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# SIG COMBIBLOC Q1 2020 TRADING STATEMENT

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CFO SAMUEL SIGRIST

5 MAY 2020





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For definitions of alternative performance measures and their related reconciliations that are not included in this presentation, please refer to the following link: [www.sig.biz/investors/en/performance/key-figures](http://www.sig.biz/investors/en/performance/key-figures)

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

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¡GRACIAS!  
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Merci  
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Thank you  
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Thank You!  
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DANKE!  
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THANK YOU!  
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SIG Heroes saves You!!!

Thank you!!  
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MILIEU  
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Grazie mille  
DANKES  
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THANK YOU!!  
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Obrigada!  
Thank you!  
Danke!

To my SIG HEROES. My RESPECT for  
always be there for our Customers. you  
never walk alone...remember  
THIS TOO SHALL PASS

OBRIGADO  
#FOR  
OUR  
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Thank you  
#ForOurSIGHeroes

Gracias  
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From Thailand

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# FIRST QUARTER HIGHLIGHTS

ALL REGIONS  
CONTRIBUTING TO GROWTH

CORE  
REVENUE UP

**+8.4%**

AT CONSTANT  
CURRENCY

UP

**+8.3%**

REPORTED

ADJUSTED  
EBITDA MARGIN

**21.3%**

(Q1 2019:  
23.6%)

NEGATIVE  
IMPACT FROM  
CURRENCY

ADJUSTED NET  
INCOME

**€ 12.9**

MILLION

(Q1 2019:  
€ 29.1 MILLION)

FREE CASH  
FLOW

**€ 16.2**

MILLION

(Q1 2019:  
- € 25.6  
MILLION)

CASH FLOW  
GENERATION  
WEIGHTED TO  
SECOND HALF  
YEAR

DIVIDEND PAID  
AS SCHEDULED

CHF

**0.38**

PER SHARE PAID  
ON 16 APRIL

Comparisons are with Q1 2019

# OPERATING THROUGH COVID-19 CRISIS

## RISK MANAGEMENT MEASURES

**EARLY IMPLEMENTATION**  
OF PANDEMIC  
PREPAREDNESS PLAN

GLOBAL AND REGIONAL  
**TASK FORCES ESTABLISHED**

**RIGOROUS  
PRECAUTIONARY  
MEASURES** IMPLEMENTED AT  
ALL PRODUCTION PLANTS

ALL PLANTS **CONTINUED TO  
OPERATE IN Q1**

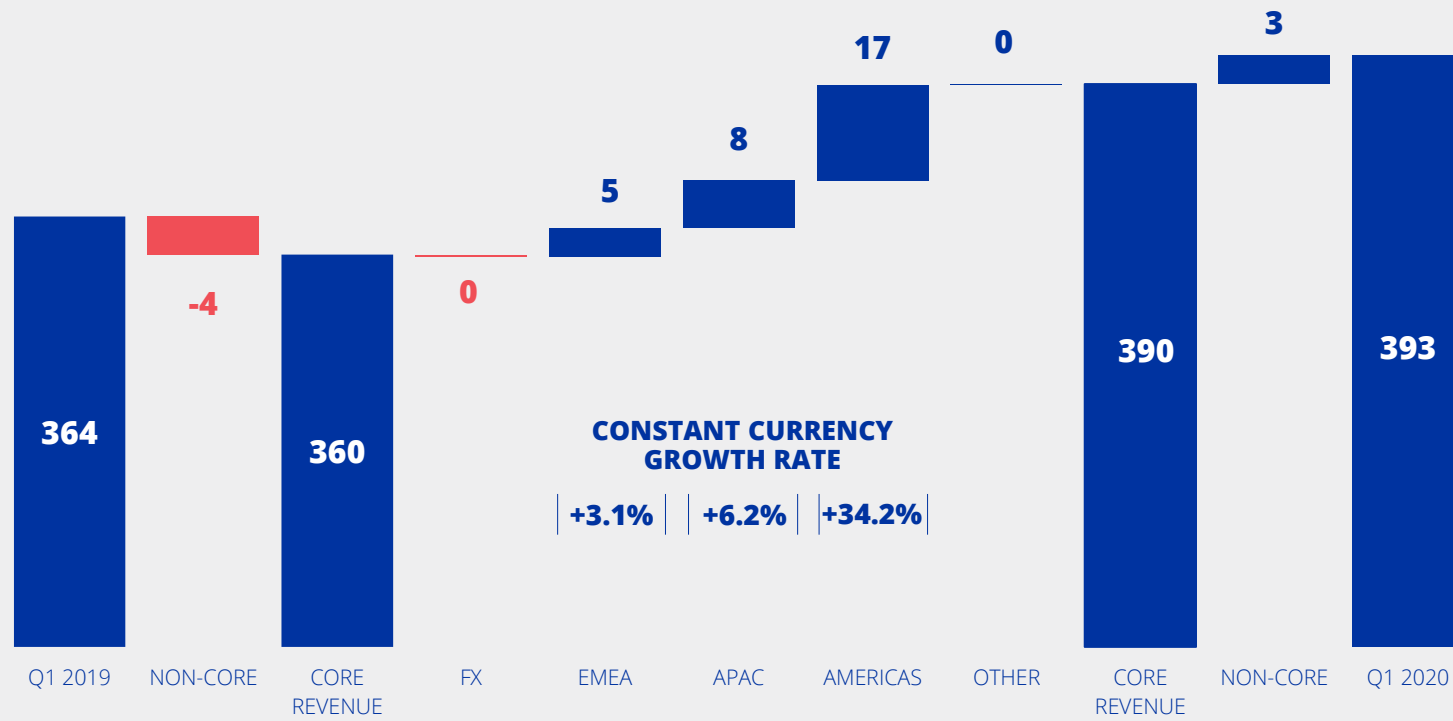
FOOD AND BEVERAGE: AN  
**ESSENTIAL INDUSTRY  
SERVED BY SIG**

NUMEROUS SUPPLY CHAIN  
AND LOGISTICS **CHALLENGES  
WELL MANAGED**

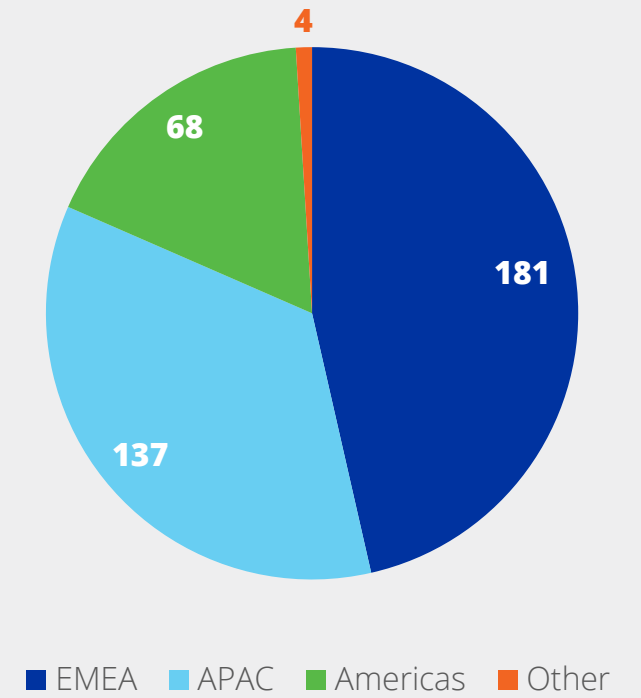
# CORE REVENUE

ALL REGIONS  
CONTRIBUTING TO GROWTH

## Q1 REVENUE BRIDGE € MILLIONS



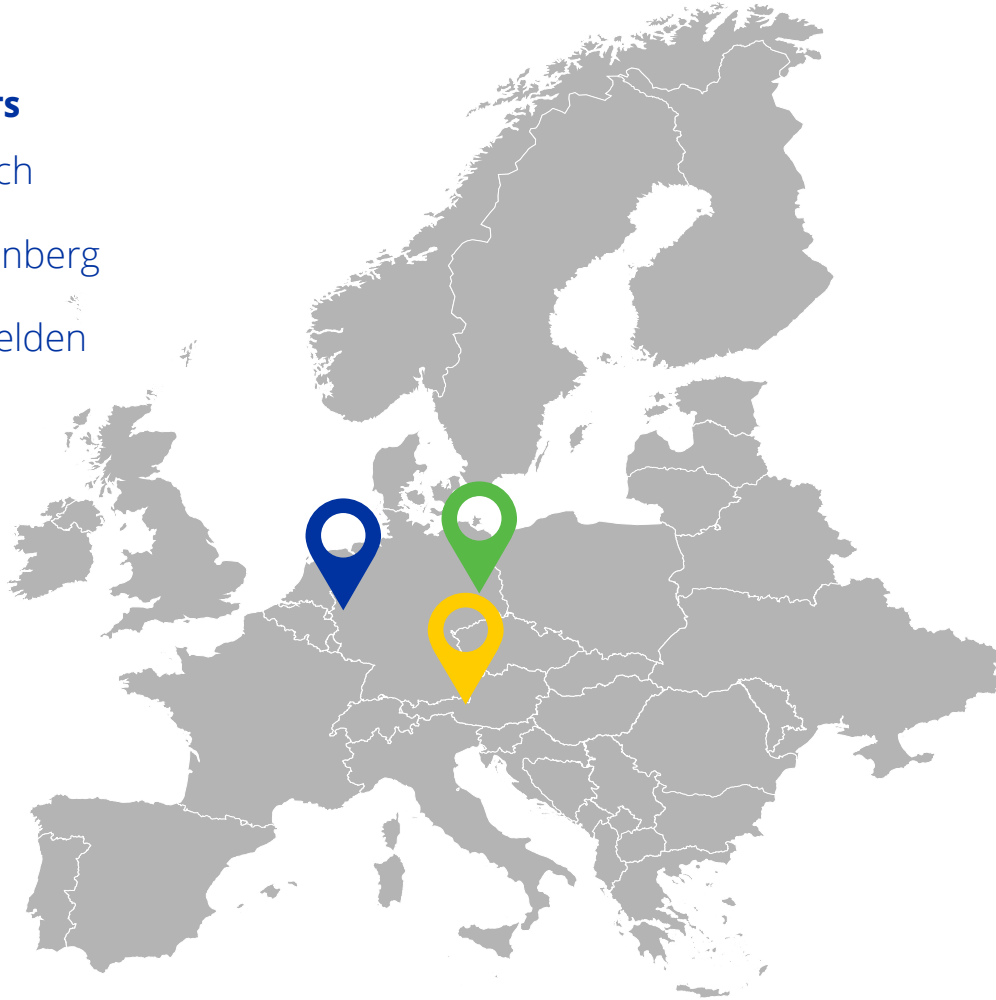
## SPLIT OF Q1 CORE REVENUE BY REGION € MILLIONS



# EMEA SUMMARY

## SIG PLANTS

-  Linnich
-  Wittenberg
-  Saalfelden



Q1 core revenue growth at constant currency: +3.1%

## EUROPE

- Continuing benefit from new customer wins and filler placements
- Hoarding by consumers in March increased demand
- Accelerated deliveries: high level of customer appreciation
- Impact of hoarding likely to fade as consumers reduce their stocks
- At-home consumption expected to remain elevated as long as lockdowns last

## MIDDLE EAST AFRICA

- JV business robust: sales to third parties +6% in Q1

# MAJOR NEW CONTRACT IN GERMANY

## REINFORCING A STRONG PARTNERSHIP

**SIG CHOSEN BY HOCHWALD** AS PREFERRED PARTNER FOR NEW DAIRY PRODUCTION SITE

PLANT WILL HAVE ANNUAL CAPACITY OF **>800M LITRES OF MILK**

SIG TO SUPPLY **15 NEW FILLING MACHINES**

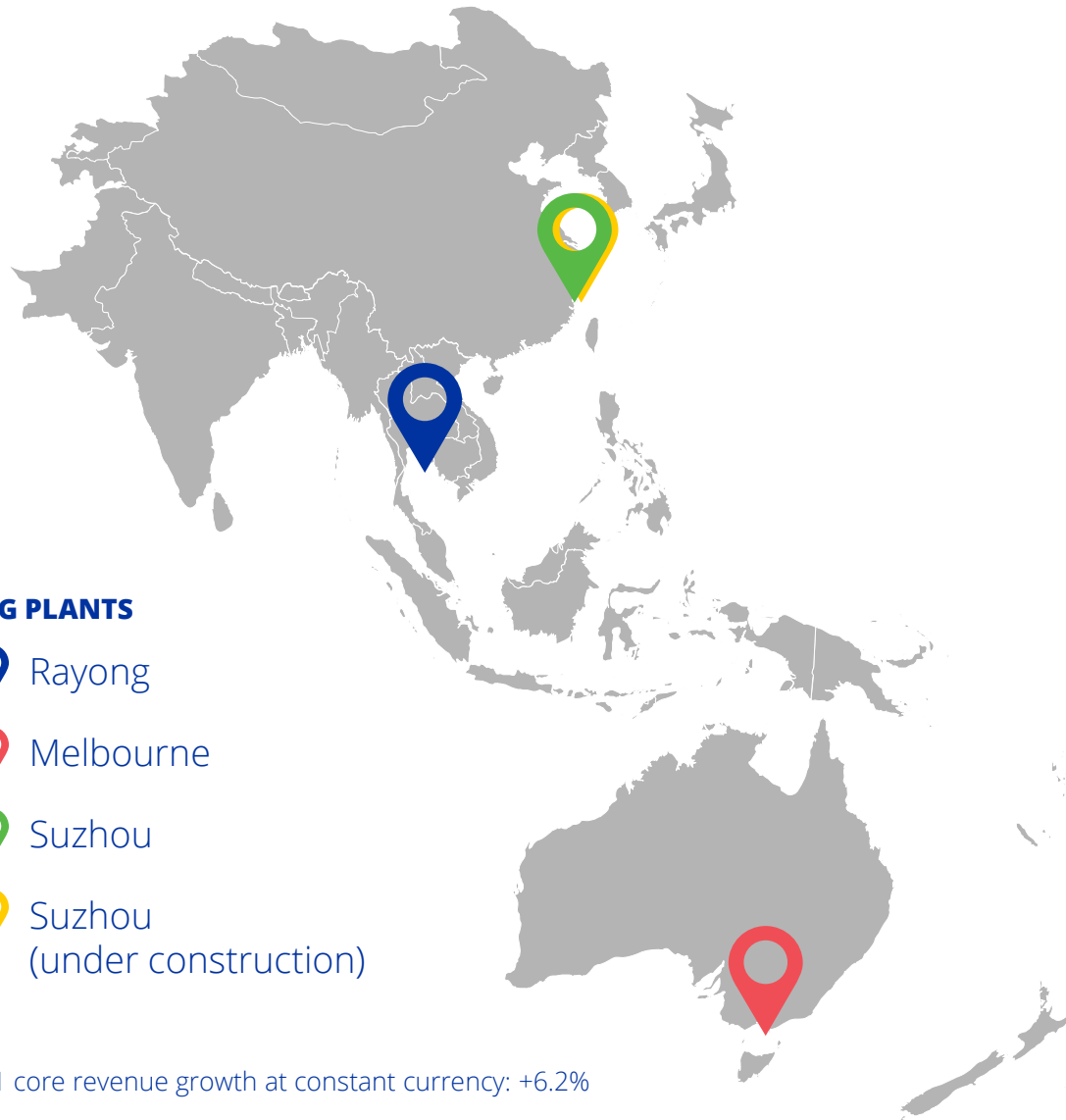
**FIVE DIFFERENT CARTON FORMATS** WITH A WIDE RANGE OF VOLUMES, CLOSURES AND STRAW SOLUTIONS

**CONTRIBUTION TO EUROPEAN GROWTH** STARTING 2022





# APAC SUMMARY



## SIG PLANTS

-  Rayong
-  Melbourne
-  Suzhou
-  Suzhou  
(under construction)

Q1 core revenue growth at constant currency: +6.2%

## CHINA

- Sales in China stable compared with strong Q1 2019
- Loss of Chinese New Year gifting and on-the-go business
- Customers increased stocks: Q2 expected to be weaker as stocks are consumed

## SOUTH EAST ASIA

- Lower level of economic activity in some markets due to Covid-19
- High customer stocks

Visy now included in APAC segment

# AMERICAS SUMMARY



**SIG PLANT**

 Curitiba

Q1 core revenue growth at constant currency: +34,2%

**LITTLE EFFECT** FROM  
COVID-19 IN Q1

**STRONG PERFORMANCE**  
VS WEAK Q1 2019

**BUOYANT SALES TO DAIRY  
CUSTOMERS** IN MEXICO

**DEPLOYMENT OF  
NEW FILLERS** IN BRAZIL

**ADVERSE FX** IMPACTED REVENUES

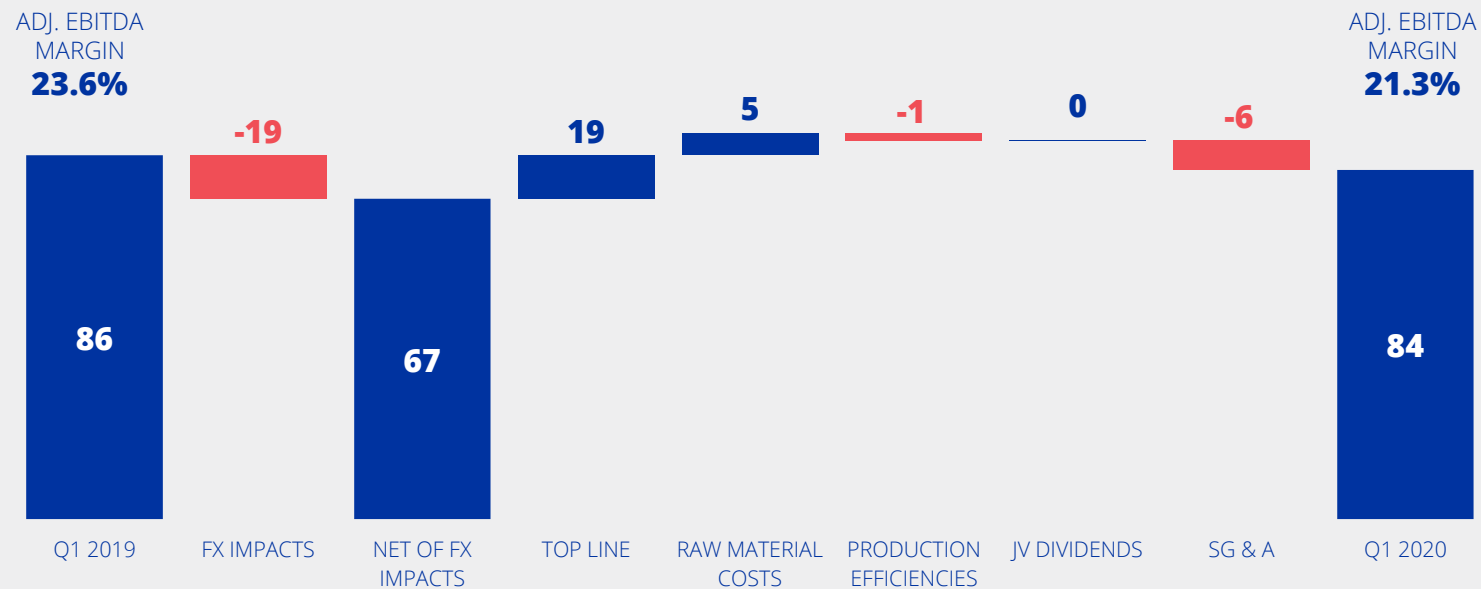


# ADJUSTED EBITDA

FIRST QUARTER MARGIN  
HISTORICALLY THE LOWEST

## Q1 ADJUSTED EBITDA BRIDGE

€ MILLIONS



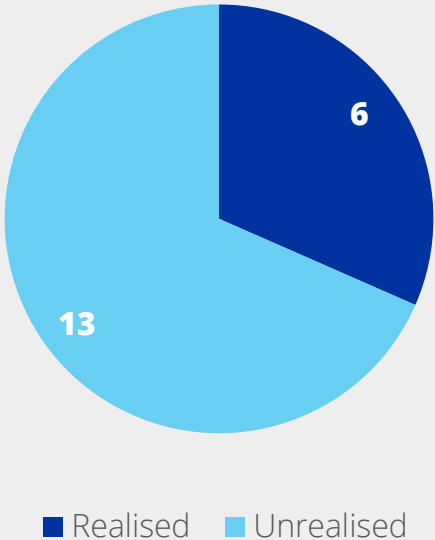
FX impacts include translation, transaction and revaluation

- Significant negative FX impact: margin ex currency 26.2%
- Strong top line contribution
- Favourable move in raw material prices
- Joint venture dividend in line with expectations
- SG & A cost reflects investments in geographic expansion and innovation

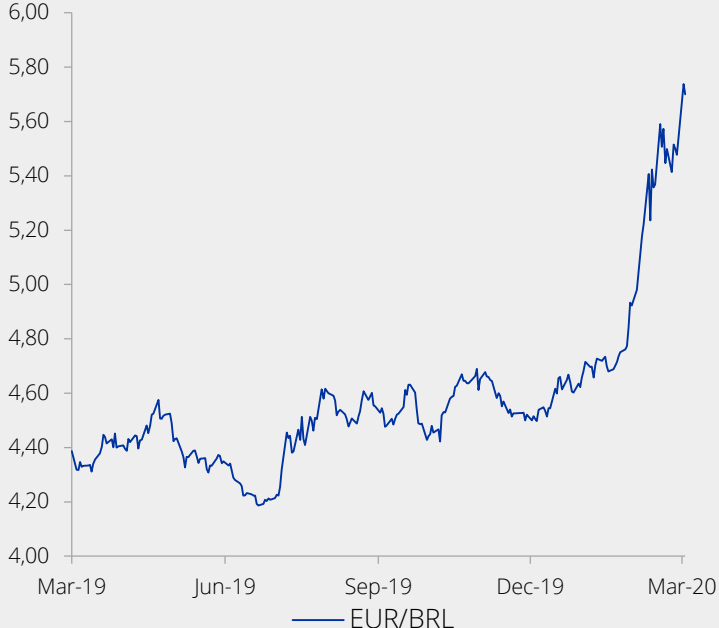
# CURRENCY IMPACT

## HIGH VOLATILITY IN MARCH

**Q1 EBITDA CURRENCY IMPACT**  
€ MILLIONS



**EUR/BRL EXCHANGE RATE**  
2019 Q1 – 2020 Q2



### SYSTEMATIC HEDGING OF KEY CURRENCIES VS EURO

– CNY, THB, BRL, USD

### 12 MONTH ROLLING LAYERED APPROACH



# ADJUSTED NET INCOME

NEGATIVE  
CURRENCY EFFECTS

€ MILLIONS	Three months ended 31 March 2020	Three months ended 31 March 2019
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(25.5)</b>	<b>4.7</b>
Non-cash foreign exchange impact of non-functional currency loans and realised foreign exchange impact due to refinancing	-	(3.6)
Amortisation of transaction costs	0.7	0.7
Net change in fair value of derivatives	(1.0)	1.4
PPA depreciation and amortisation	33.5	35.2
Adjustments to EBITDA	16.5	(2.4)
Tax effect on above items	(11.3)	(6.9)
<b>ADJUSTED NET INCOME</b>	<b>12.9</b>	<b>29.1</b>
Interest expense on term loans	8.3	8.4
Annualised interest expense	33 <sup>1</sup>	34

<sup>1</sup> estimated

# FREE CASH FLOW

CASH FLOW WEIGHTED  
TO SECOND HALF OF YEAR

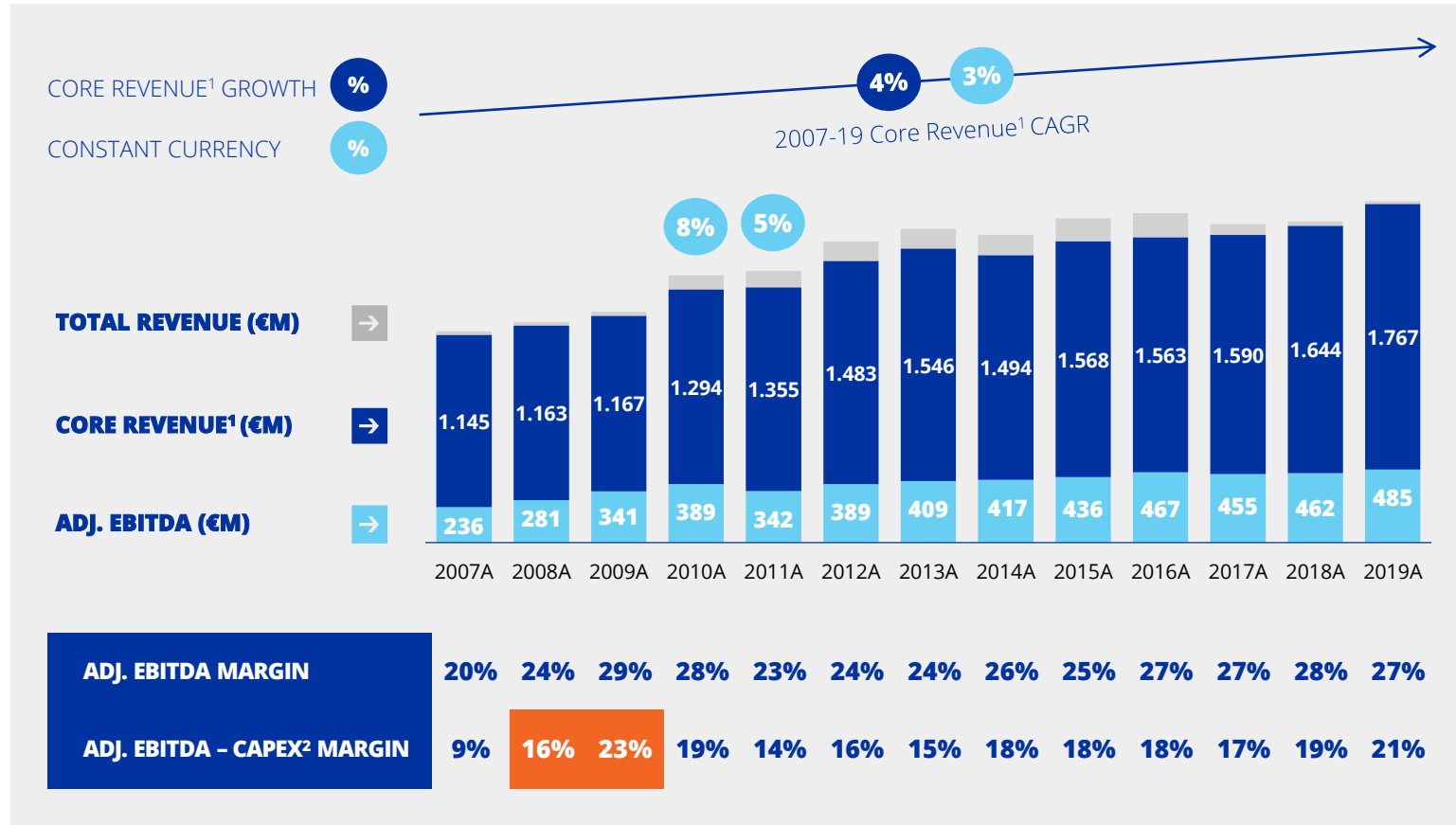
€ MILLIONS

	Three months ended 31 March 2020	Three months ended 31 March 2019
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>73.2</b>	<b>21.2</b>
Dividends received from joint ventures	2.5	2.1
Acquisition of PP&E and intangible assets	(56.7)	(47.0)
Payment of lease liabilities	(2.8)	(1.9)
<b>FREE CASH FLOW</b>	<b>16.2</b>	<b>(25.6)</b>

- Dividend of €115 million paid on 16 April 2020



# CYCLICAL RESILIENCE IN CAPITAL INVESTMENT



- Co-investment opportunities limited in years when customers trim investment budgets
- Lower filler capex in one year does not impair future growth
- Existing filler base is primary growth driver

1. Core revenue represents the revenue to external customers and excludes (i) sales of laminated board to the Middle East Joint Venture and (ii) sales of folding box board to third parties 2. Capex represents Net Capex calculated as Gross Capex less Upfront Cash

# FINANCING AND LIQUIDITY

## STRUCTURE OF DEBT

TWO TERM LOANS:

- €1.25BN DUE OCT. 2023
- € 350M DUE OCT. 2025

COST OF DEBT: 2.2%

€300 MILLION RCF  
AVAILABLE TO OCT.  
2023: CURRENTLY  
UNDRAWN

## LEVERAGE

2.8X AT END MARCH  
2020

LEVERAGE CAP  
UNDER DEBT  
COVENANTS:

- 5.6X TO JULY 2021
- 5.1X THEREAFTER

## SECURITISATION

€ 153 M AT END  
MARCH 2020  
(END 2019: € 137 M)

CONTINUING  
AVAILABILITY

## CREDIT RATING UPGRADES

S&P TO BBB- IN  
MARCH 2020

MOODY'S TO BA2 IN  
OCT. 2019



# RISK MANAGEMENT FRAMEWORK

## **RAW MATERIALS**

SAFETY STOCKS  
ORDERED

ONLY SHORTAGE IS  
ETHANOL –  
MEASURES TAKEN TO  
ENSURE SUPPLY

## **PRODUCTION PLANTS**

RIGOROUS HEALTH &  
SAFETY MEASURES

GLOBAL & REGIONAL  
TASK FORCES  
OPERATING  
SUCCESSFULLY

## **FILLER MAINTENANCE**

SOME ENGINEERS  
PERMANENTLY ON  
SITE

FOCUS ON ESSENTIAL  
MAINTENANCE

## **FINANCIAL RISK MANAGEMENT**

FOCUS ON CASH AND  
LIQUIDITY

TRADE-OFFS  
BETWEEN SALES AND  
BAD DEBT RISKS

# FINANCIAL GUIDANCE

## GROWTH AND CASH FLOW GENERATION

FY 2020E

<b>CORE REVENUE GROWTH</b>	<b>6 - 8% (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>

- Substantial free cash flow expected in 2020
- Net capex expected to be at mid/low end of 8-10% revenue range
- Full effect of Covid-19 on top line difficult to predict
- Q2 likely to be weak
- Guidance achievable assuming more normal H2 consumption and subject to currency movements

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



# LONGER TERM BUSINESS OUTLOOK

WELL POSITIONED  
FOR THE FUTURE



**FOCUS ON FOOD  
SAFETY** LIKELY TO  
INCREASE

**ENVIRONMENTAL  
CONCERNS** WILL  
REMAIN

CORPORATE  
RESPONSIBILITY  
UPDATE 2019  
PUBLISHED IN APRIL

**TARGETING  
GROWTH** IN ALL  
REGIONS

**STRONG CASH  
FLOW GENERATION**  
AFTER INVESTMENT  
IN PLANT AND  
FILLERS

**GAINING SHARE**  
IN AN ESSENTIAL  
INDUSTRY



—  
THANK  
YOU  
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