



Press release

April 30, 2024

Q1 2024 trading update

Stable volumes, initial signs of growth recovery, progress on production footprint

- Q1 2024 revenue, at constant currency, in line with strong prior year (constant currency and constant resin¹ also in line with prior year)
- Q1 2024 reported revenue declined by 1.0% compared with Q1 2023
- Volume growth resuming in key regions, pricing stable
- Q1 2024 adjusted EBITDA margin 21.5%; set to expand through the year as revenue growth resumes
- Full year guidance confirmed

Samuel Sigrist, CEO, said: "In the first quarter of the year, good volume performance in aseptic and chilled cartons offset the impact of a tough base of comparison for bag-in-box and spouted pouch revenues. For the business as a whole, we expect volume growth to accelerate through the year as consumer confidence improves.

Profitability in the second half will benefit from top line growth and we expect an increase in the full year adjusted EBITDA margin to be within the lower half of the 25-26% range. We aim to achieve this while continuing to invest in growth and innovation. Our expansion into new regions is proceeding well with strong growth in India and in other emerging markets such as Latin America.

In Q2 2024 we will commence production at our new state-of-the-art chilled carton production facility in China. Located alongside our aseptic carton facilities in Suzhou Industrial Park, the facilities completion, ahead of schedule, positions SIG to capitalise on the strong revenue growth and market share gains in chilled. We believe that the business will benefit from the modern and efficient facilities that we have in Suzhou as well as from our shared infrastructure, existing R&D resources, and our customer testing facility."

¹ The resin escalator for the bag-in-box and spouted pouch businesses, which passes on movements in resin costs directly to customers, is excluded for year-on-year comparison purposes.

Key performance indicators: Q1 2024

(In € million or %)	Three months ended March 31, 2024	Three months ended March 31, 2023
Total revenue	721.5	729.0
Adjusted EBITDA	155.2	175.0
Adjusted EBITDA margin	21.5%	24.0%
EBITDA	134.2	166.2
Adjusted EBIT	88.5	113.3
EBIT	29.7	66.9
Adjusted net income	39.7	64.7
Net income	(7.1)	23.0
Free cash flow	(100.7)	(95.2)

Revenue by region

(In € million or %)	Three months ended March 31 2024	Three months ended March 31 2023	Change	
			Reported currency	Constant currency
Europe	250.9	237.9	5.5%	5.8%
IMEA	90.6	96.2 ²	(5.8%)	(4.7%)
APAC	185.5	179.4 ²	3.4%	7.9%
Americas	194.5	215.3	(9.7%)	(10.5%)
Group Functions	0.0	0.2		
Total revenue	721.5	729.0	(1.0%)	0.0%

Europe

In Q1 2024, revenue growth for Europe on a constant currency basis was 5.8% or 6.2% on a constant currency and constant resin³ basis.

Performance was driven by strong volume growth in aseptic carton partly due to a low base effect in Q1 2023. The segment continues to win new filler contracts in liquid dairy and food.

Revenue from bag-in-box and spouted pouch declined against a strong prior year comparison which included equipment sales that were not repeated in Q1 of this year.

² Q1 2023 restated to reflect new IMEA segment structure, as presented in the 2023 annual report.

³ The resin escalator for the bag-in-box and spouted pouch businesses, which passes on movements in resin costs directly to customers, is excluded for year-on-year comparison purposes.

India, Middle East and Africa

In Q1 2024, revenue for India, Middle East and Africa on a constant currency basis declined by 4.7% or, a decrease of 4.5% when adjusted for both constant currency and constant resin⁴.

While India witnessed strong aseptic carton growth, the Middle East and African region was impacted by shipping disruptions in the Red Sea, leading to delays in deliveries to customers in North Africa. It is expected that these shipments will take place in Q2 2024, subject to no further escalation of shipping disruptions in the region.

The region was pleased to win its first bag-in-box contract, for a full aseptic system solution, in Saudi Arabia for food service.

Asia Pacific

In Q1 2024, revenue for Asia Pacific on a constant currency basis increased by 7.9% or by 8.1% when adjusted for both constant currency and constant resin⁴.

Sales in China saw strong volume growth for both aseptic and chilled cartons following a decline in Q1 2023, which was impacted by an outbreak of COVID-19. Both categories are gaining market share in large and small packaging formats for milk.

Indonesia, Thailand, and Vietnam saw good volume recovery in March. The region saw strong demand for new filling lines during the period.

Americas

In Q1 2024, revenue for the Americas region on a constant currency basis declined by 10.5% or, a decrease of 11.1% when adjusted for both constant currency and constant resin⁴.

This decrease was primarily driven by a decline in bag-in-box and spouted pouch volume compared to a strong performance in the previous year. An increase in menu prices also affected out-of-home dining during the quarter. The Group anticipates a recovery as quick service restaurants increase promotional activities.

In Brazil, aseptic carton volumes experienced good growth in March following a slower start to the year. Additionally, the Group continues to expand its presence in the rest of South America, particularly in non-carbonated soft drinks and flavoured milk segments.

Adjusted EBITDA

For the quarter, adjusted EBITDA amounted to €155.2 million (Q1 2023: €175.0 million). The adjusted EBITDA margin of 21.5% (Q1 2023: 24.0%) was impacted by unfavorable currency movements, which reduced the margin by 110 basis points. Lower raw material costs offset a

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negative mix impact. Higher SG&A expenses reflected investments in growth, research and development, and wage inflation.

The Company intends to transfer its chilled carton manufacturing plant in Shanghai to the same location as its aseptic facilities in the Suzhou Industrial Park China. It has built a state-of-the-art chilled carton production facility and plans to sell the Shanghai premises. This has resulted in an impairment and restructuring expense of €19.1 million pre-tax for the period. The impairment charge is related to the decline in real estate values in China. These costs have been adjusted out of EBITDA.

Net income and adjusted net income

For the period, adjusted net income amounted to €39.7 million (Q1 2023: €64.7 million). This decline was primarily attributed to lower adjusted EBITDA.

Net income for the period was €(7.1) million (Q1 2023: €23.0 million). The decrease was a result of an impairment and restructuring expense of €15.6 million post-tax related to the relocation of the Group's chilled carton plant, as mentioned above.

Further details on adjustments to EBITDA and net income can be seen in the tables below.

Reconciliation of profit for the period to EBITDA and adjusted EBITDA:

(In € million)	Three months ended March 31, 2024	Three months ended March 31, 2023
Profit / (loss) for the period	(7.1)	23.0
Net finance expense	36.7	33.0
Income tax expense	0.1	10.9
Depreciation and amortisation	104.5	99.3
EBITDA	134.2	166.2
Adjustments to EBITDA:		
Unrealised loss/(gain) on operating derivatives	(1.9)	0.8
Restructuring costs, net of reversals	4.7	1.7
Transaction- and acquisition-related costs	0.2	-
Integration costs	0.6	3.5
Change in fair value of contingent consideration	1.2	2.6
Impairment losses	15.9	0.2
Other	0.3	-
Adjusted EBITDA	155.2	175.0

Reconciliation of profit for the period to adjusted net income:

(In € million)	Three months ended March 31, 2024	Three months ended March 31, 2023
Profit / (loss) for the period	(7.1)	23.0
Non-cash foreign exchange impact of non-functional currency loans and realised foreign exchange impact due to refinancing	1.2	2.1
Amortization of transaction costs	0.7	1.1
Net change in fair value of financing-related derivatives	0.2	1.2
PPA depreciation and amortization – Onex acquisition	25.9	25.8
PPA amortization – Other acquisitions	11.9	11.8
Adjustments to EBITDA ⁵	21.0	8.8
Tax effect on above items	(14.1)	(9.1)
Adjusted net income	39.7	64.7

Net capital expenditures

(In € million)	Three months ended March 31, 2024	Three months ended March 31, 2023
PP&E and intangible assets (net of sales)	36.6	51.3
Filling lines and other related equipment	56.7	62.6
Capital expenditure	93.3	113.9
Upfront cash	(30.6)	(26.6)
Net capital expenditure	62.7	87.3

Net capital expenditure for the period totalled €62.7 million, compared to €87.3 million in the prior year period. Net capital expenditure as a percentage of revenue was 8.7%. Overall, net capital expenditure decreased by €24.6 million compared to Q1 2023.

Free cash flow

(In € million)	Three months ended March 31, 2024	Three months ended March 31, 2023
Net cash from operating activities	7.8	29.8
Acquisition of PP&E and intangible assets (net of sales)	(93.3)	(113.9)
Payment of lease liabilities	(15.2)	(11.1)
Free cash flow	(100.7)	(95.2)

⁵ For the different adjustments to EBITDA, refer to the adjusted EBITDA table above.

The cash flow generation in Q1 2024 reflected the typical seasonality of the business, primarily due to the payment of customer volume incentives in the first half of the year. The Group's cash generation continues to be skewed towards the second half of the year.

Leverage

(In € million)	As of March 31, 2024	As of Dec. 31, 2023
Gross debt	2,547.7	2,457.5
Cash and cash equivalents	265.8	280.9
Net debt	2,281.9	2,176.6
Net leverage ratio (last twelve months)	2.9x	2.7x

Net leverage as of March 31, 2024 was 2.9x (March 31, 2023: 3.1x). The increase compared to 31 December 2023, reflects the usual seasonality of the business. The Group expects to reduce net leverage to around 2.5x by December 31, 2024.

Dividend

The Annual General Meeting held on April 23, 2024 approved a dividend distribution, from the capital contribution reserve, of CHF 0.48 per share for the year 2023. The dividend will be paid on or around April 30, 2024 and will amount to approximately CHF183 million. The Company intends to continue its policy of a progressive dividend per share with a pay-out ratio within a range of 50-60% of adjusted net income.

Outlook

SIG confirms its 2024 guidance. The Company expects total revenue growth at constant currency at the low end of its 4-6% mid-term guidance range. This reflects the Group's expectation that volume growth will be geared towards the second half of 2024, as we expect end market demand to recover.

The resin escalator for the bag-in-box and spouted pouch businesses, which passes on movements in resin costs directly to customers, is not included in the guidance.

The adjusted EBITDA margin is expected to be within the lower half of 25-26%. This is subject to input costs and foreign currency volatility. The Company believes operating leverage and acquisition synergies will positively contribute to adjusted EBITDA margin which will be partly offset by higher SG&A, reflecting investments in innovation and regional expansion, and wage inflation.

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About SIG

SIG is a leading solutions provider of packaging for better – better for our customers, for consumers, and for the world. With our unique portfolio of aseptic carton, bag-in-box, and spouted pouch, we work in partnership with our customers to bring food and beverage products to consumers around the world in a safe, sustainable, and affordable way. Our technology and outstanding innovation capabilities enable us to provide our customers with end-to-end solutions for differentiated products, smarter factories, and connected packs, all to address the ever-changing needs of consumers. Sustainability is integral to our business, and we strive to create a net positive food packaging system.

Founded in 1853, SIG is headquartered in Neuhausen, Switzerland, and listed at the SIX Swiss Exchange. The skills and experience of our approximately 9,000 employees worldwide enable us to respond quickly and effectively to the needs of our customers in over 100 countries. In 2023, SIG produced 53 billion packs and generated €3.2 billion in revenue. SIG also has an AA ESG rating by MSCI, a 13.9 (low risk) score by Sustainalytics, Platinum CSR rating by EcoVadis, and is included in the FTSE4Good Index. For more information, visit our website.

For insights into trends that drive the food and beverage industry, visit the [SIG blog](#).

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This media release contains "forward-looking statements" that are based on our current expectations, assumptions, estimates and projections about us and our industry. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the words "may", "will", "should", "continue", "believe", "anticipate", "expect", "estimate", "intend", "project", "plan", "will likely continue", "will likely result", or words or phrases with similar meaning. Undue reliance should not be placed on such statements because, by their nature, forward-looking statements involve risks and uncertainties, including, without limitation, economic, competitive, governmental and technological factors outside of the control of SIG Group AG ("SIG", the "Company" or the "Group"), that may cause SIG's business, strategy or actual results to differ materially from the forward-looking statements (or from past results). For any factors that could cause actual results to differ materially from the forward-looking statements contained in this media release, please see our offering circular for the issue of notes in June 2020. SIG undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise. It should further be noted that past performance is not a guide to future performance. Please also note that quarterly results are not necessarily indicative of the full-year results. Persons requiring advice should consult an independent adviser

The declaration and payment by the Company of any future dividends and the amounts of any such dividends will depend upon SIG's ability to maintain its credit rating, its investments, results, financial condition, future prospects, profits being available for distribution, consideration of certain covenants under the terms of outstanding indebtedness and any other factors deemed by the Directors to be relevant at the time, subject always to the requirements of applicable laws.

Some financial information in this media release has been rounded and, as a result, the figures shown as totals in this media release may vary slightly from the exact arithmetic aggregation of the figures that precede them.

In this media release, we utilise certain alternative performance measures, including but not limited to EBITDA, adjusted EBITDA, adjusted EBITDA margin, net capex, adjusted net income, free cash flow and net leverage ratio that in each case are not defined in International Financial Reporting Standards ("IFRS"). These measures are presented as we believe that they and similar measures are widely used in the markets in which we operate as a means of evaluating a company's operating performance and financing structure. Our definition of and method of calculating the alternative performance measures stated above may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS or other generally accepted accounting principles, are not measures of financial condition, liquidity or profitability and should not be considered as an alternative to profit from operations for the period or operating cash flows determined in accordance with IFRS, nor should they be considered as substitutes for the information contained in our consolidated financial statements. You are cautioned not to place undue reliance on any alternative performance measures and ratios not defined in IFRS included in this media release.

Alternative performance measures

For additional information about alternative performance measures used by management that are not defined in IFRS, including definitions and reconciliations to measures defined in IFRS, please refer to the link below:

<https://www.sig.biz/investors/en/performance/definitions>