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# SIG COMBIBLOC UBS BEST OF SWITZERLAND CONFERENCE

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6 SEPTEMBER 2019



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In this presentation, we utilise certain alternative performance measures, including EBITDA, adjusted EBITDA, core revenue and adjusted net income that in each case are not recognized under International Financial Reporting Standards (“IFRS”). These non-IFRS 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. They may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS or other generally accepted accounting principles, nor should they be considered as substitutes for the information contained in the financial statements included in this presentation.

EBITDA, a measure used by our management to measure operating performance, is defined as profit (loss) before net finance expense, income tax

expense, depreciation of property, plant and equipment and right-of-use assets, and amortisation of intangible assets.

Adjusted EBITDA is defined as EBITDA adjusted to exclude certain non-cash transactions and items of a significant or unusual nature including, but not limited to, transaction- and acquisition-related costs, restructuring costs, unrealised gains or losses on derivatives, gains or losses on the sale of non-strategic assets, asset impairments and write-downs and share of profit or loss of joint ventures, net of cash distributed in the form of dividends.

Adjusted net income is defined as profit or loss adjusted to exclude certain items of significant or unusual nature, including, but not limited to, the non-cash foreign exchange impact of non-functional currency loans, amortization of transaction costs, the net change in fair value of financing-related derivatives, purchase price allocation depreciation and amortization, adjustments made to reconcile EBITDA to adjusted EBITDA and the estimated tax impact of the foregoing adjustments.

Adjusted EBITDA and adjusted net income are not performance measures under IFRS, are not measures of financial condition, liquidity or profitability and should not be considered as alternatives to profit (loss) for the period, operating profit or any other performance measures determined or derived in accordance with IFRS or operating cash flows determined in accordance with IFRS.

Additionally, adjusted EBITDA is not intended to be a measure of free cash flow for management’s discretionary use, as it does not take into account certain items such as interest and principal payments on our indebtedness, working capital needs and tax payments. We believe that the inclusion of adjusted EBITDA and adjusted net income in this presentation is appropriate to provide additional information to investors about our operating performance to provide a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. Because not all companies calculate adjusted EBITDA, core revenue and adjusted net income identically, the presentation of these non-IFRS performance measures may not be comparable to other similarly titled measures in other companies.

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, refer to the SIG Interim Report.

Please note that combismile is currently not available in Germany, Great Britain, France, Italy and Japan.

# SIG IN BRIEF

UNIQUELY POSITIONED  
IN A GROWTH INDUSTRY

## **INTEGRATED SYSTEM**

WITH PROPRIETARY  
FILLING MACHINES,  
SLEEVES, CLOSURES,  
SERVICES

## **LONG-TERM CUSTOMER RELATIONSHIPS:**

>25 YEARS ON AVERAGE  
FOR TOP TEN  
CUSTOMERS

## **STRONG SERVICE NETWORK AND SUPPLY CHAINS**

## **DIFFERENTIATED SIG TECHNOLOGY:**

ASEPTIC CARTON  
SLEEVES CAN BE FILLED  
WITH A WIDE RANGE OF  
PRODUCTS

## **CONSUMER-CENTRIC INNOVATION**

IN  
COLLABORATION WITH  
THE CUSTOMER

## **RESILIENT FINANCIAL PERFORMANCE**

HIGH RETURN ON  
CAPITAL EMPLOYED

## **EXPANDED PRESENCE IN GROWTH MARKETS**

WITH FAVOURABLE  
DEMOGRAPHICS

## **LEADING THE WAY IN SUSTAINABILITY**

TRACK RECORD OF  
INDUSTRY FIRSTS

# COMPLETE PACKAGING SYSTEM AND SERVICE SOLUTIONS TO CUSTOMERS

TRUSTED PARTNER  
FOR LEADING  
BLUE CHIP CUSTOMERS

## FULL SUITE OF DIFFERENTIATED SOLUTIONS

### FILLING LINES



### SLEEVES



### CLOSURES



### SERVICES



## INCREASING OUR PORTFOLIO OF VALUE-ADDED SERVICES

SMART FACTORY, SUPPLY CHAIN  
AND TECHNICAL SERVICE SOLUTIONS

JOINT PRODUCT DEVELOPMENT  
WITH CUSTOMERS

TEST FILLING & CO-PACKING  
NETWORK

DIGITAL MARKETING  
SOLUTIONS

## LONG-TERM RELATIONSHIPS WITH BLUE CHIP CUSTOMERS

NCS



LD



Food



# RAZOR / RAZORBLADE BUSINESS MODEL LEVERAGING OUR FULL SOLUTIONS OFFERING

**BASE OF 1,180 FILLERS – RECURRING REVENUES AND SCOPE FOR GROWTH**

## CUSTOMER PARTNERSHIP BUILT ON A FULL SYSTEM OFFERING...



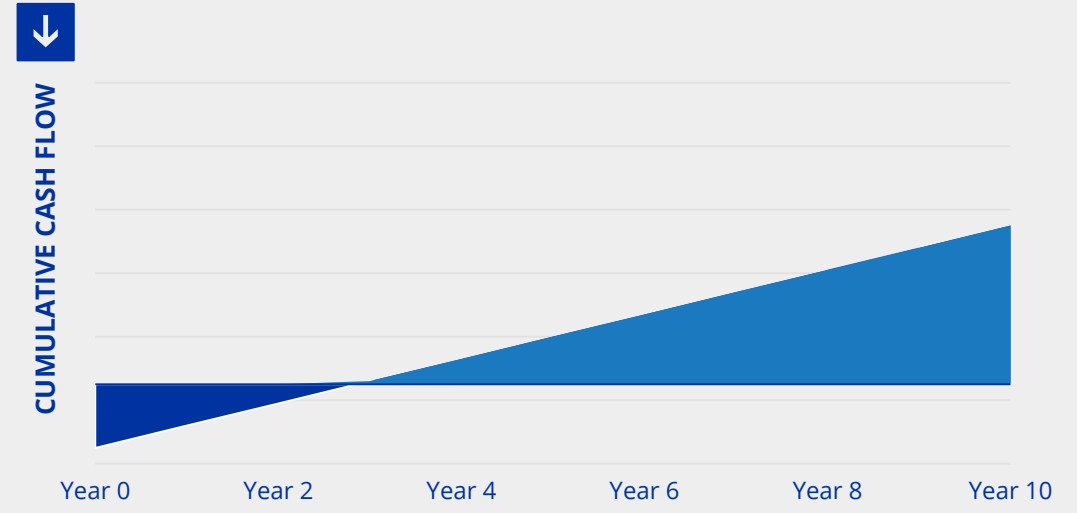
**ANNUAL CUSTOMER RETENTION RATE OF ~99%<sup>3</sup>**

## ...THAT YIELDS ATTRACTIVE UNIT ECONOMICS<sup>1</sup>



**FILLER INSTALLED**

**ATTRACTIVE IRR**



**2-3 YEAR BREAKEVEN ON NEW FILLER PLACEMENTS**

(1) ILLUSTRATIVE CHART ASSUMING CONSISTENT REVENUE THROUGHOUT CUSTOMER RELATIONSHIP (2) REVENUE SPLIT BASED ON REVENUE GENERATED THROUGH SALE OF SYSTEM COMPONENTS AND SLEEVES & CLOSURES FOR 2018 (3) RETAINED CUSTOMERS REPRESENTED OVER 99% OF SLEEVE SALES IN EACH OF THE LAST TEN YEARS AS OF DECEMBER 31, 2017



# HIGH LEVEL OF SERVICE FAVOURS CUSTOMER RETENTION

INTEGRATED IN  
CUSTOMERS' DAY-TO-DAY  
OPERATIONS



✓ ~550 field service engineers

✓ Spare parts delivery worldwide

- ✓ • Technical support
- ✓ • Value added services
- ✓ • Continuous expansion of offering

✓ One global and four regional training centres – initial training and continuing education for system experts and customer personnel



~100% SERVICE  
REACH TO CUSTOMERS



EMBEDDED AT CUSTOMER  
SITES; RESIDENT AT LARGE  
CUSTOMERS



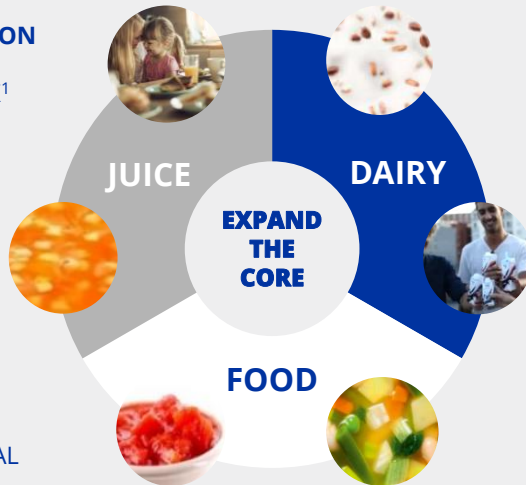
STRONG SERVICE LEVELS

# DIFFERENTIATED TECHNOLOGY

**BROAD AND FLEXIBLE**  
PRODUCT OFFERING

## FILLING CAPABILITIES ENABLING VALUE GROWTH

**NEW CONSUMPTION**  
OCCASIONS WITH  
DRINKABLE SNACK<sup>1</sup>



**PREMIUMISE**  
JUICES THROUGH  
REAL FRUIT  
INCLUSIONS<sup>1</sup>

**ON-THE-GO**  
BREAKFAST MILK  
WITH HEALTHY  
CEREALS<sup>1</sup>

**TARGET NEW**  
CONSUMERS  
WITH RICH  
PROTEIN DRINKS

**ADD PERCEPTIBLE**  
VALUE: TOMATO  
PASSATA WITH REAL  
TOMATO CHUNKS<sup>1</sup>

**DELIVER**  
NUTRITIOUS  
SOUPS WITH FOOD  
PARTICULATES<sup>1</sup>

&

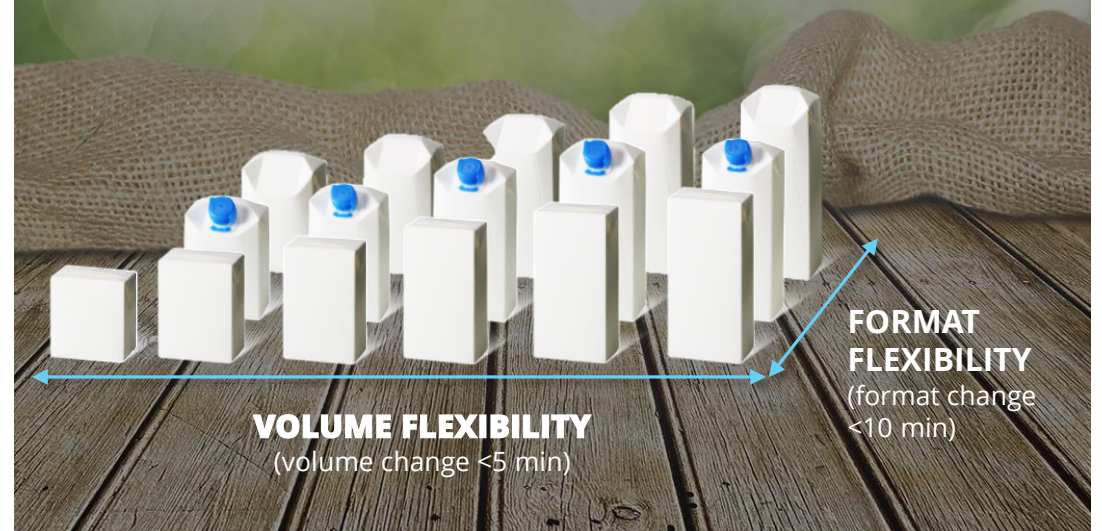
MEETING **KEY CONSUMER TRENDS** AND **GROWTH**  
**BEYOND STANDARD SEGMENTS** DUE TO UNIQUE  
SLEEVE AND FILLING TECHNOLOGY

## VOLUME, FORMAT, DESIGN FLEXIBILITY

UP TO 16 PRODUCT VARIANTS  
POSSIBLE ON ONE FILLER

RANGE OF FILL VOLUMES FROM  
80ML TO 2,000ML ACROSS  
PORTFOLIO

DIFFERENT DESIGN POSSIBILITIES



(1) PARTICULATES UP TO 6MM & FIBRES UP TO 8MM IN ANY DRINKS POSSIBLE WITH DRINKSPUS; WITH FOOD TECHNOLOGY UP TO 25MM AND 45MM PARTICULATES ARE POSSIBLE

# CONSUMER-CENTRIC INNOVATION

- Ongoing investment in R&D: ~3% of sales
- New Tech Centre in Suzhou, China will speed pace of innovation across the APAC region
- combismile meeting on-the-go demand in China
  - Produced on new type of filler machine
  - Successful combination with drinksplus
  - Now launched in USA
- Smart factory: innovation at the heart of our customers' operations
  - Agreement with GE Digital signed in May 2018





# SUSTAINABILITY LEADING THE WAY

- All carton packs fully recyclable with 70-80% renewable material
- **SIG**NATURE PACK: first aseptic carton 100% linked to renewable forest-based materials
  - Now sold in several countries
- Pioneer in third party verified certifications for sourcing:
  - Forest Stewardship Council 2009
  - International Sustainability & Carbon Certification
  - Aluminium Stewardship Initiative 2018
- 2020 objective of 100% renewable energy and Gold Standard CO<sub>2</sub> offset reached in 2018



# SUSTAINABILITY

## RECENT MILESTONES

ON A JOURNEY  
TO BECOME NET POSITIVE



Juntos  
reducimos  
los desechos  
plásticos

FIRST CARTON  
COMPANY TO  
OFFER A  
**PAPER STRAW**

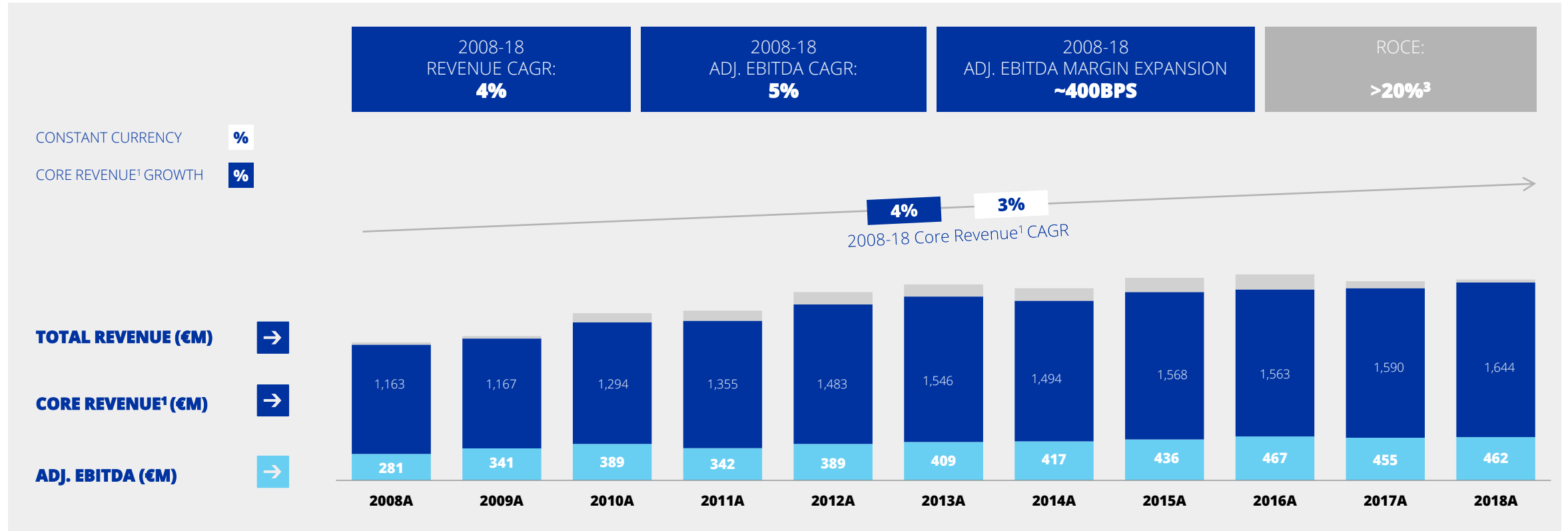


**SUSTAINABLE  
PACKAGING  
FOR WATER**



# RESILIENT FINANCIAL PERFORMANCE OVER TIME

TOP LINE GROWTH,  
MARGIN EXPANSION, STRONG CASH GENERATION



<b>ADJ. EBITDA MARGIN</b>	<b>24%</b>	<b>29%</b>	<b>28%</b>	<b>23%</b>	<b>24%</b>	<b>24%</b>	<b>26%</b>	<b>25%</b>	<b>27%</b>	<b>27%</b>	<b>28%</b>
<b>ADJ. EBITDA – CAPEX<sup>2</sup> MARGIN</b>	<b>16%</b>	<b>23%</b>	<b>19%</b>	<b>14%</b>	<b>16%</b>	<b>15%</b>	<b>18%</b>	<b>18%</b>	<b>18%</b>	<b>17%</b>	<b>19%</b>

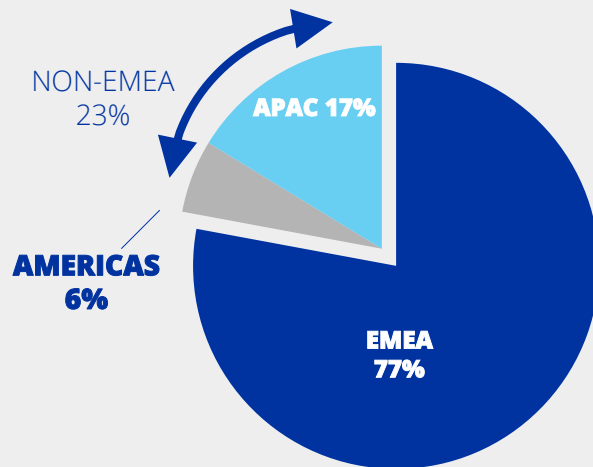
(1) CORE REVENUE REPRESENTS THE REVENUE TO EXTERNAL CUSTOMERS AND EXCLUDES (I) SALES OF LAMINATED BOARD (LB) TO THE MIDDLE EAST JOINT VENTURE AND (II) SALES OF FOLDING BOX BOARD (FBB) TO THIRD PARTIES; (2) CAPEX REPRESENTS NET CAPEX CALCULATED AS GROSS CAPEX LESS UPFRONT CASH; (3) POST-TAX ROCE PRESENTED ABOVE IS CALCULATED BY ADJUSTING PRE-TAX ROCE BY APPLYING A 30% REFERENCE TAX RATE TO THE PRE-TAX ROCE

# INCREASING GROWTH REGION FOCUS

**STRONG FREE CASH FLOW GENERATION IN EUROPE**  
SUPPORTS GROWTH MARKET INVESTMENTS

2008

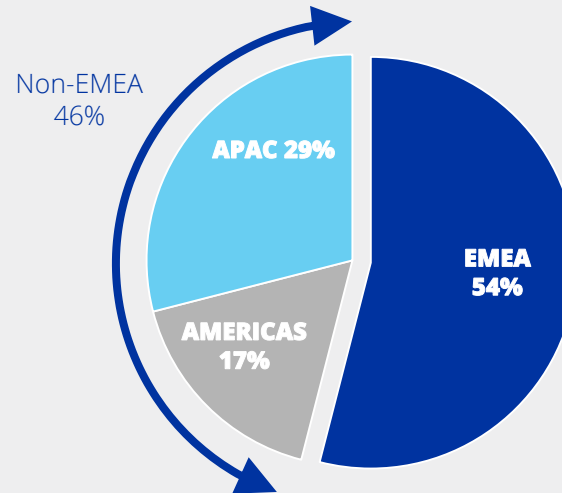
## CORE REVENUE CONTRIBUTION



EMEA  
FCF<sup>(1)</sup>

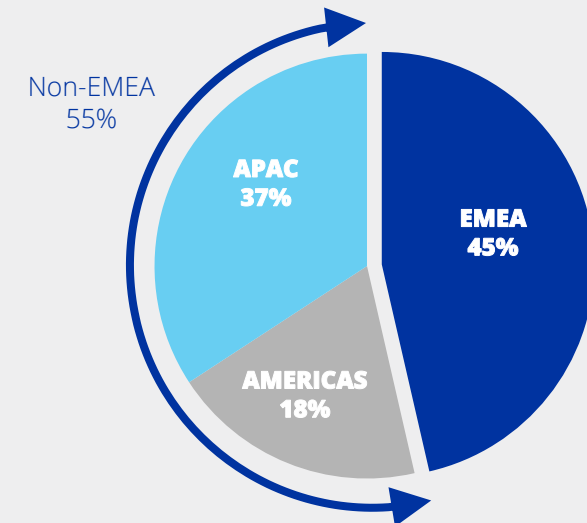
**€169M**

2014



**€227M**

2018



**€210M**

(1) EMEA FCF CALCULATED AS ADJ. EBITDA - CAPEX FOR THE REGION

# H1 2019 PERFORMANCE

## KEY POINTS

**ON TRACK**  
TO MEET FY TARGETS

**CONTINUING STRONG PERFORMANCE** IN GROWTH MARKETS

**ROBUST SALES** IN BRAZIL AND STRONG H1 FOR MIDDLE EAST JOINT VENTURE

**FAVOURABLE CURRENCY** AND RAW MATERIAL TRENDS

**ONGOING INVESTMENT** IN INNOVATION

**EXPANSION OF PLANT NETWORK IN APAC** TO MEET EVER-GROWING DEMAND; OPTIMISED FINANCING

# H1 2019 FINANCIAL HIGHLIGHTS

**STRONG**  
TOP LINE GROWTH

CORE REVENUE

**+5.1%**

AT CONSTANT  
CURRENCY

CORE REVENUE

**+6.9%**

REPORTED

ADJUSTED EBITDA  
MARGIN

**25.6%**

(H1 2018: 25.9%)

ADJUSTED EBITDA  
– NET CAPEX  
MARGIN

**18.0%**

(H1 2018: 14.4%)

ADJUSTED NET  
INCOME

**€80.5**

MILLION  
(H1 2018:  
€48.4 m)

ADJUSTED  
EARNINGS PER  
SHARE

**€0.25**

(H1 2018: €0.23)

FREE CASH FLOW

**€36.8**

MILLION  
(H1 2018: €2.0 m)

ROCE (LTM)

**20%**

# CAPITAL EXPENDITURE

**FY NET CAPEX GUIDANCE**  
8–10% OF REVENUE

€million	2019H1	2018H1
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>20</b>	<b>29</b>
<b>GROSS FILLER CAPEX</b>	<b>66</b>	<b>84</b>
<b>UPFRONT CASH</b>	<b>(26)</b>	<b>(25)</b>
<b>NET FILLER CAPEX</b>	<b>41</b>	<b>59</b>
<b>TOTAL NET CAPEX</b>	<b>61</b>	<b>88</b>
<b>TOTAL NET CAPEX AS % REVENUE</b>	<b>7.6%</b>	<b>11.5%</b>
<b>ADJUSTED EBITDA - NET CAPEX MARGIN</b>	<b>18.0%</b>	<b>14.4%</b>

Differences due to rounding

# LEVERAGE

**DIVIDEND PAYMENT**  
IN Q2

€million	2019H1	2018A
<b>CASH<sup>1</sup></b>	<b>79</b>	<b>157</b>
<b>SENIOR SECURED TERM LOANS</b>	<b>1'577</b>	<b>1'592</b>
<b>LEASE LIABILITIES<sup>2</sup></b>	<b>45</b>	<b>26</b>
<b>NET TOTAL DEBT</b>	<b>1'543</b>	<b>1'462</b>
<b>TOTAL NET LEVERAGE RATIO</b>	<b>3.3X</b>	<b>3.2X</b>

<sup>(1)</sup> Includes restricted cash

<sup>(2)</sup> Lease liabilities include €14 million related to the adoption of IFRS 16  
Differences due to rounding



# FINANCIAL GUIDANCE

**FULL YEAR FINANCIAL  
GUIDANCE MAINTAINED**

FY 2019E

<b>CORE REVENUE GROWTH</b>	<b>4 - 6% (CONSTANT CURRENCY)</b>
<b>ADJ. EBITDA MARGIN</b>	<b>27 - 28%</b>
<b>EFFECTIVE TAX RATE</b>	<b>28 - 29%<sup>1</sup></b>
<b>NET CAPEX (% REVENUE)</b>	<b>8 - 10%</b>
<b>DIVIDEND PAYOUT</b>	<b>50 - 60% OF ADJUSTED NET INCOME<sup>2</sup></b>

This Presentation includes mid-term goals that are forward-looking, are subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to future decisions which are subject to change. Actual results will vary and those variations may be material. Nothing in this Presentation should be regarded as a representation by any person that these goals will be achieved and the Company undertakes no duty to update its goals.

Note: Guidance assumes constant currency; adjusted EBITDA margin and net capex percentage based on total revenue

(1) Represents management's estimated adjusted effective tax rate

(2) Dividend based on prior year adjusted net income and based on planned payout ratio

Mid-term

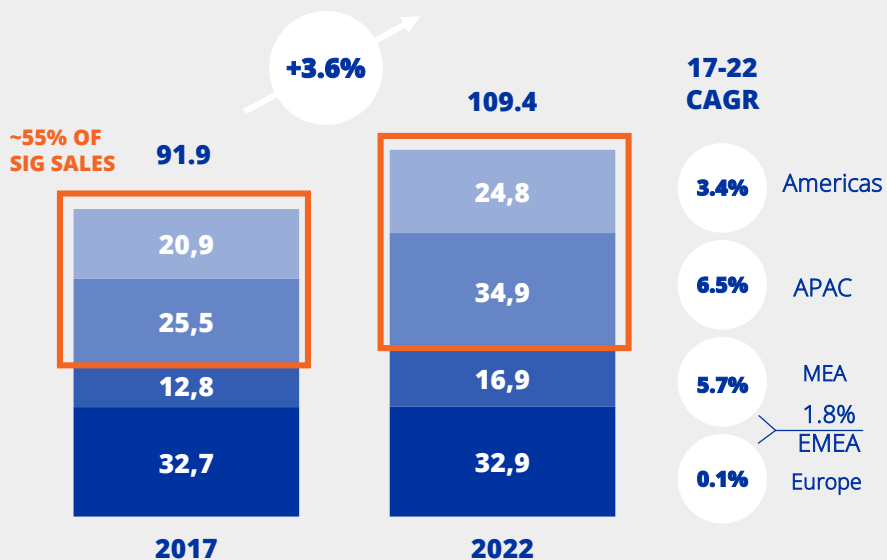
<b>CORE REVENUE GROWTH</b>	<b>4 - 6% (CONSTANT CURRENCY)</b>
<b>ADJ. EBITDA MARGIN</b>	<b>~29%</b>
<b>EFFECTIVE TAX RATE</b>	<b>28 - 29%<sup>1</sup></b>
<b>NET CAPEX (% REVENUE)</b>	<b>8 - 10%</b>
<b>DIVIDEND PAYOUT</b>	<b>50 - 60% OF ADJUSTED NET INCOME<sup>2</sup></b>
<b>NET LEVERAGE</b>	<b>TOWARDS ~2X</b>

# ASEPTIC CARTON OUTPACING OTHER FORMS OF PACKAGING

SIG INVESTMENTS  
IN HIGH GROWTH REGIONS

## EXPECTED GROWTH

ASEPTIC CARTON PRODUCTION VOLUMES  
(BN LITRES)<sup>1</sup>



## GLOBAL DAIRY TOP 10, 2018<sup>(2)</sup>

1	<b>NESTLÉ</b> Switzerland
2	<b>LACTALIS</b> France
3	<b>DANONE</b> France
4	<b>DAIRY FARMERS OF AMERICA</b> US
5	<b>FONTERRA</b> New Zealand
6	<b>FRIESLAND CAMPINA</b> Netherlands
7	<b>ARLA FOODS</b> Denmark/Sweden
8	<b>SAPUTO</b> Canada
9	<b>YILI</b> China
10	<b>MENGIU</b> China



Source: Company information and SIG Market Study

<sup>(1)</sup> Growth rates for 2017-2022 reflect actual and expected aseptic carton production volumes in core geographies as well as additional geographies and categories

<sup>(2)</sup> Rabobank dairy sector report, 2018

# EXPANSION OF PLANT NETWORK IN APAC TO DELIVER CONTINUING GROWTH

OPTIMISED  
FINANCING SOLUTION

**ROBUST DEMAND FOR LIQUID DAIRY** IN CHINA AND SOUTH EAST ASIA LEADING TO HIGH CAPACITY UTILISATION AT CHINESE AND THAI PLANTS

**NEW PLANT TO BE CONSTRUCTED** AT SUZHOU INDUSTRIAL PARK

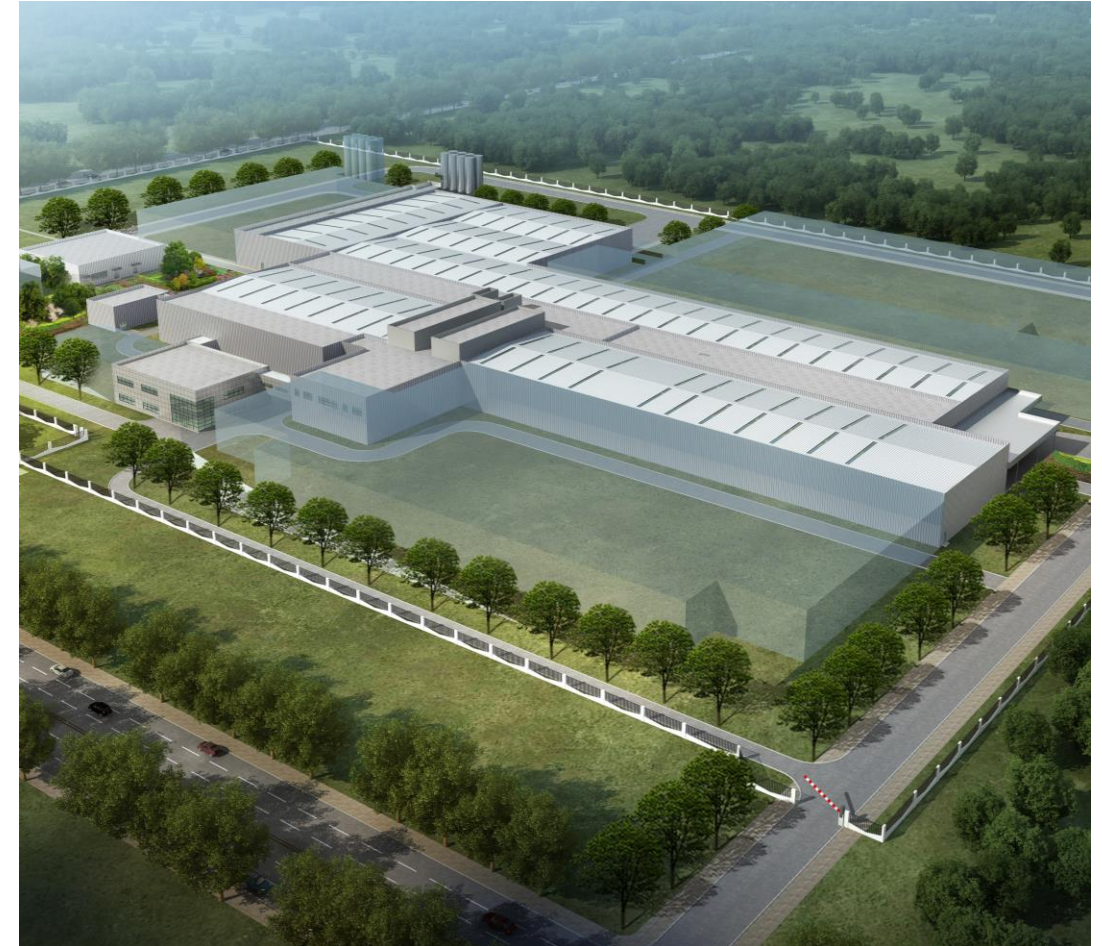
**OPERATIONAL AND OVERHEAD SYNERGIES** WITH EXISTING PLANT

**LOCATED CLOSE TO NEW SIG TECH CENTRE:** COMPREHENSIVE ABILITY TO SERVE CUSTOMERS

**TOTAL INVESTMENT €180M** OVER SEVERAL YEARS

**20 YEAR LEASE** FINANCING FOR LAND AND BUILDING: NPV ~€65M

GOVERNMENT SUBSIDIES  
ONSTREAM EARLY 2021



# NEW PLANT DESIGNED FOR WORLD CLASS PERFORMANCE

## ENVIRONMENTAL & SAFETY PERFORMANCE

- PROCESS HEAT RECOVERY
- SOLAR ROOFING
- MINIMUM WASTE WITH RECYCLING OF PROCESS WASTE
- ENERGY EFFICIENT MOTORS AND DRIVES
- WORLD CLASS DISTILLATION SYSTEM
- ZERO LTC EXPECTATION

## PRODUCTIVITY

- CAPACITY UP TO 8BN PACKS
- INCREASED AUTOMATION: HIGHEST NET SPEEDS WITHIN SIG PLANT NETWORK
- OPTIMISED PLANT LAYOUT TO REDUCE MATERIAL HANDLING COST

# SUMMARY

## RESILIENT GROWTH

CONTINUING TRACK RECORD  
OF GROWTH

### TOP LINE PERFORMANCE

DEMONSTRATES CONTINUING  
SUCCESS OF GROWTH  
STRATEGY

**RESILIENT END MARKETS**  
AND RAZOR-RAZORBLADE  
BUSINESS MODEL

**FOCUS ON MARGIN  
QUALITY** AND BUSINESS  
EFFICIENCY

**DISCIPLINED CAPEX** TO  
DRIVE GROWTH WITH  
ATTRACTIVE RETURNS

**BEST-IN-CLASS** NEW  
PRODUCTION CAPACITY

**LEADING THE WAY** IN  
SUSTAINABILITY



—  
THANK  
YOU  
—

CEO ROLF STANGL  
CFO SAMUEL SIGRIST

First carton company  
to offer a paper straw

