

# H1 2024 financial results

SIG Group AG

Samuel Sigrist, CEO

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July 30, 2024



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# H1 2024 overview

Samuel Sigrist, CEO



# H1 2024 business summary

Carton outperformance while in bag-in-box decline slowed

## H1 revenue growth

H1 carton growth at constant currency of 6.7%

H1 bag-in-box & spouted pouch growth at constant currency and constant resin of (12.2)%

## Bag-in-box North America

Improvement in Q2 performance vs. Q1 but still below expectations

Temporary softness in end markets, especially foodservice

Addressing capacity constraints in North American operations

## 2024 guidance update

Revenue growth at constant currency and constant resin around 4% (+/- 50 bps)

Adjusted EBITDA margin at lower end of 24-25% range

Mid-term guidance confirmed

## Continued solid demand for aseptic fillers

Continue to expect a high level of filler placements of over 75 for the year

Good demand across all geographies and categories

Positive leading indicator for future growth

## Strong demand for debt re-financing

Successfully placed €450 million Schuldschein

High level of demand from a wide range of investors

Agreed new Revolving Credit Facility and term loan for 5 years

Debt maturity profile has been extended with competitive pricing and terms

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

# H1 2024 financial summary

Revenue growth gained momentum throughout H1

Revenue

€1,573 million

**+2.2%**

reported

**+3.0%**

constant currency

**+2.9%**

constant currency &  
constant resin<sup>1</sup>

Adjusted EBITDA

**€369**

million  
(H1 2023: €384 m)

Adjusted net  
income

**€120**

million  
(H1 2023: €144 m)

Free cashflow

**€(77)**

million  
(H1 2023: €(213) m)

Adjusted EBITDA  
margin

**23.5%**

(H1 2023: 24.9%)

Adjusted diluted  
earnings per share

**€0.31**

(H1 2023: €0.38)



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

# Q2 2024 financial summary

Q2 2024 over Q1 2024 sequential improvement across KPIs

Revenue  
€852 million

**+5.0%**

reported

**+5.7%**

constant currency

**+5.4%**

constant currency &  
constant resin<sup>1</sup>

Adjusted EBITDA

**€214**

million  
(Q2 2023: €209 m)

Adjusted net income

**€80**

million  
(Q2 2023: €80 m)

Free cashflow

**€24**

million  
(Q2 2023: €(118) m)

Adjusted EBITDA  
margin

**25.1%**

(Q2 2023: 25.7%)



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

# Regional summary

## Europe

### Performance driven by volume growth in dairy

€ million	H1 2023	H1 2024	Q2 2024
Revenue	486	517	266
Revenue growth <sup>1</sup>		6.4%	7.0%
Adjusted EBITDA	136	142	
Adjusted EBITDA margin	27.9%	27.4%	

<sup>1</sup>At constant currency



- H1 revenue growth at constant currency and constant resin 6.6%
- Growth driven by previous filler placements and increased milk supply for aseptic processing
- Europe continues to secure new filler wins, expect to place more fillers in 2024 vs. 2023
- High prior year comparison in H1 for bag-in-box and spouted pouch including equipment sales that were not repeated
- H1 2024 margin impacted by transactional forex headwind

# Regional summary

## India, Middle East and Africa

Strong Q2 performance after slow start to the year

€ million	H1 2023	H1 2024	Q2 2024
Revenue	200	221	130
Revenue growth <sup>1</sup>		11.0%	25.4%
Adjusted EBITDA	56	60	
Adjusted EBITDA margin	27.8%	27.3%	

<sup>1</sup>At constant currency



- H1 revenue growth at constant currency and constant resin 11.2%
- Continued strong demand in India, construction of aseptic sleeves plant on schedule to commence production end of 2024
- Improvement in outbound logistics in MEA led to recovery of sales volumes in Q2
- Filler win momentum continues in IMEA including 6 new wins for bag-in-box and spouted pouch systems
- H1 2024 margin impacted by higher freight costs driven by Red Sea disruptions



# Regional summary

## Asia Pacific

Some market weakness in China but SIG gaining share

€ million	H1 2023	H1 2024	Q2 2024
Revenue	418	416	231
Revenue growth <sup>1</sup>		2.7%	(1.2)%
Adjusted EBITDA	124	116	
Adjusted EBITDA margin	29.6%	27.8%	

<sup>1</sup>At constant currency



- H1 revenue growth at constant currency and constant resin 2.8%
- Strong prior year Q2 comparison
- Carton continues to gain share despite end market softness
- In aseptic carton, SIG is working with customers to reduce pack sizes offering consumers more affordable products
- Chilled carton growth driven by product innovation and enhanced customer service
- Continued market recovery in Vietnam and Indonesia while growth in Malaysia driven by newly installed filler base. Continued strong demand for new filling lines
- H1 margin impacted by transactional FX and ramp-up costs from new chilled plant in China

# Regional summary

## Americas

### Return to growth in Q2

€ million	H1 2023	H1 2024	Q2 2024
Revenue	435	419	225
Revenue growth <sup>1</sup>		(4.1)%	2.3%
Adjusted EBITDA	103	93	
Adjusted EBITDA margin	23.8%	22.1%	

<sup>1</sup>At constant currency



- H1 revenue declined by 4.9% at constant currency and constant resin
- Aseptic carton growth gaining momentum after slow start to the year
- Bag-in-box volume decline slowed in Q2 although consumer demand not yet recovered, especially in foodservice
- Bag-in-box operational challenges:
  - Relocation of operations from Canada to USA led to capacity constraints
- H1 2024 margin impacted by under absorption of fixed costs due to operational issues and soft topline performance

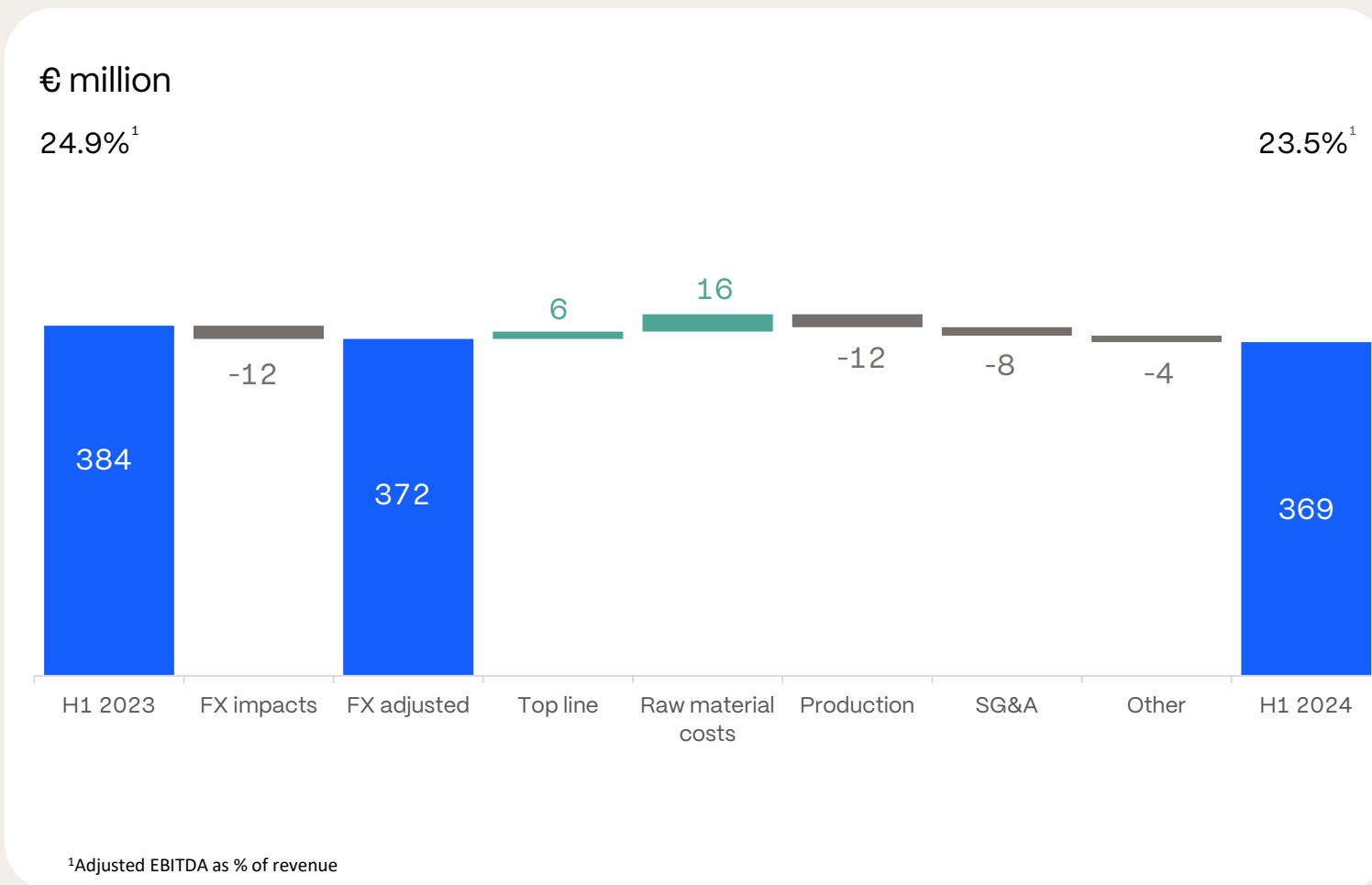
# Financials

Anne Erkens, CFO



# H1 Adjusted EBITDA

Q2 2024 adjusted EBITDA margin above 25%



- Negative FX impact mainly driven by non-repeat of 2023 benefit in Americas and transactional FX effects in H1 2024
- Positive top line contribution in Q2 as revenue growth gains momentum
- Raw material benefit from lower hedged prices for polymers and aluminum
- Production impacted by operational challenges in bag-in-box
- SG&A reflects growth investment, R&D and wage inflation

# EBITDA reconciliation

€ million	Six months ended June 30, 2023	Six months ended June 30, 2024
<b>EBITDA</b>	350	<b>394</b>
Unrealized (gain)/loss on operating derivatives	11	(11)
Restructuring costs, net of reversals	2	7
Transaction, and acquisition, related costs	-	1
Integration costs	7	1
Change in fair value of contingent consideration	12	(37)
Impairment losses	1	16
<b>Adjusted EBITDA</b>	384	<b>369</b>

- Gain from unrealized operating derivatives reflects favorable hedging for raw materials vs. spot market development
- €19.1 million adjustment relates to restructuring and impairment charges for the relocation of the chilled carton plant (as reported in Q1 2024)
- Decline in fair value of contingent consideration reflects current growth expectations

# Net income reconciliation

€ million	Six months ended June 30, 2023	Six months ended June 30, 2024
<b>Profit for the period</b>	53	<b>85</b>
Non-cash foreign exchange impact of non-functional currency loans and realized foreign exchange impact due to refinancing	1	1
Amortization of transaction costs	2	2
Net change in fair value of financing-related derivatives	(2)	-
PPA depreciation and amortization – Onex acquisition	52	52
PPA amortization – Other acquisitions	24	24
Net effect of early repayment of loan	-	2
Adjustments to EBITDA	34	(24)
Tax effect on above items	(19)	(20)
<b>Adjusted net income</b>	<b>144</b>	<b>120</b>



# Capital expenditure

€ million	Six months ended June 30, 2023	Six months ended June 30, 2024
PP&E and intangible assets (net of sales)	93	61
Filling lines and other related equipment	129	106
<b>Capital expenditure</b>	<b>222</b>	<b>167</b>
Upfront cash	(51)	(64)
<b>Net capital expenditure</b>	<b>171</b>	<b>103</b>

- PP&E reflects investment in aseptic carton plant India and China chilled plant
- H1 filler CAPEX below prior year however continue to see strong demand for placements
- FY 2024 net capital expenditure is expected to be within the lower half of 7-9%

# Free cash flow

€ million or %	Six months ended June 30, 2023	12 months ended Dec 31, 2023	Six months ended June 30, 2024
<b>Net cash from operating activities</b>	<b>31</b>	<b>663</b>	<b>116</b>
Acquisition of property, plant and equipment and intangible assets (net of sales)	(222)	(397)	(167)
Payment of lease liabilities	(22)	(47)	(26)
<b>Free cash flow</b>	<b>(213)</b>	<b>219</b>	<b>(77)</b>
<b>Net working capital</b>	<b>462</b>	<b>341</b>	<b>400</b>
% of revenue	14.5% <sup>1</sup>	10.6%	12.3%
<b>Operating net working capital<sup>2</sup></b>	<b>14</b>	<b>(274)</b>	<b>(118)</b>
% of revenue	<b>0.4%<sup>1</sup></b>	<b>(8.5)%</b>	<b>(3.6)%</b>

- H1 2024 improvement in free cash flow generation reflects higher cash flow from operations and lower CAPEX
- H1 2024 improvement in NWC due to better management of inventory levels and lower volume incentive payments to customers
- Group cash generation weighted to second half of year

<sup>1</sup> In the calculation of the % of revenue as of June 30, 2023 revenue includes the revenue of chilled carton from July 1, 2022

<sup>2</sup> Including liabilities for volume bonuses and other incentives to customers settled in following year



# Leverage and financing

Leverage reflects cash flow seasonality

€ million	Jun 30, 2023 <sup>1</sup>	Dec 31, 2023	Jun 30, 2024
<b>Gross debt</b>	<b>2,794</b>	<b>2,458</b>	<b>2,772</b>
Cash	212	281	286
<b>Net debt</b>	<b>2,583</b>	<b>2,177</b>	<b>2,486</b>
<b>Net leverage ratio<sup>2</sup></b>	<b>3.4x</b>	<b>2.7x</b>	<b>3.2x</b>

<sup>1</sup> The calculation of the net leverage ratio as of June 30, 2023, includes the adjusted EBITDA of chilled carton from July 1, 2022

<sup>2</sup> Last twelve months

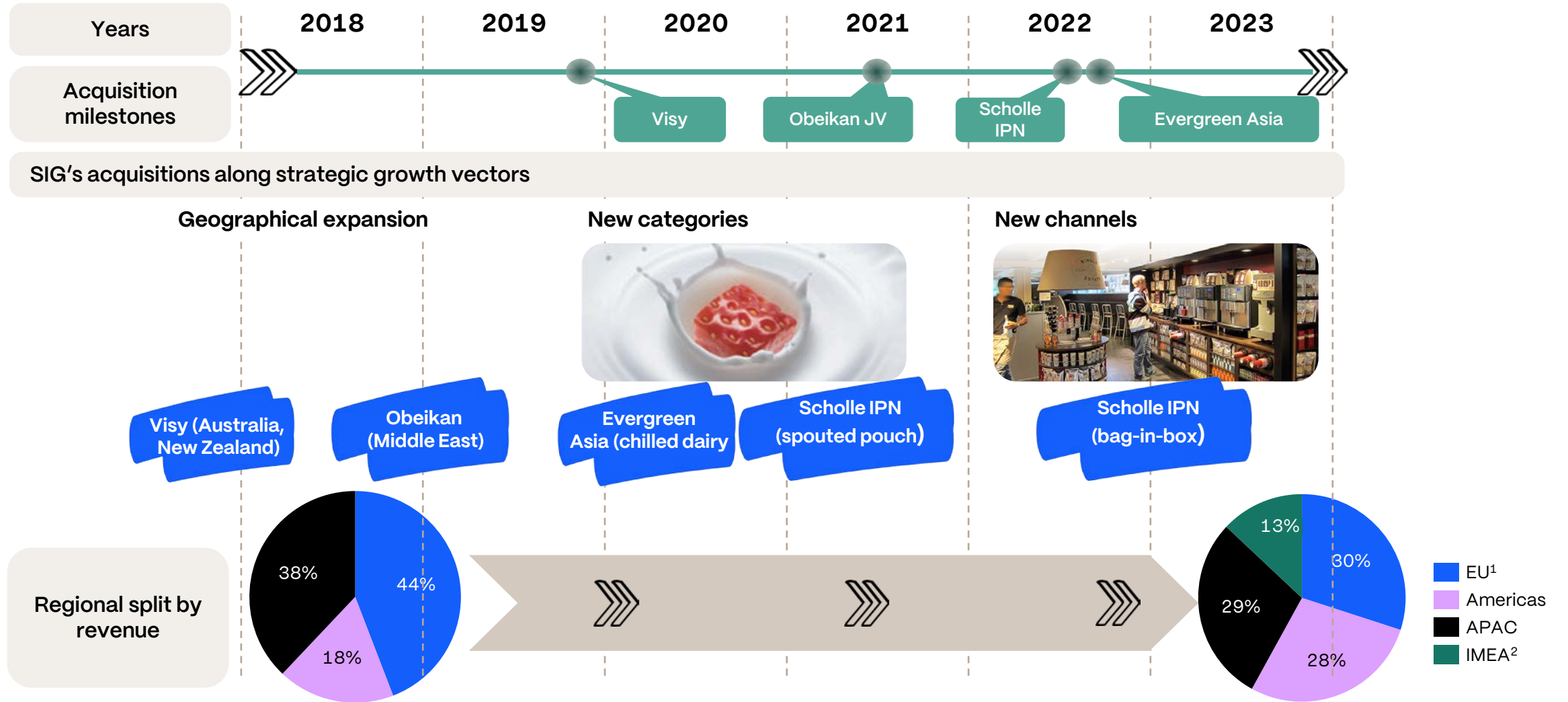
- Increase in gross debt reflects H1 cashflow seasonality
- Net leverage improvement compared with same period 2023
- Initial phase of refinancing of 2025 maturities successfully completed
- Debt maturity profile extended beyond 2027
- Net leverage target of around 2.5x by year-end 2024

# Update on bag-in-box

Samuel Sigrist, CEO

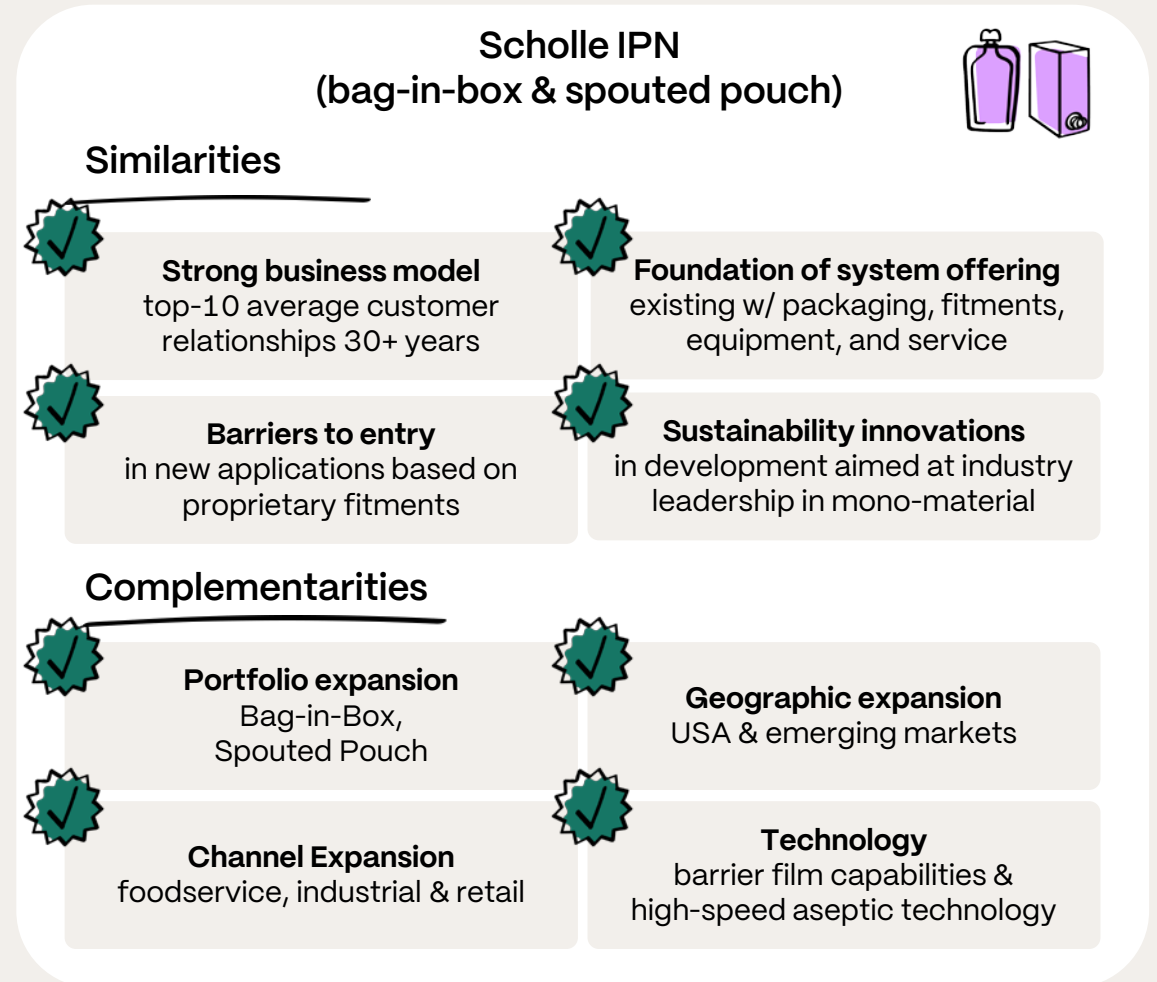


# SIG's portfolio enhanced by geographic and category expansion



1. Until February 2021 including sales to JV MEA  
 2. Reflecting new segment structure including India & Bangladesh from November 2023










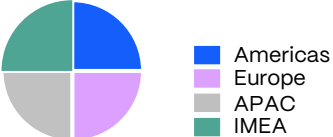





# Bag-in-box and spouted pouch enhance SIG's position as a leader in sustainable packaging



# Transition in bag-in-box and spouted pouch

Innovation and geographical expansion key to achieve higher levels of sustained growth

\*Top-line performance and geographical expansion indicative only.

	Prior to acquisition	H2 '22 – H1 '23 First year of ownership	H2 '23 – H1 '24	2025 - 2026	2027+ Transformation
<b>YoY top-line growth*</b> 	Growth in-line with mature market footprint 	Post-pandemic boost & one-off equipment sales 	End-market softness & high prior year 	Innovation & geographic expansion accelerating growth 	Innovation & geo. expansion underpinning resilient growth 
<b>Geographical expansion*</b> 		Integration into <b>SIG emerging markets platform</b> kicked-off	<b>40% of pipeline deals</b> from emerging markets		
<b>System solution adoption</b> 	 Majority of revenue transactional. System solutions for BiB North America	System solution strategy & pipeline management in place	 ~2/3 of global pipeline structured as systems solutions		 System solutions growing % of sales
<b>Innovation deployment</b> 	<ul style="list-style-type: none"> <li>Global number 1 in BiB and strong capabilities in SP</li> <li>Multi-layer SP, mainly hot-fill</li> <li>Multi-layer BiB for ambient and aseptic applications</li> </ul>	<ul style="list-style-type: none"> <li>In-line aseptic SP (low speed) &amp; mono-material BiB</li> <li>Kick off dev. of aseptic high-speed BiB &amp; SP</li> </ul>	<ul style="list-style-type: none"> <li>Launching in-line aseptic spouted pouch (low-speed)</li> <li>Launching mono-material BiB</li> </ul>	<ul style="list-style-type: none"> <li>High-speed aseptic mono-material BiB &amp; SP</li> <li>Launch of smart dispensing solutions for foodservice channel</li> </ul>	<ul style="list-style-type: none"> <li>High-speed aseptic mono-material BiB &amp; SP</li> <li>Wider roll-out of smart dispensing solutions for foodservice channel</li> </ul>



BiB = bag-in-box; SP = spouted pouch

# Guidance

Anne Erkens, CFO



# 2024 financial guidance updated

Reflects current softness in US foodservice and capacity constraints in bag-in-box North America

## Previous guidance

**Revenue growth**  
(constant currency  
and constant resin)

4-6%

At low end of the  
range

**Adjusted EBITDA  
margin**

25-26%

Within lower half  
of the range

**Adjusted  
effective tax  
rate**

26-28%

**Net CAPEX**  
(% revenue)

7-9%

**Dividend payout  
ratio**  
(of adjusted net  
income)

50-60%

## Updated guidance

**Around 4%**

+/- 50 bps

**24-25%**

At lower end of  
range

**26-28%**

**7-9%**

Within lower half of  
range

**50-60%**

# Mid-term financial guidance

Confirmed

**Revenue growth**  
(constant currency and  
constant resin)

**4-6%**

Upper half of range

**Adjusted EBITDA  
margin**

Above **27%**

**Net CAPEX**  
(% revenue)

**7-9%**

**Dividend payout ratio**  
(of adjusted net income)

**50-60%**

**Net leverage**

Towards **2x**

- Best-in-class margins
- Strong cash generation
- Attractive pay-out policy with progressive dividend growth



# Thank you!

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