the period.

It includes costs incurred to carry out the company's normal business activities, the costs to identify the target and to finalize the Relevant Transaction. The caption also comprises payables for invoices to be received for services rendered of €652,251.

4—Other liabilities

Other liabilities at June 30, 2018 are as follows:

€	June 30, 2018	December 31, 2017	Variation
Tax liabilities	53,611	51,692	1,919
Social security charges	5,066	290	4,776
Other liabilities	29,521	1,360	28,161
Total other liabilities	88,198	53,342	34,856

Tax liabilities mainly consist of the withholdings due at the reporting date.

"Other liabilities" and "Social security charges" include the directors' fees and related social security contributions, respectively.

5—Other current financial liabilities

Other current financial liabilities include the fair value of the market warrants at the reporting date (€8,500,000). The difference between this fair value and that at December 31, 2017, was recognized under financial income in the statement of profit or loss (€4,000,000). It is due to the decrease in the market warrants' market price from €1.25 at December 31, 2017 to €0.85 at June 30, 2018 (official market prices quoted on the MIV market managed by Borsa Italiana S.p.A. at the relevant dates).

On the date of their first trading, the company recognized 10,000,000 market warrants of €6,000,000, traded separately to the shares, by setting up a negative reserve of the same amount (described in note 6—Equity).

The warrants were assigned free of charge in the ratio of four market warrants to every 10 ordinary shares. They can be exercised against payment as resolved by the shareholders in their extraordinary meetings of September 26, 2017 and November 16, 2017.

Based on the market warrant regulation, the warrant holders may decide to exercise them in whole or in part at any time during the period commencing on and including the third trading day (as determined pursuant to Borsa Italiana's trading calendar) of the second month after the effective date of the Relevant Transaction and to subscribe the exchange shares at the subscription price, as long as the average monthly price is higher than the strike price (€10 per share). The subscription price of €0.10 per exchange share was approved by the shareholders on September 26, 2017 based on the amendments introduced on October 26, 2017. The company will publish the acceleration communication should the average monthly price be the same as or higher than €13 per share.

As a result, the holders of the market warrants will be assigned exchange shares based on the following exchange ratio:

$$\frac{\textit{Average monthly price} - \textit{Strike price}}{\textit{Average monthly price} - \textit{Subscription price}}$$

Warrants not exercised by the expiry date are taken to have been extinguished and are no longer valid when by expiry date is meant the first of the following dates: (i) the first trading date after five years from the Relevant Transaction's effective date and (ii) the first trading date after 60 calendar days from the date of publication of the acceleration communication.

Equity

6—Equity

Changes in equity in the period from the company's incorporation to the reporting date are presented in the related schedule of these financial statements.

At its incorporation date (September 19, 2017), the company's share capital of €100,000 consisted of 10,000 ordinary shares without a nominal amount all held by Space Holding S.r.l..

During their extraordinary meeting of September 26, 2017, the shareholders resolved to convert all the 10,000 ordinary shares into special shares at conditions and effective from the date on which trading of the ordinary shares started on the investment vehicles section of the Italian stock exchange.

The shareholders approved a capital increase against payment in their meeting of November 16, 2017, with the issue of a maximum of 50,000,000 ordinary shares without a nominal amount for a total amount of €500,000,000, including the share premium. The subscription price paid of €10 per share was assigned as follows: €1 for the shares' implicit carrying amount and €9 to the share premium reserve. Every ten ordinary shares subscribed received four Space4 S.p.A. market warrants. Two of these warrants were initially traded on the investment vehicles section of the Italian stock exchange separately from the shares starting from the date on which the shares began to be traded. The right to receive the other two warrants is built into the shares and they are attached until the effective date of the Relevant Transaction.

The share premium reserve, set up with the capital increase that took place at the listing date, includes €6,000,000 for the 10,000,000 market warrants that are traded separately from the ordinary shares since the listing date with an initial subscription price of €0.60 each.

On the same date, the shareholders resolved to increase the share capital against payment in their extraordinary meeting solely for Space Holding S.r.l. (Space4's promoter) for a total of €12,400,000, including the share premium, by issuing a maximum of 1,240,000 special shares. The subscription price of each special share paid of €10 was assigned as follows: €1 for the shares' implicit carrying amount and €9 to the share premium reserve. Two Space4 S.p.A. sponsor warrants were attached to each share subscribed. The automatic conversion during the listing of the 10,000 ordinary shares into special shares involved the assignment of 20,000 Space4 S.p.A. sponsor warrants.

The above resolutions led to the actual subscription and payment of the shares during the placing on the market.

Finally, the shareholders resolved to increase the share capital: (i) by a maximum of €465,116.30 to cover the exercise of 20,000,000 Space4 S.p.A. market warrants through the issue of a maximum of

4,651,163 ordinary shares without a nominal amount at a price of €0.10 each, allocated to their implicit carrying amount; (iii) by a maximum, including the share premium, of €32,500,000 to cover the exercise of 2,500,000 Space4 S.p.A. sponsor warrants by issuing a maximum of 2,500,000 ordinary shares without a nominal amount at a price of €13, with €1 for the implicit carrying amount and €12 for the share premium.

When the ordinary shares were placed on the market and the capital increase took place, the company set up a reserve for capital increase costs of €4,677,128, which covers both costs for the initial capital increase at the company's incorporation (e.g. notary and legal expenses) and the costs of listing the company on the investment vehicles section of the Italian stock exchange. The reserve also includes the commissions agreed with the banks for the placement (€4,000,000).

Given the above, at the reporting date, the company's fully subscribed and paid-up share capital amounted to €51,340,000 equal to 51,250,000 shares, of which 50,000,000 are ordinary shares with 20,000,000 market warrants attached and 1,250,000 are special shares, of which 1,239,500 held by Space Holding and another 10,500 by a Space Holding manager since March 2018. At the issue date, 2,500,000 sponsor warrants were attached to the special shares and they were all held by Space Holding at the reporting date.

Holders of the special shares have the same rights as the ordinary shareholders, with the sole exception of the following:

- they do not have voting rights at ordinary and extraordinary shareholders' meetings;
- they do not have the right to dividends approved as ordinary dividends;
- they cannot be transferred until the last day of the twelfth month after the Relevant Transaction and, should the Relevant Transaction not take place, for the maximum duration of the company as established by article 4 of the by-laws except for (i) those transferred to the withdrawing shareholders of Space Holding after the liquidation procedure as payment in kind for the sale of their investment; and (ii) those transferred to the beneficiary of a proportionate demerger of Space Holding.
- if the company is dissolved, they have the right to be paid their stake of liquidation equity after the ordinary shareholders;
- they give the right to receive two sponsor warrants for every special share issued;
- when certain conditions are met, the special shares are automatically converted into ordinary shares, at the ratio of 4.5 ordinary shares for each special share, without the need for their holders to express their intention to convert and without any change to be made to the amount of share capital, notwithstanding the fact that the conversion will decrease the implicit carrying amount of ordinary shares. The special shares will be automatically converted into ordinary shares, as follows:
  A. up to 1,250,000 special shares (equal to 100% of the total number of special shares that may be issued and delivered) in the event that (i) prior to the effective date of the Relevant Transaction at least one director of the Company in office on the listing date is removed from office with no cause by the meeting of the Company's shareholders or (ii) if the entire Board of Directors is removed from office, at least one of the directors in office on the listing date is not reappointed absent any serious breach by the directors of their duties and obligations or the applicability of any of the reasons for ineligibility or removal of directors under Italian law;
  B. on the effective date of the Relevant Transaction, up to 35% of the total number of special shares then outstanding; and
  C. within 60 months from the effective date of the Relevant Transaction, in a number equal to (i) 25% of the total number of special shares then outstanding, in the event that the official price of the ordinary shares for at least 20 Borsa Italiana trading days, even if not consecutive, out of 30 consecutive Borsa Italiana trading days is equal to or greater than €11.00 per ordinary share, (ii) 20% of the total number of special shares then outstanding, in the event that the official price (prezzo ufficiale) of the ordinary shares for at least 20 Borsa Italiana trading days, even if not consecutive, out of 30 consecutive Borsa Italiana trading days is equal to or greater than €12.00 per ordinary share, and (iii) 20% of the total number

of special shares then outstanding, in the event that the official price (prezzo ufficiale) of the ordinary shares for at least 20 Borsa Italiana trading days, even if not consecutive, out of 30 consecutive Borsa Italiana trading days is equal to or greater than €13.00 per ordinary share, it being understood that (a) the period for measuring the official price of the ordinary shares for the purpose of the events referred to in these points A., B. and C. will be from the date of the resolution of the Company's shareholders meeting approving the Relevant Transaction and the course of 60 months from the effective date of the Significant Transaction (provided that, in case of fulfillment of the events referred to in these three bullet points prior to the effective date of the Significant Transaction, its conversion will still be carried out on the effective date of the Significant Transaction); and (b) the resulting automatic conversion contemplated under (i)-(iii) above might occur concurrently.

Upon expiration of the 60-month period from the effective date of the Significant Transaction, any then remaining Special Share that has not yet been converted upon the occurrence of any of the events described in the preceding paragraph will be automatically converted into one Ordinary Share and such conversion will not result in any change to the Company's share capital.

The sponsor warrants attached to the special shares and assigned free of charge in the ratio of two warrants for every special share are not traded on the Italian regulated stock market or abroad.

Each sponsor warrant gives its holder the right to subscribe an exchange share if the share's official price is equal to or higher than €13 for at least one day in the exercise period, which is the period between the first trading date after the Relevant Transaction's effective date and the tenth anniversary of this date. The price to be paid by each holder of sponsor warrants upon exercise of its sponsor warrants and the resulting subscription for each ordinary share is €13.00 per ordinary share.

Warrants that have not been exercised at the end of this period irrevocably become ineffective and are taken to have been extinguished as explained in the related regulation to which reference is made.

Notes to the statement of profit or loss

7—Revenue

In line with its nature as a SPAC, the company did not carry out operating activities during the period and did not earn revenue. It focused initially on the identification and selection of a potential target (Guala Closures) and subsequently on finalizing the Relevant Transaction.

8—Consumables

This caption of €4,914 shows the costs incurred to purchase the consumables required for the company's activities.

9—Personnel expense

The caption amounted to €32,938 for the period and includes the fees due to the independent directors and the related social security contributions up until the reporting date.

It may be analyzed as follows:

€	H1 2018
Wages and salaries	29,754
Social security contributions	3,184
Total personnel expense	32,938

Note 18 provides more information about the independent directors' fees.

10—Other net operating costs

This caption amounts to €3,156,353 for the period and includes the costs incurred by the company to carry out its core business. It comprises:

€	H1 2018
Relevant Transaction costs	1,389,571
Consultancy services from Space Holding	1,016,575
Consob costs	558,154
Other costs	62,517
Board of statutory auditors	30,364
Professional fees	25,456
Administrative services	17,748
Audit fees	16,675
Securities management	13,938
Financial reporting	12,684
Insurance premiums	7,757
Trustee administration services	4,959
Total other net operating costs	3,156,398

The Relevant Transaction costs refer to services provided by professionals to prepare for the planned merger with Guala Closures S.p.A. and, in particular, the due diligence and legal and financial assistance.

The consultancy services from Space Holding mainly refer to its services provided during the reporting period, as per the specific agreement of September 27, 2017, amended on November 16, 2017, and described in more detail in note 16—Related party transactions.

The Consob costs include the supervisory contribution to Consob for 2018.

The other costs mostly comprise costs incurred for services provided by Borsa Italiana S.p.A. and publishing costs.

Professional fees refer to legal and notary consultancy services.

Administrative services mainly refer to accounting and on-screen services.

Securities management services were provided by SPAFID S.p.A., which also keeps the shareholder register and the minutes of shareholders' meetings during the company's normal activities.

Financial reporting of €12,684 includes the costs of financial reporting services requested to promote the company on the financial market, using actions and tools to strengthen relations with the media and institutional investors in Italy and abroad.

Trustee administration services comprise the cost of the trust administration of the Escrow Funds.

Notes 19 and 20 present the fees of the board of statutory auditors and the independent auditors.

11—Financial income

This caption amounts to €4,632,105 for the period.

€	H1 2018
Interest on bank deposits	632,105
Financial income on market warrants	4,000,000
Total financial income	4,632,105

In addition to the gross interest income on the bank current accounts accrued at the reporting date, interest on bank deposits also includes the gross interest accrued on the restricted deposits of €208,274 and €190,685 with Banca Farmafactoring and Monte dei Paschi di Siena, respectively (described in more detail in note 1—Cash and cash equivalents).

Financial income on market warrants includes the fair value gain on these financial instruments due to the decrease in their market price from €1.25 at December 31, 2017 to €0.85 at June 30, 2017, described in more detail in note 5—Other current financial liabilities.

12—Income taxes

As shown in the statement of profit or loss for the period, the company did not recognize current income taxes. Calculation of income taxes at the reporting date gave rise to an IRES liability of €238,279 related to the fair value on market warrants, which the company did not recognize as it has carryforward tax losses of €7,499,118.

The company has not recognized any deferred tax income in these condensed interim financial statements, pending the execution of the Relevant Transaction.

13—Basic and diluted earnings per share

The basic earnings per share, calculated by dividing the profit for the period by the number of outstanding ordinary shares, is €0.03.

The calculation of the basic and diluted earnings per share is analyzed in the following table:

€	H1 2018
Profit for the period	1,437,855
Closing number of outstanding ordinary shares	50,000,000
Closing number of potential ordinary shares	2,325,582
Basic earnings per share	0.03
Diluted earnings per share	0.03

At the reporting date, the diluted earnings per share of €0.03 was calculated using the outstanding ordinary shares and the maximum potential ordinary shares should the 10,000,000 outstanding market warrants be converted.

Other information

14—Risk management

The company is exposed to various financial risks as part of its business operations.

Risks are managed in accordance with the guidelines defined by the board of directors. The aim is the management of the funds raised and necessary to carry out the Relevant Transaction in line with the approved investment policy.

The company deposited 98.5% of the total proceeds from the placing of its ordinary shares on the investment vehicles section of the Italian stock exchange in restricted deposits as its Escrow Funds to be used solely after the shareholders' authorization, as provided for by article 6.2 of its by-laws.

There are no positions or transactions that expose the company to significant credit or liquidity risk at the reporting date.

With respect to market risk, the market warrants are measured at fair value through profit or loss. Therefore, the following changes in fair value could significantly affect the company's performance:

- a rise in the market warrants' fair values could lead to an increase in the company's liabilities and financial expense;
- a reduction in the market warrants' fair values could lead to a decrease in the company's liabilities and an increase in financial income.

These financial income and expense are accounting changes that do not lead to cash inflows or outflows.

The fair value hierarchy of the company's assets and liabilities is set out below.

	Fair value measurement based on		
€	Active market quoted prices (Level 1)	Observable significant inputs (Level 2)	Unobservable significant inputs (Level 3)
Liabilities measured at fair value:			
Market warrants	(8,500,000)	—	—

In accordance with the code of conduct issued by the corporate governance committee for listed companies set up by Borsa Italiana, the company has a control and risks committee.

15—Guarantees given, commitments and contingent liabilities

There are no guarantees given, commitments or contingent liabilities at the reporting date.

16—Related party transactions

On September 27, 2017, the company entered into a services agreement with its parent (amended on November 16, 2017) for assistance with the identification and selection of a target to perform the Relevant Transaction and, after identification of the target, the analysis and assessment of its structure and negotiations. The agreement also includes assistance with investor and press relations as well as other activities to support the SPAC's ordinary operations. The annual fee to be paid to Space Holding is equal to 0.4% of the total proceeds from the institutional listing, increased by the costs incurred to provide the services (€50,000 a year).

At June 30, 2018, the company had availed of these services and recognized a cost of €1,016,575 in its statement of profit or loss.

17—Operating segments

For the purposes of IFRS 8—Operating segments, it is noted that the company has no operating segments as it did not carry out any operating activities during the reporting period.

18—Fees paid to the board of directors and key management personnel

The company decided to pay the independent directors an annual gross fee of €20,000 each.

The directors in office do not receive additional indemnities should they leave office early. Moreover, they are not provided with non-monetary benefits, apart from the third party liability insurance policy which covers their duties and the reimbursement of costs incurred in the performing of activities on behalf of the company and in its interest during the reporting period.

Therefore, the fees accrued in the reporting period for the independent directors amounted to €32,938 (including the related social security contributions).

The company did not set up a remuneration or appointments committee given its simplified corporate governance structure.

19—Fees paid to the board of statutory auditors

The company decided to pay the board of statutory auditors an annual fee of €59,000, which does not include the related social security contributions, starting from the listing date.

The statutory auditors do not receive additional indemnities should they leave office early nor are they provided with non-monetary benefits.

Their fees accrued in the reference period amounted to €30,364 (including the related social security contributions).

20—Independent auditors' fees

The fees due to the independent auditors for services provided in the reporting period are set out below (they do not include the related expenses):

Type of service	Service provider	Fees (€)
Audit	KPMG S.p.A.	15,425
Other activities	KPMG S.p.A.	360,800
Other activities	KPMG network companies	5,200
Total		381,425

The other activities include services provided for the attestation on the information included in the prospectus and the offering circular.

21—Atypical and/or unusual transactions

No atypical and/or unusual transactions, as defined in Consob communications no. DEM/6037577 of April 28, 2006 and no. DEM/6064293 of July 28, 2006, took place during the period.

22—Significant non-recurring events and transactions

No significant non-recurring events or transactions, as defined in Consob Resolution no. 15519 and Communication no. DEM/6064293 took place during the period, except for the identification of the target with which to perform the Relevant Transaction.

23—Net financial position

The company's net financial position, calculated in accordance with the guidelines about net financial debt set out in ESMA's recommendation 2013/319 and Consob resolution no. DEM/6064293 of July 26, 2007, is presented below:

€		June 30, 2018	December 31, 2017	Variation
A	Cash	—	—	—
B	Cash equivalents	507,385,017	512,205,719	(4,820,702)
C	Other current financial assets	—	—	—
D	**Cash and cash equivalents (A+B+C)**	**507,385,017**	**512,205,719**	**(4,820,702)**
E	**Current loan assets**	—	—	—
F	Current bank loans and borrowings	—	—	—
G	Current portion of non-current financial debt	—	—	—
H	Other current loans and borrowings	—	—	—
I	**Current financial debt**	**—**	**—**	—
J	**Net current financial position**	**507,385,017**	**512,205,719**	**(4,820,702)**
K	Non-current bank loans and borrowings	—	—	—
L	Bonds issued	—	—	—
M	Other non-current liabilities	—	—	—
N	**Non-current financial debt**	**—**	**—**	—
O	**Net financial position**	**507,385,017**	**512,205,719**	**(4,820,702)**

24—Events after the reporting period

The option offering period ended on July 18, 2018 for the 6,378,568 ordinary Space4 shares for which the withdrawal right had been exercised. The company's shareholders exercised their option and pre-emptive rights to purchase 1,700,884 shares while Peninsula and Quaestio purchased 1,514,692 shares under the back-stop agreements. Therefore, the company purchased the remaining 3,162,992 shares for which the withdrawal right had been exercised, equal to 6.33% of Space4's ordinary share capital for €31,323,110 and subsequently cancelled them.

Pursuant to the framework agreement of April 16, 2018, as amended on June 7, 2018, GCL Holdings S.C.A., GCL Holdings LP, Private Equity Opportunities Fund II SCS-SIF, Compartment B and the Managers asked Space4 to purchase another 590,869 ordinary Guala Closures shares. Therefore, the first stage of the Relevant Transaction was concluded when Space4 purchased 52,316,125 ordinary shares, Peninsula purchased 7,403,229 ordinary shares and Quaestio purchased 1,480,646 ordinary shares, thus increasing the number of ordinary Guala Closures shares purchased to 61,200,000.

The company entered into a bridge loan agreement for a total maximum amount of €450,000,000 and a revolving credit facility for a maximum of €80,000,000 with its financial institutions on July 20, 2018 at the terms and conditions set out in the debt commitment letters signed on May 25, 2018. It also granted a loan to Guala Closures at the same terms as the bridge loan and a repayment date of December 31, 2018 for a

maximum of €580,000,000 (the "Intercompany Loan") to allow Guala Closures to repay its bond issue and a revolving credit facility. On August 1, 2018, the bridge loan agreement was executed with disbursement of a nominal amount of €450,000,000 by the financial institutions. On the same date, the company granted Guala Closures the Intercompany Loan for approximately €552 million..

In August 2018, Guala Closures was merged into Space4. The statutory, accounting and tax effects of the merger became effective on August 6. The post-merger company changed its name to Guala Closures S.p.A., registered office in Via Rana 12, Spinetta Marengo, Alessandria, share capital of €68,906,646 split into 67,184,904 shares including 62,049,966 ordinary shares, 4,322,438 multi-vote class B shares and 812,500 special shares without voting rights. None of the above share classes have a nominal amount.

This transaction took place with: (i) cancellation of all the ordinary and class B Guala Closures shares, making up its entire share capital at the merger effective date; (ii) allocation of ordinary shares with the same characteristics as the ordinary Space4 shares to the holders of Guala Closures shares at the merger effective date other than Space4 using an exchange ratio of 0.675381 Space4 shares to every one Guala Closures share; (iii) cancellation of all the Guala Closures Management Warrants outstanding at the merger effective date; and (iv) allocation of new Space4 warrants to the holders of the Guala Closures Management Warrants.

25—Authorization to publish the condensed interim financial statements

The board of directors authorized the publication of this interim financial report on September 11, 2018.

Milan, September 11, 2018

For the board of directors,

Chairman,
Marco Giovannini

SPACE4 S.p.A

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

KPMG S.p.A.
Revisione e organizzazione contabile
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Independent auditors' report

To the shareholders of
Space4 S.p.A.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Space4 S.p.A. (the "Company"), which comprise the statement of financial position as at 31 December 2017, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the period from 19 September 2017, the Company's incorporation date, to 31 December 2017 and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Space4 S.p.A. as at 31 December 2017 and of its financial performance and cash flows for the period from 19 September 2017 to 31 December 2017 in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the financial statements*" section of our report. We are independent of Space4 S.p.A. in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

There are no key audit matters to report.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Space4 S.p.A. for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the Company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

— conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a

material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;

— evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 26 September 2017, the shareholders of Space4 S.p.A. appointed us to perform the statutory audit of its financial statements as at and for the period/years ending from 31 December 2017 to 31 December 2025.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Milan, 3 April 2018

KPMG S.p.A.

Paola Maiorana
Director of Audit

FINANCIAL STATEMENTS AT DECEMBER 31, 2017

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

€	Note	December 31, 2017	of which: related parties
ASSETS			
Current assets			
Cash and cash equivalents	1	512,205,719	—
Other current financial assets		—	—
Trade receivables		—	—
Other assets	2	83,931	—
Total current assets		**512,289,650**	**—**
Non-current assets			
Property, plant and equipment		—	—
Other intangible assets		—	—
Deferred tax assets		—	—
Other non-current financial assets		—	—
Other assets		—	—
Total non-current assets		**—**	**—**
TOTAL ASSETS		**512,289,650**	**—**
LIABILITIES AND EQUITY			
LIABILITIES			
Current liabilities			
Trade payables	3	4,490,130	61,781
Tax liabilities		—	—
Other liabilities	4	53,342	—
Other current financial liabilities	5	12,500,000	—
Bank loans and borrowings		—	—
Provisions for risks and charges		—	—
Total current liabilities		**17,043,472**	**61,781**
Non-current liabilities			
Other non-current liabilities		—	—
Other non-current financial liabilities		—	—
Post-employment benefits		—	—
Total non-current liabilities		**—**	**—**
Share capital	6	51,340,000	
Other reserves	6	450,482,872	
Losses carried forward			
Loss for the period	6	(6,576,694)	
Equity		**495,246,178**	
TOTAL LIABILITIES AND EQUITY		**512,289,650**	

(accompanying notes are an integral part to the financial statements)

STATEMENT OF PROFIT OR LOSS

€	Note	Period from September 19, 2017 to December 31, 2017	of which: related parties
Revenue	7	—	—
Other revenue		—	—
Consumables		—	—
Personnel expense	8	2,002	—
Leases		—	—
Other net operating costs	9	102,049	61,781
Amortisation, depreciation and impairment losses		—	—
Operating loss		**(104,051)**	**(61,781)**
Financial income	10	27,357	—
Financial expense	11	(6,500,000)	—
Pre-tax loss		**(6,576,694)**	**—**
Income taxes	12	—	—
Loss for the period		**(6,576,694)**	**—**
Basic loss per share	13	**(1.24)**	
Diluted loss per share	13	**(1.19)**	

STATEMENT OF COMPREHENSIVE INCOME

€	
Loss for the period	**(6,576,694)**
Items that will not be reclassified to profit or loss	—
Items that may be reclassified subsequently to profit or loss	—
Comprehensive expense	**(6,576,694)**

(accompanying notes are an integral part to the financial statements)

STATEMENT OF CASH FLOWS

€	Period from September 19, 2017 to December 31, 2017
Operating activities	
Pre-tax loss	(6,576,694)
Adjustments to reconcile pre-tax loss with net cash flows:	
—Costs to increase share capital	(4,677,128)
—Fair value loss on market warrants	6,500,000
Changes in working capital:	
—Increase in trade and other liabilities—current portion	4,459,541
Net cash flows used in operations	**(294,281)**
Interest expense paid	—
Income taxes	—
Net cash flows used in operating activities	**(294,281)**
Investing activities	
Property, plant and equipment	—
Other intangible assets	—
Other non-current financial assets	—
Net cash flows used in investing activities	**—**
Financing activities	
Capital increase for incorporation	100,000
Issue of special shares	12,400,000
Issue of ordinary shares	500,000,000
Net cash flows generated by financing activities	**512,500,000**
Net increase in cash and cash equivalents	***512,205,719***
Opening cash and cash equivalents	—
Closing cash and cash equivalents	**512,205,719**

(accompanying notes are an integral part to the financial statements)

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium reserve	Ot rese
Incorporation on September 19, 2017: Capital increase by Space Holding for 10,000 ordinary shares converted into special shares on December 21, 2017	100,000	—	
Capital increase for the placing of December 21, 2017 of 50,000,000 ordinary shares	50,000,000	444,000,000	
Capital increase by Space Holding on December 21, 2017 for 1,240,000 special shares	1,240,000	11,160,000	
Costs to increase share capital	—	—	(4,67
Loss for the period	—	—	
Other comprehensive income (expense)	—	—	
Comprehensive expense, net of tax	—	—	
December 31, 2017	**51,340,000**	**455,160,000**	**(4,67**

Chairman of the board of directors

Roberto Italia

(accompanying notes are an integral part to the financial statements)

NOTES TO THE FINANCIAL STATEMENTS

Space4 S.p.A. ("Space4" or the "company") is a legal entity set up under Italian law with registered office in Via Mauro Macchi 27, Milan.

Space4 S.p.A. was incorporated on September 19, 2017 through the subscription of its entire fully paid-up share capital of €100,000 by Space Holding S.r.l. ("Space Holding"). Share capital is comprised of 10,000 ordinary shares with no nominal amount but have a unit par value of €10.00.

On December 21, 2017, its ordinary shares and market warrants were accepted for trading on the investment vehicles section of the Italian stock exchange.

After the listing, the company's fully subscribed and paid-up capital amounted to €51,340,000, comprising 51,250,000 shares of which 50,000,000 ordinary shares and 1,250,000 special shares (the latter held by Space Holding).

In the period from its incorporation until December 31, 2017, the company concentrated on defining its organisational structure and the listing of its ordinary shares and market warrants on the investment vehicles section of the Italian stock exchange, which took place on December 21, 2017.

Pursuant to the company's by-laws, the annual financial statements' reporting date is December 31.

The financial statements as at and for the period ended December 31, 2017 were approved by the board of directors on March 23, 2018 and show a loss for the period of €6,576,694.

The figures presented in the financial statements and the notes thereto cannot be compared to other figures as these are the first financial statements that the company has prepared.

Basis of preparation

General criteria

These financial statements have been drawn up in accordance with the IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. The term IFRS (International Financial Reporting Standards) includes the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) integrated by the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), which was previously called the Standing Interpretations Committee (SIC).

These financial statements have been prepared based on the historical cost model, except for those captions that are measured at fair value. They have been prepared in Euros, without decimals. The figures in the notes are in Euros, except as stated otherwise. They are clearly stated and give a true and fair view of the company's financial position, financial performance and cash flows.

Basis of presentation

The company opted to present its financial statements as follows:

- the statement of financial position presents current and non-current assets and liabilities separately;
- the statement of profit or loss classifies revenue and expenses by nature;
- the statement of cash flows is presented using the indirect model.

These statements are those that best present the company's financial position, financial performance and cash flows.

The company decided to present the statement of profit or loss separately from the statement of comprehensive income. In addition to the profit or loss for the period, the statement of comprehensive income shows those changes in equity that relate to profit or loss but which are recognised as other comprehensive income items under the IFRS.

This statement does not include any captions for the reporting period.

Estimates and assumptions

In order to prepare the financial statements, directors are required to make subjective judgements, estimates and assumptions that affect the carrying amounts of revenue, expenses, assets and liabilities and

the related disclosures, as well as contingent liabilities. The uncertainty about these assumptions and estimates may result in significant future adjustments to the carrying amount of the relevant assets and/or liabilities.

The main assumptions about future events and other main uncertainties in estimates which, at the reporting date, give rise to a significant risk of material adjustments to the carrying amount of assets and liabilities within the following year relates mainly to the measurement of financial assets and liabilities ant are discussed below at the paragraph "Fair value measurement". The company's estimates and assumptions are based on data available at the date of preparation of the financial statements. However, the current circumstances and assumptions about future developments may vary as a result of market changes or events that are beyond the company's control.

Accounting policies

The main accounting policies adopted in drafting these financial statements are set out below.

Current/non-current distinction

Assets and liabilities are classified as current/non-current. An asset is current when:

- it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within twelve months after the reporting date;
- it is cash or a cash equivalent unless it is forbidden to exchange or use it to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within twelve months after the reporting date;
- the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as non-current.

Fair value measurement

The company measures its financial instruments, such as derivatives and financial assets, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The company must have access to the principal (or most advantageous) market.

The company measures the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities carried at fair value or whose fair value is disclosed in the financial statements are categorised using a three level fair value hierarchy, as follows.

- Level 1 inputs—quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date;
- Level 2 inputs—inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs—unobservable inputs for the asset or liability.

The fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Cash and cash equivalents

"Cash and cash equivalents" include cash, bank and postal current accounts, on demand deposits and other short-term highly liquid financial investments, maturing before three months of the acquisition date, that are readily convertible into cash and measured at their nominal amount as they are not subject to a material risk of change in value.

Cash and cash equivalents shown in the statement of cash flows match those stated in the statement of financial position.

Other assets

"Other assets" are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method if the effect of deferred collection is significant. Where appropriate, trade receivables and other assets are adjusted for impairment losses.

Equity

Share capital comprises ordinary shares.

Capital transaction costs are recognised as a reduction in equity.

Trade payables and other financial liabilities

"Trade payables" and "Other financial liabilities" are initially recognised at fair value, which usually equals their nominal amount, net of discounts, returns or invoicing adjustments, and are subsequently measured at amortised cost, if the effect of deferred payment is significant.

Financial instruments

Financial instruments are initially recognised at fair value and subsequently measured in relation to their category, as required by IAS 39.

Financial assets are treated according to the following classification:

- Financial assets at fair value through profit or loss;
- Held-to-maturity investments;
- Loans and receivables;
- Available-for-sale financial assets.

Financial liabilities are classified into just two categories:

- Financial liabilities at fair value through profit or loss;
- Liabilities at amortised cost.

The fair value measurement methods adopted for those financial instruments for recognition or disclosure purposes are summarised below by category of financial instrument:

- derivatives: pricing models based on market interest and exchange rates have been adopted;
- loans and receivables, financial liabilities and unlisted financial assets: the discounted cash flow model has been applied to those maturing after one year, whereby the expected cash flows are discounted on the basis of current interest rates and credit rating;
- listed financial instruments: the reporting date market value has been used.

In accordance with IAS 32 and based on their nature, market warrants have been recognised as derivative liabilities.

Cost recognition

Costs from services are recognised by reference to the stage of completion of the service at the reporting date, which is determined on the basis of an assessment of the work performed. When the services provided for by a single contract are rendered in various years, the consideration is allocated to the different services based on their fair value.

Recharges of costs incurred on behalf of third parties are recognised as a decrease in the relevant cost.

Income taxes

Income taxes for the reporting period include current and deferred taxes recognised in profit or loss, except for those captions recognised directly in equity or in other comprehensive income.

Current taxes are calculated on the tax base for the period. The tax base is different from the pre-tax profit or loss shown in the statement of profit or loss as it excludes income and revenue that will be taxable or deductible in other reporting periods and those that will never be taxable or deductible. Current tax liabilities are calculated using the tax rate enacted at the reporting date.

Deferred tax liabilities are usually recognised on all taxable temporary differences, whereas deferred tax assets are recognised to the extent that the company believes that it is probable that it will earn future taxable profits sufficient to offset deductible temporary differences. The company reviews the carrying amount of its deferred tax assets at each reporting date on the basis of updated forecasts of future taxable profits.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, considering the tax rates enacted at the reporting date.

The company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority and the company intends to settle on a net basis.

The company has prudently not recognised any deferred tax assets in these financial statements as, at the preparation date, there were no available plans forecasting future taxable profits. These plans may only be prepared when the Relevant Transaction (i.e. the acquisition of a significant investment in a company or business unit, using whatever method it deemed appropriate, including through a business combination by contribution or a merger, also as part of the acquisition of the investment or the subscription of shares) is carried out.

Earnings or loss per share

Basic earnings or loss per share are calculated by dividing the profit or loss for the period by the weighted average number of outstanding shares during the period.

The diluted earnings or loss per share are calculated by dividing the profit or loss for the period by the weighted average number of outstanding ordinary shares during the period (as the special shares do not have dividend rights) and potential shares assuming the conversion of all shares with diluting effects.

The earnings or loss are/is adjusted to reflect the effects of the conversion, net of the tax effect.

New standards and interpretations that are not yet applicable

The amendments to the IFRS applicable from the years beginning on January 1, 2017 and the future amendments, for which early adoption is possible, but not mandatory, are shown in the tables below.

New standards

Enforcement date	New standards or amendments
January 1, 2017	Disclosure Initiative (Amendments to IAS 7) Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12) Annual Improvements to IFRSs 2014-2016 Cycle—various standards (Amendments to IFRS 12)

Future standards

The new standards applicable to annual reporting periods beginning on or after January 1, 2018 for which earlier application is allowed are described below. However, the company opted not to adopt them early when preparing these financial statements.

Enforcement date	New standards or amendments
January 1, 2018	IFRS 15 Revenue from Contracts with Customers IFRS 9 Financial Instruments Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2) Applying IFRS 9 Financial instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4) Transfers of Investment Property (Amendments to IAS 40) Annual Improvements to IFRSs 2014-2016 Cycle—various standards (Amendments to IFRS 1) IFRIC 22 Foreign Currency Transactions and Advance Consideration
January 1, 2019	IFRS 16 Leases IFRIC 23 Uncertainty over Income Tax Treatments
January 1, 2021	IFRS 17 Insurance Contracts
To be defined	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The new standards and amendments applicable as from January 1, 2017and as from January 1, 2018 do not have an impact on the company's financial statements.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

Current assets

1—Cash and cash equivalents

Cash and cash equivalents at December 31, 2017 are as follows:

€	December 31, 2017
Bank and postal accounts	512,205,719
Cash and other cash equivalents	—
Total cash and cash equivalents	512,205,719

The caption comprises unrestricted and restricted bank deposits existing at the reporting date.

A breakdown of the bank accounts existing at the reporting date is as follows:

- Unicredit S.p.A., full transaction bank account with a balance of €19,585,623;
- Unicredit S.p.A, managed on a trustee basis by SPAFID S.p.A. with a balance of €232,512,676;
- Monte dei Paschi di Siena S.p.A., managed on a trustee basis by SPAFID S.p.A. with a balance of €200,003,208;

– Banca Farmafactoring S.p.A, managed on a trustee basis by SPAFID S.p.A. with a restricted balance of €60,004,257;

– Ubi Banca S.p.A. with a balance of €99,955.

An amount equal to 98.5% of the contributions received for the capital increase used for the listing (the Escrow Funds) of €492,500,000 is held in current accounts managed by SPAFID S.p.A. on a trustee basis. The other 1.5% equal to €7,500,000 (the Usable Funds) was added to the available resources to cover the company's operating costs (i.e., general and administrative expenses) and other costs incurred to carry out its business object such as selection costs, fees for the due diligence of the potential target and performance of the relevant transaction.

On December 27, 2017, part of the Escrow Funds, initially held in a Unicredit S.p.A. current account and managed by SPAFID S.p.A. on a trustee basis (€60,000,000) was invested in a restricted current account with Banca Farmfactoring, also managed by SPAFID S.p.A., with a better annual interest rate of 0.70% and a maturity date of December 27, 2019. This account accrued gross interest income of €5,753 at December 31, 2017. Therefore, the company adjusted the fair value of its Escrow Funds to include the net interest income of €4,257.

2—Other assets

Other assets amounted to €83,931 at the reporting date.

€	December 31, 2017
Tax assets	83,843
Other	88
Total other assets	83,931

The table shows that the main component is the Tax assets caption, which comprises the VAT asset of €76,730 and the withholdings on bank interest income of €7,113.

Current liabilities

3—Trade payables

This caption amounts to €4,490,130 at the reporting date.

It includes costs incurred to carry out the company's normal business activities and for the listing of the ordinary shares and market warrants on the investment vehicle section of the Italian stock exchange (i.e. the commissions agreed with the banks for the placement). The caption also comprises payables for invoices to be received for services rendered of €2,426,136.

4—Other liabilities

Other liabilities at December 31, 2017 are as follows:

€	December 31, 2017
Tax liabilities	51,692
Social security charges payables	290
Other liabilities	1,360
Total other liabilities	53,342

Tax liabilities include the liability for withholdings accrued at the reporting date after payment of invoices issued by consultants.

Other liabilities and Social security charges payable comprise the company's liability with its directors for their fees and related social security contributions. The independent directors were appointed on the listing date and, therefore, their fees are for the period from December 21 to December 31, 2017.

5—Other current financial liabilities

Other current financial liabilities include the fair value of the market warrants at the reporting date (€12,500,000). The difference between this fair value and that at the date of their first trading, December 21, 2017, was recognised under financial expense in the statement of profit or loss (€6,500,000).

It is due to the increase in the market warrants' market price from €0.60 on December 21, 2017 to €1.25 at December 31, 2017 (official market prices quoted on the MIV market managed by Borsa Italiana S.p.A. at the relevant dates).

On the date of their first trading, the company recognised 10,000,000 market warrants, traded separately to the shares, by setting up a negative reserve of the same amount (described in note 6 Equity).

The warrants were assigned free of charge in the ratio of four market warrants to every 10 ordinary shares. They can be exercised against payment as resolved by the shareholders in their extraordinary meetings of September 26, 2017 and November 16, 2017.

Based on the market warrant regulation, the warrant holders may decide to exercise them in whole or in part at any time during the period commencing on and including the third trading day (as determined pursuant to Borsa Italiana's trading calendar) of the second month after the effective date of the Relevant Transaction and to subscribe the exchange shares at the subscription price, as long as the average monthly price is higher than the strike price (€10 per share). The subscription price of €0.10 per exchange share was approved by the shareholders on September 26, 2017 based on the amendments introduced on October 26, 2017. The company will publish the acceleration communication should the average monthly price be the same as or higher than €13 per share.

As a result, the holders of the market warrants will be assigned exchange shares based on the following exchange ratio:

$$\frac{\textit{Average monthly price} - \textit{Strike price}}{\textit{Average monthly price} - \textit{Subscription price}}$$

Warrants not exercised by the expiry date are taken to have been extinguished and are no longer valid when by expiry date is meant the first of the following dates: (i) the first trading date after five years from the Relevant Transaction's effective date and (ii) the first trading date after 60 calendar days from the date of publication of the acceleration communication.

Equity

6—Equity

Changes in equity in the period from the company's incorporation to the reporting date are presented in the related schedule of these financial statements.

At its incorporation date (September 19, 2017), the company's share capital of €100,000 consisted of 10,000 ordinary shares without a nominal amount all held by Space Holding S.r.l..

During their extraordinary meeting of September 26, 2017, the shareholders resolved to convert all the 10,000 ordinary shares into special shares at conditions and effective from the date on which trading of the ordinary shares started on the investment vehicles section of the Italian stock exchange.

The shareholders approved a capital increase against payment in their meeting of November 16, 2017, with the issue of a maximum of 50,000,000 ordinary shares without a nominal amount for a total amount of €500,000,000, including the share premium. The subscription price paid of €10 per share was assigned as follows: €1 for the shares' implicit carrying amount and €9 to the share premium reserve. Every ten ordinary shares subscribed received four Space4 S.p.A. market warrants. Two of these warrants were initially traded on the investment vehicles section of the Italian stock exchange separately from the shares starting from the date on which the shares began to be traded. The right to receive the other two warrants is built into the shares and they are attached until the effective date of the Relevant Transaction.

On the same date, the shareholders resolved to increase the share capital against payment in their extraordinary meeting solely for Space Holding S.r.l. (Space4's promoter) for a total of €12,400,000, including the share premium, by issuing a maximum of 1,240,000 special shares. The subscription price of each special share paid of €10 was assigned as follows: €1 for the shares' implicit carrying amount and €9 to the share premium reserve. Two Space4 S.p.A. sponsor warrants were attached to each share subscribed. The automatic conversion during the listing of the 10,000 ordinary shares into special shares involved the assignment of 20,000 Space4 S.p.A. sponsor warrants.

The above resolutions led to the actual subscription and payment of the shares during the placing on the market.

Finally, the shareholders resolved to increase the share capital: (i) by a maximum of €465,116.30 to cover the exercise of 20,000,000 Space4 S.p.A. market warrants through the issue of a maximum of 4,651,163 ordinary shares without a nominal value at a price of €0.10 each, allocated to their implicit carrying amount; (iii) by a maximum, including the share premium, of €32,500,000 to cover the exercise of 2,500,000 Space4 S.p.A. sponsor warrants by issuing a maximum of 2,500,000 ordinary shares without a nominal amount at a price of €13, with €1 for the implicit carrying amount and €12 for the share premium.

The share premium reserve, set up with the capital increase that took place at the listing date, includes €6,000,000 for the 10,000,000 market warrants that are traded separately from the ordinary shares since the listing date with an initial subscription price of €0.60 each.

When the ordinary shares were placed on the market and the capital increase took place, the company set up a reserve for capital increase costs of €4,677,128, which covers both costs for the initial capital increase at the company's incorporation (e.g. notary and legal expenses) and the cost of listing the company on the investment vehicles section of the Italian stock exchange. The reserve also includes the commissions agreed with the banks for the placement (€4,000,000) calculated as a percentage of the share capital increase of €500,000,000.

Given the above, at the reporting date, the company's fully subscribed and paid-up share capital amounted to €51,340,000 equal to 51,250,000 shares, of which 50,000,000 are ordinary shares with 20,000,000 market warrants attached and 1,250,000 are special shares held by Space Holding with 2,500,000 sponsor warrants attached.

Holders of the special shares have the same rights as the ordinary shareholders, with the sole exception of the following:

- they do not have voting rights at ordinary and extraordinary shareholders' meetings;
- they do not have the right to dividends approved as ordinary dividends;
- they cannot be transferred until the last day of the twelfth month after the Relevant Transaction and, should the Relevant Transaction not take place, for the maximum duration of the company as established by article 4 of the by-laws except for (i) those transferred to the withdrawing shareholders of Space Holding after the liquidation procedure as payment in kind for the sale of their investment; and (ii) those transferred to the beneficiary of a proportionate demerger of Space Holding.
- if the company is dissolved, they have the right to be paid their stake of liquidation equity after the ordinary shareholders;
- they give the right to receive two sponsor warrants for every special share issued;
- when certain conditions are met, the special shares are automatically converted into ordinary shares, at the ratio of 4.5 ordinary shares for each special share, without the need for their holders to express their intention to convert and without any change to be made to the amount of share capital, provided that the conversion will decrease the implicit carrying amount of ordinary shares. The special shares will be automatically converted into ordinary shares, as follows:
  - A. up to 1,250,000 special shares (equal to 100% of the total number of special shares that may be issued and delivered) in the event that (i) prior to the effective date of the Relevant Transaction at least one director of the Company in office on the listing date is removed from office with no cause by the meeting of the Company's shareholders or (ii) if the entire Board of Directors is removed from office, at least one of the directors in office on the listing date is not reappointed absent any serious breach by the directors of their duties and obligations or the applicability of any of the reasons for ineligibility or removal of directors under Italian law;
  - B. on the effective date of the Relevant Transaction, up to 35% of the total number of special shares then outstanding; and
  - C. within 60 months from the effective date of the Relevant Transaction, in a number equal to (i) 25% of the total number of special shares then outstanding, in the event that the official price of the ordinary shares for at least 20 Borsa Italiana trading days, even if not consecutive, out of 30 consecutive Borsa Italiana trading days is equal to or greater than

€11.00 per ordinary share, (ii) 20% of the total number of special shares then outstanding, in the event that the official price (prezzo ufficiale) of the ordinary shares for at least 20 Borsa Italiana trading days, even if not consecutive, out of 30 consecutive Borsa Italiana trading days is equal to or greater than €12.00 per ordinary share, and (iii) 20% of the total number of special shares then outstanding, in the event that the official price (prezzo ufficiale) of the ordinary shares for at least 20 Borsa Italiana trading days, even if not consecutive, out of 30 consecutive Borsa Italiana trading days is equal to or greater than €13.00 per ordinary share, it being understood that (a) the period for measuring the official price of the ordinary shares for the purpose of the events referred to in these points A., B. and C. will be from the date of the resolution of the Company's shareholders meeting approving the Relevant Transaction and the course of 60 months from the effective date of the Significant Transaction (provided that, in case of fulfillment of the events referred to in these three bullet points prior to the effective date of the Significant Transaction, its conversion will still be carried out on the effective date of the Significant Transaction); and (b) the resulting automatic conversion contemplated under (i)-(iii) above might occur concurrently.

D. Upon expiration of the 60-month period from the effective date of the Significant Transaction, any then remaining Special Share that has not yet been converted upon the occurrence of any of the events described in the preceding paragraph will be automatically converted into one Ordinary Share and such conversion will not result in any change to the Company's share capital.

The promoter received sponsor warrants free of charge attached to the special shares in the ratio of two warrants for every special share subscribed for a total of 2,500,000 sponsor warrants that are not traded on the Italian regulated stock market or abroad.

Each sponsor warrant gives its holder the right to subscribe an exchange share if the share's official price is equal to or higher than €13 for at least one day in the exercise period, which is the period between the first trading date after the Relevant Transaction's effective date and the tenth anniversary of this date. The price to be paid by each holder of sponsor warrants upon exercise of its sponsor warrants and the resulting subscription for each ordinary share is €13.00 per ordinary share.

Warrants that have not been exercised at the end of this period irrevocably become ineffective and are taken to have been extinguished as explained in the related regulation to which reference is made.

NOTES TO THE STATEMENT OF PROFIT OR LOSS

7—Revenue

The company has not carried operating activities during the reporting period, nor has it realised revenue. Since its incorporation, it has mainly focused on the definition of its organisational structure and the procedures for listing its ordinary shares and market warrants on the investment vehicle sector of the Italian stock exchange. This process was successfully concluded on December 21, 2017. Moreover, the company commenced the process to identify and select a potential target, in accordance with the investment policy and general guidelines.

8—Personnel expense

This caption amounted to €2,002 for the period and includes the fees of the independent directors and the related social security contributions.

It may be analysed as follows:

€	Period from September 19, 2017 to December 31, 2017
Wages and salaries	1,808
Social security contributions	194
Total personnel expense	2,002

Note 18 provides more information about the independent directors' fees.

9—Other net operating costs

This caption amounts to €102,049 for the period and includes the costs incurred by the company to carry out its core business. It comprises:

€	Period from September 19, 2017 to December 31, 2017
Consultancy services provided by Space Holding S.r.l.	61,781
Audit fees	17,300
Board of statutory auditors	12,263
Securities management	3,452
Administrative services	2,665
Financial communications	1,919
Other costs	1,869
Professional fees	499
Trust services	301
Total other net operating costs	102,049

The consultancy services provided by Space Holding S.r.l. mainly refer to its services provided after the listing date, as per the specific agreement of September 27, 2017, amended on November 16, 2017, and described in more detail in note 16 Related party transactions.

Securities management services were provided by SPAFID S.p.A., which also keeps the shareholder register, during the initial listing process and the company's normal activities.

Administrative services mainly refer to accounting and on-screen services.

Financial communications of €1,919 include the costs of financial reporting services requested to promote the company on the financial market, using actions and tools to strengthen relations with the media and institutional investors in Italy and abroad.

Other costs chiefly comprise bank fees and revenue stamps on restricted and unrestricted current accounts existing at the reporting date.

Professional fees refer to legal and notary consultancy services.

"Trust services" comprise the cost of the trust administration of the Escrow Funds.

Notes 19 and 20 present the fees of the board of statutory auditors and the independent auditors.

10—Financial income

This caption amounts to €27,357 at the reporting date.

€	Period from September 19, 2017 to December 31, 2017
Interest on bank deposits	27,357
Total financial income	27,357

In addition to interest on the bank current accounts accrued at the reporting date, interest on bank deposits also includes the gross interest accrued on the restricted deposit of €5,753 with Banca Farmafactoring (described in more detail in note 1 Cash and cash equivalents).

11—Financial expense

This caption came to €6,500,000 and shows the fair value losses on market warrants for the period, as already mentioned in note 5 Other current financial liabilities.

12—Income taxes

As shown in the statement of profit or loss for the period, the company did not recognise current income taxes as it is in tax loss position.

The company has not recognised any deferred tax income in these financial statements, pending the execution of the Relevant Transaction.

13—Basic and diluted loss per share

The basic loss per share, calculated by dividing the loss for the period by the number of outstanding ordinary shares, is €1.24.

The calculation of the basic and diluted loss per share is analysed in the following table:

€	From September 19, 2017 to December 31, 2017
Loss for the period	(6,576,694)
Closing number of outstanding ordinary shares	50,000,000
Closing number of potential ordinary shares	2,325,582
Basic loss per share	(1.24)
Diluted loss per share	(1.19)

At the reporting date, the diluted loss per share of €1.19 was calculated using the outstanding ordinary shares and the maximum potential ordinary shares should the 10,000,000 outstanding market warrants be converted.

14—Risk management

The company is exposed to various financial risks as part of its business operations.

Risks are managed in accordance with the guidelines defined by the board of directors. The aim is the management of the funds raised and necessary to carry out the Relevant Transaction in line with the approved investment policy.

The company deposited 98.5% of the total proceeds from the placing of its ordinary shares on the investment vehicles section of the Italian stock exchange in term deposits as its Escrow Funds to be used solely after the shareholders' authorisation, as provided for by article 6.2 of its by-laws.

There are no positions or transactions that expose the company to significant credit or liquidity risk at the reporting date.

With respect to market risk, the market warrants are measured at fair value through profit or loss. Therefore, the following changes in fair value could significantly affect the company's performance:

- a rise in the market warrants' fair values could lead to an increase in the company's liabilities and financial expense;
- a reduction in the market warrants' fair values could lead to a decrease in the company's liabilities and an increase in financial income.

These financial income and expense are accounting changes that do not lead to cash inflows or outflows.

The fair value hierarchy of the company's assets and liabilities is set out below.

	Fair value measurement based on		
€	Active market quoted prices (Level 1)	Observable significant inputs (Level 2)	Unobservable significant inputs (Level 3)
Liabilities measured at fair value:			
Market warrants	(12,500,000)	—	—

In accordance with the code of conduct issued by the corporate governance committee for listed companies set up by Borsa Italiana, the company has a control and risks committee.

15—Guarantees given, commitments and contingent liabilities

There are no guarantees given, commitments or contingent liabilities at the reporting date.

16—Related party transactions

On September 27, 2017, the company entered into a services agreement with its parent (amended on November 16, 2017) for assistance with the identification and selection of a target to perform the Relevant Transaction with and, after identification of the target, the analysis and assessment of its structure and negotiations. The agreement also includes assistance with investor and press relations as well as other activities to support the SPAC's ordinary operations. The annual fee to be paid to Space Holding is equal to 0.4% of the total proceeds from the institutional listing, increased by the costs incurred to provide the services (€50,000 a year).

At December 31, 2017, the company had availed of these services and recognised a cost of €61,781 in its statement of profit or loss.

17—Operating segments

For the purposes of IFRS 8 Operating segments, it is noted that the company has no operating segments as it mainly focused on the definition of its organisational structure and the procedures for listing its ordinary shares on the market for investment vehicles regulated by Borsa Italiana during the period from its incorporation to the reporting date.

18—Fees paid to the board of directors and key management personnel

The company decided to pay the independent directors an annual gross fee of €20,000 each.

The directors in office do not receive additional indemnities should they leave office early. Moreover, they are not provided with non-monetary benefits, apart from the third party liability insurance policy which covers their duties and the reimbursement of costs incurred in the performing of activities on behalf of the company and in its interest during the reporting period.

Therefore, the fees accrued in the period from the start of trading until December 31, 2017 for the independent directors amounted to €2,002 (including the related social security contributions).

The company did not set up a remuneration or appointments committee given its simplified corporate governance structure.

19—Fees paid to the board of statutory auditors

The company decided to pay the board of statutory auditors an annual fee of €59,000, which does not include the related social security contributions, starting from the listing date.

The statutory auditors do not receive additional indemnities should they leave office early nor are they provided with non-monetary benefits.

Their fees accrued in the reference period amounted to €12,263 (including the related social security contributions).

20—Independent auditors' fees

The fees due to the independent auditors for services provided in the reporting period are set out below and are inclusive of related expenses:

Type of service	Service provider	Fees (€'000)
Audit	KPMG S.p.A.	17.3
Other activities	KPMG S.p.A.	47.2
Other activities	KPMG network companies	5.2
Total		69.7

The other activities include comfort letters issued on the information included in the prospectus and the offering circular.

21—Atypical and/or unusual transactions

No atypical and/or unusual transactions, as defined in Consob communications no. DEM/6037577 of April 28, 2006 and no. DEM/6064293 of July 28, 2006, took place during the period.

22—Significant non-recurring events and transactions

No significant non-recurring events or transactions, as defined in Consob Resolution no. 15519 and Communication no. DEM/6064293 took place during the period, except for the listing procedures.

23—Net financial position

The company's net financial position, calculated in accordance with the guidelines about net financial debt set out in ESMA's recommendation 2013/219 and Consob resolution no. DEM/6064293 of July 26, 2007, is presented below:

€		December 31, 2017
A	Cash	—
B	Cash equivalents	512,205,719
C	Other current financial assets	—
D	**Cash and cash equivalents (A+B+C)**	**512,205,719**
E	**Current loan assets**	**—**
F	Current bank loans and borrowings	—
G	Current portion of non-current financial debt	—
H	Other current loans and borrowings	—
I .	**Current financial debt**	**—**
J	**Net current financial position**	**512,205,719**
K	Non-current bank loans and borrowings	—
L	Bonds issued	—
M	Other non-current liabilities	—
N	**Non-current financial debt**	**—**
O	**Net financial position**	**512,205,719**

24—Authorisation to publish the financial statements

The board of directors authorised the publication of these financial statements during its meeting of March 23, 2018.

Milan, 23 March 2018

For the board of directors

Chairperson
Roberto Italia

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