THIS IS SIG

We contribute to bringing healthy, nutritious foods and beverages to people around the world in a safe, sustainable and affordable way.

INTERIM REPORT

2020

Who we are

SIG is a leading systems and solutions provider for aseptic carton packaging. We work in partnership with our customers to deliver food and beverages to consumers across the world in a safe, sustainable and affordable way.

Our unique technology and outstanding innovation capacity 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 are going Way Beyond Good to create a net positive food packaging system.

Founded in 1853, SIG is headquartered in Neuhausen, Switzerland. The skills and experience of our approximately 5,500 employees worldwide enable us to respond quickly and effectively to the needs of our customers in over 60 countries. In 2019, SIG produced 38 billion carton packs and generated €1.8 billion in revenue. SIG has an AA ESG rating by MSCI, an 18.8 (low risk) score by Sustainalytics and a Platinum CSR rating by EcoVadis.

For more information, visit www.sig.biz

Content

Financial review

OVERVIEW

The table below presents an overview of our performance in the six months ended 30 June 2020. Further details, including definitions of the performance measures, are provided throughout this report.

(In € million or %)	**Six months ended 30 June 2020**	**Six months ended 30 June 2019**	**Change**	
			Reported currency	**Constant currency**
Total revenue	860.0	802.2	7.2%	8.9%
Core revenue	849.7	794.5	7.0%	8.6%
EBITDA	213.9	202.0	5.9%	
Adjusted EBITDA	215.7	205.5	5.0%	
Adjusted EBITDA margin	25.1%	25.6%		
Adjusted EBITDA less net capex margin	15.8%	18.0%		
Net income	10.0	25.2		
Adjusted net income	79.6	80.5		
Free cash flow	28.1	36.8		
Cash conversion	62.8%	70.2%		
Net capex	80.2	61.2		
Net capex as a % of total revenue	9.3%	7.6%		
Basic earnings per share (in €) (1)	0.03	0.08		
Diluted earnings per share (in €) (2)	0.03	0.08		
Adjusted earnings per share, basic (in €) (3)	0.25	0.25		
Adjusted earnings per share, diluted (in €) (4)	0.25	0.25		

(1) Calculated based on the weighted average number of shares for the period.

(2) Calculated based on the weighted average number of shares (diluted) for the period.

(3) Adjusted net income divided by the weighted average number of shares for the period.

(4) Adjusted net income divided by the weighted average number of shares (diluted) for the period.

Additional information about the alternative performance measures used by management (including reconciliations to measures defined in IFRS) is included in the consolidated interim financial statements for the six months ended 30 June 2020. See notes 6, 9, 10 and 11.

OUR OPERATING PERFORMANCE

This section covers our operating performance on a Group as well as on a segment level. It includes performance measures that management believes are relevant in evaluating the Group's performance and liquidity.

When discussing our performance, and when relevant for comparative purposes, we state the percentage change between two periods on a constant currency basis. For this purpose, the prior period amount is translated at the foreign currency exchange rate of the current period.

Revenue

The table below provides an overview of core revenue by segment as well as core revenue and revenue at Group level.

(In € million or %)	Six months ended 30 June 2020	Six months ended 30 June 2019	Change	
			Reported currency	Constant currency
EMEA	386.6	358.2	7.9%	7.8%
APAC	305.4	284.1	7.5%	7.0%
Americas	151.3	144.5	4.8%	16.4%
Group Functions (1)	6.4	7.7		
Core revenue from transactions with external customers (2)	**849.7**	**794.5**	**7.0%**	**8.6%**
Revenue from sales of folding box board	10.3	7.7		
Total revenue	**860.0**	**802.2**	**7.2%**	**8.9%**

(1) Group Functions include activities that are supportive to the Group's business.

(2) Core revenue from transactions with external customers represents revenue from transactions with external customers, excluding revenue from sales of folding box board to third parties.

In the six months ended 30 June 2020, core revenue grew by 7.0%, or €55.2 million (8.6% increase on a constant currency basis), from €794.5 million for the six months ended 30 June 2019 to €849.7 million for the six months ended 30 June 2020. Changes in foreign currency exchange rates had a €12.1 million unfavourable impact, primarily due to the stronger Euro against the Brazilian Real. Despite the aforementioned foreign currency exchange rate impacts, all segments contributed to the revenue growth in the first half of the year. The growth was generated by existing customers, ongoing benefit of new customer wins, filler deployments, ramping up of filler placements and contribution from Visy Cartons that was acquired in November 2019.

Europe benefited from higher at-home consumption due to the COVID-19 pandemic. The growth in Europe also reflects the ongoing benefit of new customer wins and filler placements. In the Middle East, our joint ventures contributed with robust sales despite significant economic disruption and a high level of infections in key countries.

APAC sales were negatively impacted by COVID-19 lockdowns in South East Asia, where on-the-go consumption plays a major role. In addition, school milk programmes were suspended as schools were closed. APAC sales were negatively impacted by the prohibition of movement during the Chinese New Year although sales in China have remained stable. Growth in APAC was augmented by the consolidation of Visy Cartons.

In Americas, growth remained positive with COVID-19 lockdowns having an impact towards the end of the period when some customers, notably in Mexico, started stock-building. The sales growth in Americas was also dampened by the depreciation of the Brazilian Real against the Euro. The deployment and ramping up of new fillers in Brazil, despite difficult conditions, made a significant contribution to growth.

Overall, in the six months ended 30 June 2020, we benefited from the broad geographic spread of our business, with growth in Europe and the Americas compensating for weakness in Asia Pacific. However, all segments experienced a certain degree of stock-building by customers, retailers and consumers.

Total revenue for the six months ended 30 June 2020 increased by 7.2%, or €57.8 million (8.9% increase on a constant currency basis), from €802.2 million for the six months ended 30 June 2019 to €860.0 million for the six months ended 30 June 2020. The drivers for the growth of total revenue are discussed above.

Operating expenses

Cost of sales

In the six months ended 30 June 2020, cost of sales increased by 4%, or €24.8 million (6% increase on a constant currency basis), from €634.2 million in the six months ended 30 June 2019 to €659.0 million in the six months ended 30 June 2020. The increase in cost of sales is primarily due to an increase in top line partly offset by foreign currency movements and raw material prices (lower spot prices for aluminium and polymers). Cost of sales was 77% of total revenue (79% in the comparative period).

Net other income and expenses

Net other income and expenses moved from €6.5 million of income in the six months ended 30 June 2019 to €7.3 million of expense in the six months ended 30 June 2020. The primary driver of this decrease was net foreign currency exchange losses of €11.8 million recognised in the six months ended 30 June 2020 (a net gain of €0.3 million for the six months ended 30 June 2019). This loss mainly arose due to the depreciation of the Brazilian Real and Thai Baht against the Euro and the US Dollar.

Selling, marketing and distribution expenses

Selling, marketing and distribution expenses in the six months ended 30 June 2020 increased by 10%, or €3.4 million (12% increase on a constant currency basis), from €34.2 million in the six months ended 30 June 2019 to €37.6 million in the six months ended 30 June 2020. The increase was primarily driven by investments in the sales organisation and expansion into new geographies. As a percentage of total revenue, selling, marketing and distribution expenses remained stable at 4%.

General and administrative expenses

General and administrative expenses in the six months ended 30 June 2020 increased by 7%, or €5.8 million (8% increase on a constant currency basis), from €83.0 million in the six months ended 30 June 2019 to €88.8 million in the six months ended 30 June 2020. The increase was mainly driven by higher investments in innovation in the current period. As a percentage of total revenue, general and administrative expenses remained stable at 10%.

EBITDA and adjusted EBITDA

Adjusted EBITDA is used by management for business planning and to measure operational performance. We believe that adjusted EBITDA provides investors with further transparency into our operational performance and facilitates comparison of our performance on a period-to-period basis and versus peers.

We define EBITDA as profit or 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, and to include the cash impact of dividends received from joint ventures.

The following table reconciles profit to EBITDA and adjusted EBITDA.

(In € million)	**Six months ended 30 June 2020**	**Six months ended 30 June 2019**
Profit for the period	**10.0**	**25.2**
Net finance expense	55.2	20.9
Income tax expense	9.2	14.1
Depreciation and amortisation	139.5	141.8
EBITDA	**213.9**	**202.0**
Adjustments to EBITDA:		
Replacement of share of profit or loss of joint ventures with cash dividends received from joint ventures	0	3.8
Restructuring costs, net of reversals	0.6	0.9
Unrealised gain on derivatives	(1.0)	(3.7)
Transaction- and acquisition-related costs	1.3	1.6
Other	0.9	0.9
Adjusted EBITDA	**215.7**	**205.5**

The table below provides details relating to adjusted EBITDA on a Group as well as on a segment level.

	Six months ended 30 June 2020		**Six months ended 30 June 2019**		
(In € million or %)	**Adjusted EBITDA margin** (1)	**Adjusted EBITDA**	**Adjusted EBITDA margin** (1)	**Adjusted EBITDA**	**Reported currency change**
EMEA	31.6%	122.1	29.9%	107.2	13.9%
APAC	29.0%	91.4	31.5%	92.0	(0.7%)
Americas	23.0%	34.8	24.8%	35.8	(2.7%)
Group Functions (2)		(32.6)		(29.5)	
Total	25.1%	215.7	25.6%	205.5	5.0%

(1) Adjusted EBITDA divided by revenue from transactions with external customers.

(2) Group Functions include activities that are supportive to the Group’s business.

EBITDA in the six months ended 30 June 2020 increased by 6%, or €11.9 million, primarily due to growth in revenue, the consolidation of Visy Cartons in the current period and raw material benefits that were partially offset by negative foreign currency impacts and higher general and administrative expenses discussed above.

Adjusted EBITDA in the six months ended 30 June 2020 increased by 5%, or €10.2 million, driven by the factors affecting EBITDA. The adjusted EBITDA margin for the six months ended 30 June 2020 is slightly below the comparative period owing to a negative currency impact and a margin dilution arising from the acquisition of Visy Cartons in November 2019. The dividend received from the joint ventures was in line with last period.

The increase in adjusted EBITDA margin in EMEA is a result of the strong top line growth, raw material benefits and production efficiencies. In APAC, the adjusted EBITDA margin was negatively impacted by foreign exchange rate movements, the loss of the Chinese New Year gifting season and the dilution arising from the acquisition of Visy Cartons. In Americas, the adjusted EBITDA margin was negatively impacted by depreciation of the Brazilian Real but party offset by robust growth.

The adjusted EBITDA less net capex margin decreased from 18.0% in the six months ended 30 June 2019 to 15.8% in the six months ended 30 June 2020 as a result of higher net capex as a percentage of total revenue. Adjusted EBITDA less net capex margin is defined as adjusted EBITDA less net capital expenditure divided by total revenue.

Net income and adjusted net income

Adjusted net income is used by management to measure performance. We believe that adjusted net income is a meaningful measure because by removing certain non-recurring charges and non-cash expenses, our operating result directly associated with the period's performance is presented. The use of adjusted net income may also be helpful to investors because it provides consistency and comparability with past performance and facilitates period-to-period comparisons of results of operations.

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, amortisation of transaction costs, the net change in fair value of financing-related derivatives, purchase price allocation ("PPA") depreciation and amortisation, adjustments made to reconcile EBITDA to adjusted EBITDA and the estimated tax impact of the foregoing adjustments. The PPA depreciation and amortisation arose due to the acquisition accounting that was performed when the SIG Group was acquired by Onex in 2015.

The table below is a summary of the reconciliation of profit for the period to adjusted net income.

(In € million)	**Six months ended 30 June 2020**	**Six months ended 30 June 2019**
Profit for the period	**10.0**	**25.2**
Non-cash foreign exchange impact of non-functional currency loans and realised foreign exchange impact due to refinancing	6.3	(5.3)
Amortisation of transaction costs	1.3	1.4
Net change in fair value of derivatives	(0.5)	1.8
Net effect of early repayment of secured term loans	19.7	-
PPA depreciation and amortisation	64.4	68.8
Adjustments to EBITDA (1)	1.8	3.5
Tax effect on above items	(23.4)	(14.9)
Adjusted net income	**79.6**	**80.5**

(1) The adjustments made to EBITDA are detailed in the "EBITDA and adjusted EBITDA" section above.

Net income (profit for the period) decreased in the six months ended 30 June 2020, whereas adjusted net income was comparable to the six months ended 30 June 2019. In addition to impacts on adjusted EBITDA discussed above, the primary drivers for the decrease of net income in the current period were a net foreign exchange gain in the comparative period shifting to a net loss in the current period and a €19.7 million net effect of early repayment of the secured term loans. These net effects primarily consisted of non-cash write-offs of transaction costs and original issue discounts.

The effective tax rate changed from 36% in the six months ended 30 June 2019 to 48% in the six months ended 30 June 2020. The effective tax rate in both periods reflects the relative mix of profits and losses taxed at varying tax rates in the jurisdictions in which we operate. The effective tax rate of 48% in the six months ended 30 June 2020 is higher compared to the prior period due to a lower profit before income tax in the current period, mainly due to the net effect of the early repayment of our secured term loans and PPA effects that remain consistent to the prior period. Our adjusted effective tax rate changed from 26% in the six months ended 30 June 2019 to 29% in the six months ended 30 June 2020.

Cash flows

The table below provides an overview of our cash flows.

(In € million)	**Six months ended 30 June 2020**	**Six months ended 30 June 2019**
Net cash from operating activities	127.9	120.8
Net cash used in investing activities	(94.2)	(78.4)
Net cash used in financing activities	(133.7)	(121.6)
Net decrease in cash and cash equivalents	**(100.0)**	**(79.2)**

Net cash from operating activities increased by €7.1 million in the six months ended 30 June 2020. The increase was primarily a function of lower net cash outflows relating to net working capital due to the seasonality of our business in the current period (see the below section "Seasonality"), partially offset by higher tax payments and the payment of transaction and other costs relating to financing.

Net cash used in investing activities increased primarily due to higher capex spending in the current period, mainly related to the new sleeves manufacturing facility in China. Regarding filling machine capital expenditure, we typically receive a portion of the total consideration for a filling line as an upfront payment from the customer as further explained in the section below on "Net capital expenditure". The cash outflow relating to filling lines is therefore generally lower than implied by the gross capital expenditure figure included as part of the net cash used in investing activities. Payments received for filling lines (including upfront payments) are presented as part of net cash from operating activities.

Net cash used in financing activities increased by €12.1 million in the six months ended 30 June 2020, primarily due to the higher dividend payment of €114.8 million compared to €99.0 million in the comparative period. The refinancing transactions in June 2020 had an insignificant impact on the cash flows from financing activities.

Free cash flow

Free cash flow is used by management to evaluate the performance of the Group. Free cash flow is defined as net cash from operating activities plus dividends received from the joint ventures less capital expenditure and payments of lease liabilities.

The following table reconciles net cash from operating activities to free cash flow.

(In € million)	**Six months ended 30 June 2020**	**Six months ended 30 June 2019**
Net cash from operating activities	**127.9**	**120.8**
Dividends received from joint ventures	7.1	6.7
Acquisition of PP&E and intangible assets	(100.2)	(86.7)
Payment of lease liabilities	(6.7)	(4.0)
Free cash flow	**28.1**	**36.8**
Cash conversion [(1)]	**62.8%**	**70.2%**

(1) Adjusted EBITDA less net capital expenditure divided by adjusted EBITDA.

The €8.7 million decrease in free cash flow in the six months ended 30 June 2020 is a consequence of refinancing costs reported in net cash from operating activities and higher capex spending related to the new sleeves manufacturing facility in China.

The cash conversion rate decreased period-on-period as a result of higher net capital.

Net capital expenditure ("net capex")

The table below provides an overview of our capital expenditure.

(In € million)	**Six months ended 30 June 2020**	**Six months ended 30 June 2019**
PP&E (excluding filling machines)	30.9	20.5
Gross filling machines	69.3	66.2
Capital expenditure (gross)	**100.2**	**86.7**
Upfront cash (for filling machines)	(20.0)	(25.5)
Net capital expenditure	**80.2**	**61.2**
In % of total revenue	9.3%	7.6%

Gross filling machine capital expenditure relates to the deployment of new filling machines with customers, as well as the replacement of existing filling machines. In connection with the deployment of our filling machines, we typically receive a portion of the total consideration as an upfront payment from the customer, which we define as upfront cash. As a result, our cash outflow related to filling machines is generally lower than implied by the gross filling machines capital expenditure figure. Management therefore focuses on net capex, which is defined as capital expenditure less upfront cash. Upfront cash is defined as consideration received as an upfront payment for the filling machines from our customers. Net capex better demonstrates the cash generation of the business.

Net capex as a percentage of total revenue increased from 7.6% in the six months ended 30 June 2019 to 9.3% in the six months ended 30 June 2020. The higher capex spend in the six months ended 30 June 2020 compared to the prior period can be explained by higher capital expenditure related to the new sleeves manufacturing facility in China.

OUR CAPITAL STRUCTURE

This section includes information about our financing in the form of loans and borrowings and equity.

Refinancing in June 2020

We have in June 2020 completed a refinancing. We have replaced two existing secured term loans, maturing in 2023 and 2025, with a new unsecured term loan of €550 million and two issues of senior unsecured notes in the aggregate amount of €1,000 million. We have also entered into a new €300 million revolving credit facility. The notes are traded on the Global Exchange Market of Euronext Dublin. The table below provides a summary of the main terms of the senior unsecured notes, new unsecured term loan and the revolving credit facility.

	Principal amount	Maturity date	Interest rate
2023 notes	€450 million	18 June 2023	1.875%
2025 notes	€550 million	18 June 2025	2.125%
Term loan	€550 million	June 2025	Euribor+1.00%, with a floor of 0.00%
Revolving credit facility	€300 million	June 2025	Euribor+1.00%, with a floor of 0.00%

The margin of 1.00% on the term loan will be subject to half-yearly adjustments based on the Group's net leverage (as defined in the credit agreement). The margin will also be subject to a maximum 0.05% per annum increase or decrease based upon the achievement of certain annual sustainability-linked targets.

The refinancing has enabled us to move from a secured to an unsecured debt structure and to diversify our sources of debt. With both the term loan and the larger of the two note issues maturing in 2025, we have extended our overall maturity profile at favourable terms. The new interest rates bring down our average cost of debt, excluding the revolving credit facility and transaction costs, to 1.7%.

The indenture governing the notes contains customary restrictive covenants and events of default. The credit agreement contains customary positive and negative covenants as well as events of default. Specifically regarding the term loan, a leverage of 4.50:1 is currently required (until 31 December 2020; 4.25:1 until 31 December 2021 and 4.00:1 thereafter). As can be seen in the section below on our net debt and leverage, we are well below the current threshold.

See note 16 of the consolidated interim financial statements for the six months ended 30 June 2020 for additional details about the terms and conditions of the new term loan and the notes.

Debt rating

	Company rating		As of
Moody's	Ba2	Stable	October 2019
S&P	BBB-	Stable	March 2020

Net debt and leverage

The table below presents the components of net debt as of 30 June 2020 and 31 December 2019. Net debt represents the Group's current and non-current loan and borrowings (including lease liabilities) and cash and cash equivalents.

(In € million)	As of 30 June 2020	As of 30 June 2019	As of 31 Dec. 2019
Gross total debt	1,609.8	1,621.7	1,614.4
Cash and cash equivalents (1)	159.9	78.6	261.0
Net total debt	1,449.9	1,543.1	1,353.4
Total net leverage ratio (2) (last twelve months)	**2.9x**	**3.3x**	**2.8x**

(1) Includes restricted cash.

(2) Net total debt divided by LTM adjusted EBITDA.

For a description of the Company's indebtedness, see note 16 in the consolidated interim financial statements.

Cash and cash equivalents were lower as of 30 June 2020 compared with 31 December 2019 primarily due to the dividend payment of €114.8 million in April 2020 offset by free cash flow movements discussed above. This has resulted in a slight increase in leverage as of 30 June 2020. Leverage is impacted by seasonality of cash flows, which are weighted to the second half of the year, and payment of dividends to shareholders. Leverage decreased from 3.3x as of 30 June 2019 to 2.9x as of 30 June 2020 due to our higher cash position in the current period.

Net finance expense

(In € million)	Six months ended 30 June 2020	Six months ended 30 June 2019
Interest income	2.6	1.3
Net foreign currency exchange gain / (loss)	(12.0)	7.0
Net change in fair value of derivatives	0.5	(1.8)
Net interest expense on interest rate swaps	(0.6)	(0.6)
Interest expense on:		
- Senior unsecured notes	(0.7)	-
- Senior unsecured / secured credit facilities	(15.4)	(17.0)
- Lease liabilities	(1.1)	(1.1)
Amortisation of original issue discount	(1.2)	(1.5)
Amortisation of transaction costs	(1.3)	(1.4)
Net effect of early repayment of term loans	(19.7)	-
Other	(6.3)	(5.8)
Net finance expense	(55.2)	(20.9)

Net finance expense in the six months ended 30 June 2020 increased by €34.3 million. The increase was primarily due to €19.7 million net effect of early repayment of term loans and €19.0 million negative translation effects on intra-group loan payables resulting primarily from the weakening of the Brazilian Real against the Euro and the US Dollar.

OUTLOOK

Revenue growth in the first half of 2020 was exceptionally strong, due in part to significant stock-building by customers, retailers and consumers. This is likely to affect growth in the second half of the year as stocks are drawn down. Earlier core revenue growth guidance of 6-8% at constant currency was based on the assumption that customer demand would revert to more normal growth levels in the second half of the year. As this no longer appears likely, the full-year growth guidance is lowered to 4-6%. The growth outlook for 2021 and the mid-term remains intact. Guidance of an adjusted EBITDA margin at the lower end of the 27-28% range is maintained, subject to no further major deterioration in currencies, and the Company expects to generate substantial free cash flow.

Further lockdowns and other measures to contain COVID-19 remain a source of uncertainty.

OTHER DISCLOSURES

COVID-19

Management considers that the business of SIG is well placed to withstand the impacts of the global spread of a novel strain of corona virus (COVID-19) due to its role in supplying essential food and beverages for daily consumption and its broad geographic spread. There have been no significant COVID-19-related disruptions at any of SIG's plants up to the date of approval of the consolidated interim financial statements. The COVID-19 pandemic has also not disrupted our expansion initiatives.

Considering that the Group (as well as its customer base) is in a business that can be regarded as essential in the distribution of aseptic food and beverages, the Group is in general currently not significantly impacted by the COVID-19 pandemic. However, sales in Asia Pacific have in the second quarter of 2020 been negatively impacted by lockdowns as described in the above section "Our performance". We believe that this is a temporary slow-down in growth. The sales in notably EMEA, but also in Americas, have on the other hand compensated for the lower than forecasted sales in APAC.

The impact of COVID-19 on the Group in future periods is difficult to assess and there is no assurance that the experience to date will be representative of future periods. Significant judgements are involved regarding the assessment of the impact of COVID-19 on the global economy, and new facts and circumstances may lead to adjustments of management's current estimates and assumptions. See also our remarks under the above section "Outlook".

Seasonality

The Group's business experiences moderate seasonal fluctuations, primarily due to seasonal consumption patterns and performance incentive programmes relating to sleeves that generally end in the fourth quarter. Customers tend to purchase additional sleeves prior to the end of the year to reflect consumption patterns and to avail themselves of annual volume rebates, typically resulting in higher sales during the fourth quarter. Historically, this has resulted in relatively low sales in the first quarter, with inventory returning to normal levels and the settlement of performance incentives that have been accrued over the course of the year. These factors contribute to an increase in working capital levels and lower cash flows from operating activities in the first quarter.

Dividends

A dividend of CHF 0.38 per share, totalling CHF 121.6 million (€114.8 million) was paid to shareholders out of the capital contribution reserve in April 2020 (CHF 0.35 per share, totalling CHF 112.0 million (€99.0 million) was paid in the comparative period of year 2019).

Foreign currencies

We operate internationally and transact business in a range of currencies. Denomination differences between costs and sales expose us to foreign currency exchange rate risks. While our reporting currency is the Euro, we generate a significant portion of our revenue and costs in currencies other than Euro. We therefore translate results, as well as assets and liabilities, into Euro at exchange rates in effect during or at the end of each reporting period, as applicable. Increases or decreases in the value of the Euro against other currencies in countries where we operate can affect our results of operations and the value of balance sheet items denominated in foreign currencies.

We supply semi-finished and finished goods to certain of our non-European operations in Euro and a number of our key raw material suppliers charge us for raw materials in Euros or in US Dollars. As a result, a greater portion of our costs is denominated in Euros and, to a lesser extent, US Dollars as compared to the related revenue generated in those currencies. Accordingly, changes in the exchange rates of the Euro and the US Dollar compared to the currencies in which we sell our products could adversely affect our results of operations. We expect to mitigate some of these cost mismatches in future periods with the opening and expansion of local production facilities in certain markets, continuing efforts to qualify local suppliers and by using foreign currency exchange derivatives.

In addition, certain loans within the Group have been borrowed or lent in currencies that are not necessarily the functional currency of the respective legal entities involved in the transaction. As a result, foreign currency exchange gains and losses may occur upon the translation of these debts into the functional currencies of the respective entities. The foreign currency exchange gains or losses are recognised in profit or loss.

The significant exchange rates against the Euro applied during the periods are presented below.

	Average rate for the period ended			Spot rate as of		
	30 June 2020	**30 June 2019**	**31 Dec. 2019**	**30 June 2020**	**30 June 2019**	**31 Dec. 2019**
Australian Dollar (AUD)	1.67500	1.59978	1.61017	1.63439	1.62439	1.59949
Brazilian Real (BRL)	5.34713	4.34012	4.40968	6.11180	4.35110	4.51570
Chinese Renminbi (CNY)	7.74562	7.66461	7.73094	7.92190	7.81850	7.82050
Swiss Franc (CHF)	1.06408	1.12962	1.11282	1.06510	1.11050	1.08540
Mexican Peso (MXN)	23.60504	21.65811	21.56039	25.94698	21.82012	21.22019
New Zealand Dollar (NZD)	1.75724	1.68098	1.69855	1.74801	1.69599	1.66531
Thai Baht (THB)	34.80548	35.71051	34.75217	34.62400	34.89702	33.41502
U.S. Dollar ($)	1.10135	1.12973	1.11967	1.11980	1.13801	1.12340

Significant shareholders

According to the disclosure notifications reported to the Company during the six months ended 30 June 2020 and published by the Company via the electronic publishing platform of SIX Swiss Exchange, the following shareholders had holdings of 3% or more of the voting rights of the Company as of 30 June 2020.

Significant shareholders	% of voting rights	Number of shares
Onex shareholders [(1)]	21.01%	67,253,240
Haldor Foundation [(2)]	6.00%	19,203,194
Norges Bank (the Central Bank of Norway)	3.49%	11,154,486
Ameriprise Financial, Inc [(3)]	3.04%	9,735,772

(1) Direct shareholders: Onex SIG Co-Invest LP, Onex Partners IV LP, Onex Partners Holdings LLC, Wizard Management I GmbH & Co. KG, Onex Partners IV PV LP, Wizard Management II GmbH & Co. KG, Onex US Principals LP, New PCo II Investments Ltd, Onex Partners IV Select LP, Onex Partners IV GP LP. Mr Gerald W. Schwartz indirectly owns shares representing a majority of the voting rights of the shares of Onex Corporation, and as such may be deemed to beneficially own all of the common shares beneficially owned by Onex Corporation. Mr Schwartz disclaims such beneficial ownership.

(2) Direct shareholder: Winder Investment Pte Ltd.

(3) Direct shareholders: Threadneedle Investment Funds ICVC, Threadneedle Management Luxembourg SA, Threadneedle Specialist Investment Funds ICVC, Threadneedle Asset Management Limited, State Street Nominees Limited, Nortrust Nominees Limited, Secrurities Services Nominees Ltd, Citi London.

As regards the value of the percentage of voting rights shown, it should be noted that any changes in the percentage voting rights between the notifiable threshold values are not subject to disclosure requirements.

Consolidated interim financial statements for the six months ended 30 June 2020

SIG Combibloc Group AG

Consolidated interim statement of profit or loss and other comprehensive income

(In € million)	Note	**Six months ended 30 June 2020**	**Six months ended 30 June 2019**
Revenue	6, 7	860.0	802.2
Cost of sales		(659.0)	(634.2)
Gross profit		**201.0**	**168.0**
Other income	8	6.1	8.6
Selling, marketing and distribution expenses		(37.6)	(34.2)
General and administrative expenses		(88.8)	(83.0)
Other expenses	8	(13.4)	(2.1)
Share of profit of joint ventures		7.1	2.9
Profit from operating activities		**74.4**	**60.2**
Finance income		3.1	8.3
Finance expenses		(58.3)	(29.2)
Net finance expense	17	**(55.2)**	**(20.9)**
Profit before income tax		**19.2**	**39.3**
Income tax expense		(9.2)	(14.1)
Profit for the period	9	**10.0**	**25.2**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Currency translations of foreign operations:			
- recognised in translation reserve		(74.0)	36.2
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	18	(3.1)	13.4
Total other comprehensive income, net of income tax		**(77.1)**	**49.6**
Total comprehensive income		**(67.1)**	**74.8**
Basic earnings per share *(in €)*	10	0.03	0.08
Diluted earnings per share *(in €)*	10	0.03	0.08

Consolidated interim statement of financial position

(In € million)	Note	As of 30 June 2020	As of 31 Dec. 2019
Cash and cash equivalents	19	159.9	261.0
Trade and other receivables	15	185.0	271.6
Inventories		189.8	167.2
Current tax assets		4.2	1.2
Other current assets		35.7	22.2
Total current assets		**574.6**	**723.2**
Non-current receivables		6.0	5.6
Investments in joint ventures		193.6	193.4
Deferred tax assets		28.8	21.8
Property, plant and equipment	12	1,035.5	1,073.1
Right-of-use assets	13	55.8	49.0
Intangible assets	14	2,381.7	2,460.3
Employee benefits	18	167.3	168.4
Other non-current assets		26.0	29.3
Total non-current assets		**3,894.7**	**4,000.9**
Total assets		**4,469.3**	**4,724.1**
Trade and other payables		431.4	492.3
Loans and borrowings	16	13.3	50.8
Current tax liabilities		37.1	43.5
Employee benefits		40.4	45.2
Provisions		10.8	12.1
Other current liabilities		67.7	59.9
Total current liabilities		**600.7**	**703.8**
Non-current payables		12.2	10.4
Loans and borrowings	16	1,581.4	1,541.9
Deferred tax liabilities		154.0	172.5
Employee benefits	18	127.8	126.3
Provisions		15.5	15.5
Other non-current liabilities		169.6	165.0
Total non-current liabilities		**2,060.5**	**2,031.6**
Total liabilities		**2,661.2**	**2,735.4**
Share capital		2.8	2.8
Additional paid-in capital		1,945.0	2,059.8
Translation reserve		(156.1)	(82.1)
Treasury shares		(0.1)	(0.1)
Retained earnings		16.5	8.3
Total equity	18	**1,808.1**	**1,988.7**
Total liabilities and equity		**4,469.3**	**4,724.1**

Consolidated interim statement of changes in equity

(In € million)		Share capital	Additional paid-in capital	Translation-reserve	Treasury shares	Retained earnings	Total equity
Equity as of 1 January 2020		**2.8**	**2,059.8**	**(82.1)**	**(0.1)**	**8.3**	**1,988.7**
Profit for the period						**10.0**	**10.0**
Other comprehensive income							
Items that may be reclassified to profit or loss							
Currency translations of foreign operations:							
- recognised in translation reserve				(74.0)			**(74.0)**
Items that will not be reclassified to profit or loss							
Remeasurement of defined benefit plans						(3.1)	**(3.1)**
Total other comprehensive income, net of income tax		**-**	**-**	**(74.0)**	**-**	**(3.1)**	**(77.1)**
Total comprehensive income for the period		**-**	**-**	**(74.0)**	**-**	**6.9**	**(67.1)**
Share-based payments	23					1.6	**1.6**
Purchase of treasury shares					(0.3)		**(0.3)**
Settlement of share-based payment plans and arrangements					0.3	(0.3)	**-**
Dividends	18		(114.8)				**(114.8)**
Total transactions with owners		**-**	**(114.8)**	**-**	**-**	**1.3**	**(113.5)**
Equity as of 30 June 2020		**2.8**	**1,945.0**	**(156.1)**	**(0.1)**	**16.5**	**1,808.1**

(In € million)		Share capital	Additional paid-in capital	Translation-reserve	Treasury shares	Retained earnings	Total equity
Equity as of 1 January 2019		**2.8**	**2,158.8**	**(142.1)**	**-**	**(124.0)**	**1,895.5**
Profit for the period						**25.2**	**25.2**
Other comprehensive income							
Items that may be reclassified to profit or loss							
Currency translations of foreign operations:							
- recognised in translation reserve				36.2			**36.2**
Items that will not be reclassified to profit or loss							
Remeasurement of defined benefit plans						13.4	**13.4**
Total other comprehensive income, net of income tax		**-**	**-**	**36.2**	**-**	**13.4**	**49.6**
Total comprehensive income for the period		**-**	**-**	**36.2**	**-**	**38.6**	**74.8**
Share-based payments	23		-			0.7	**0.7**
Purchase of treasury shares					(0.3)		**(0.3)**
Settlement of share-based payment plans and arrangements		-	-		0.1	(0.1)	**-**
Dividends	18		(99.0)				**(99.0)**
Total transactions with owners		**-**	**(99.0)**	**-**	**(0.2)**	**0.6**	**(98.6)**
Equity as of 30 June 2019		**2.8**	**2,059.8**	**(105.9)**	**(0.2)**	**(84.8)**	**1,871.7**

Consolidated interim statement of cash flows

(In € million)	Note	Six months ended 30 June 2020	Six months ended 30 June 2019
Cash flows from operating activities			
Profit for the period		10.0	25.2
Adjustments for:			
Depreciation and amortisation	12, 13, 14	139.5	141.8
Impairment losses		0.6	0.2
Change in fair value of derivatives		(2.7)	(3.7)
Share-based payment expense	23	1.6	0.7
Gain on sale of property, plant and equipment and non-current assets		(0.2)	(0.2)
Share of profit of joint ventures		(7.1)	(2.9)
Net finance expense	17	55.2	20.9
Interest paid		(20.3)	(21.8)
Payment of transaction and other costs relating to financing	16	(8.8)	-
Income tax expense		9.2	14.1
Income taxes paid, net of refunds received		(42.2)	(31.1)
		134.8	**143.2**
Change in trade and other receivables		59.9	62.7
Change in inventories		(32.8)	(47.4)
Change in trade and other payables		(57.5)	(75.2)
Change in provisions and employee benefits		(4.4)	(1.0)
Change in other assets and liabilities		27.9	38.5
Net cash from operating activities	11	**127.9**	**120.8**
Cash flows from investing activities			
Acquisition of business, net of cash acquired	21	(2.5)	-
Acquisition of property, plant and equipment and intangible assets		(100.2)	(86.7)
Proceeds from sale of property, plant and equipment and other assets		-	1.2
Dividends received from joint ventures		7.1	6.7
Interest received		1.4	0.4
Net cash used in investing activities	11	**(94.2)**	**(78.4)**
Cash flows from financing activities			
Proceeds from loans and borrowings	16	1,550.0	-
Repayment of loans and borrowings	16	(1,560.9)	(15.6)
Payment of lease liabilities	16	(6.7)	(4.0)
Payments relating to the IPO		-	(3.4)
Purchase of treasury shares		(0.3)	(0.3)
Payment of dividends	18	(114.8)	(99.0)
Other		(1.0)	0.7
Net cash used in financing activities	11	**(133.7)**	**(121.6)**
Net decrease in cash and cash equivalents		**(100.0)**	**(79.2)**
Cash and cash equivalents as of the beginning of the period		261.0	157.1
Effect of exchange rate fluctuations on cash and cash equivalents		(1.1)	0.7
Cash and cash equivalents as of the end of the period	19	**159.9**	**78.6**

BASIS OF PREPARATION

This section includes information on the parent company and the Group. It also includes details about the preparation of the consolidated interim financial statements and explains the structure of the consolidated interim financial statements.

1 Reporting entity and overview of the Group

SIG Combibloc Group AG ("SIG" or the "Company") is domiciled in Switzerland and is since 28 September 2018 listed on SIX Swiss Exchange.

The consolidated interim financial statements for the six months ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the "Group"). The subsidiaries and joint ventures reflected in the consolidated interim financial statements of the Company are listed in note 26 of the consolidated financial statements for the year ended 31 December 2019.

The Group is a global system supplier of aseptic carton packaging solutions for both beverage and liquid food products, ranging from juices and milk to soups and sauces. Its solutions offering consists of aseptic carton packaging filling machines, aseptic carton packaging sleeves and closures as well as after-market services.

2 Preparation of the consolidated interim financial statements

The consolidated unaudited interim financial statements for the six months ended 30 June 2020 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). They were approved by the Audit and Risk Committee of the Company on 22 July 2020. They also comply with the Listing Rules of SIX Swiss Exchange and with Swiss company law.

These consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019. They do not include all of the information required for a complete set of IFRS financial statements. However, they include information required to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the consolidated financial statements for the year ended 31 December 2019 and certain other information deemed relevant.

3 Structure of the consolidated interim financial statements

The consolidated interim financial statements are structured into different sections that should facilitate an overview and understanding of the Group's operations, financial position and performance. The notes are included in these sections based on their relevance and include information that is material and relevant to the consolidated interim financial statements.

BASIS OF PREPARATION	OUR OPERATING PERFORMANCE	OUR OPERATING ASSETS AND LIABILITIES	OUR FINANCING AND FINANCIAL RISK MANAGEMENT	OUR GROUP STRUCTURE AND RELATED PARTIES	OUR PEOPLE	OTHER
1 Reporting entity and overview of the Group 2 Preparation of the consolidated interim financial statements 3 Structure of the consolidated interim financial statements 4 Key events and transactions 5 General accounting policies and topics	6 Revenue 7 Segment information 8 Other income and expenses 9 Alternative performance measures 10 Earnings per share 11 Cash flow information	12 Property, plant and equipment 13 Right-of-use assets 14 Intangible assets 15 Trade and other receivables	16 Loans and borrowings 17 Finance income and expenses 18 Equity 19 Financial risk management	20 Group entities 21 Business combination 22 Related parties	23 Share-based payment plans and arrangements	24 Financial instruments and fair value information 25 Contingent liabilities 26 Subsequent events

4 Key events and transactions

The following events and transactions relating to the financial position and performance of the Group took place during the six months ended 30 June 2020.

- The issue of senior unsecured notes on the Global Exchange Market of Euronext Dublin.
- A new senior unsecured term loan and a revolving credit facility.
- The repayment and derecognition of existing secured term loans.

The impacts of these refinancing transactions are described in more detail in note 16.

Management considers that the business of SIG is well placed to withstand the impacts of the global spread of a novel strain of corona virus (COVID-19) due to its role in supplying essential food and beverages for daily consumption and its broad geographic spread. There have been no significant COVID-19-related disruptions at any of SIG's plants up to the date of approval of these consolidated interim financial statements. See note 5.4 for additional details.

5 General accounting policies and topics

5.1 Application of accounting policies

The accounting policies applied by the Group in the consolidated interim financial statements for the six months ended 30 June 2020 are consistent with those applied in the consolidated financial statements for the year ended 31 December 2019.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total profit or loss.

5.2 Impact of new or amended standards and interpretations

A number of new or amended standards and interpretations were effective for annual periods beginning on 1 January 2020. The applicable standards and interpretations had no, or no material, impact on the consolidated interim financial statements.

5.3 Adoption of standards and interpretations in 2021 and beyond

A number of new or amended standards and interpretations are effective for annual periods beginning on 1 January 2021 or later and have not been applied in preparing these consolidated interim financial statements. The Group does not plan to adopt these standards and interpretations before their effective dates. Many of them are not applicable to the Group or are expected to have no, or no material, impact on the consolidated financial statements.

5.4 Critical accounting judgements, estimates and assumptions

The significant judgements made by management and the key estimates and assumptions used in the preparation of the consolidated interim financial statements for the six months ended 30 June 2020 are consistent with those disclosed in note 5.4 of the consolidated financial statements for the year ended 31 December 2019, with the exception of estimates required in determining taxes on income in interim periods (see note 5.1).

Management is closely monitoring the effects of COVID-19. Management evaluates on an ongoing basis how the COVID-19 pandemic impacts the Group's financial position and performance. It assesses various aspects such as the value of the Group's assets (including goodwill and pension assets), any impairment triggers, sales trends, liquidity needs and exposure to market and credit risks. Considering that the Group (as well as its customer base) is in a business that can be regarded as essential in the distribution of aseptic food and beverages, the Group is in general currently not significantly impacted by the COVID-19 pandemic. The impact of COVID-19 on the Group in future periods is difficult to assess and there is no assurance that the experience to date will be representative of future periods.

Significant judgements are involved regarding the assessment of the impact of COVID-19 on the global economy, and new facts and circumstances may lead to adjustments of management's current estimates and assumptions. See also note 4.

OUR OPERATING PERFORMANCE

This section covers our operating performance on a Group as well as on a segment level. It includes alternative performance measures that management believes are relevant in evaluating the Group's performance and liquidity.

6 Revenue

Revenue derives from the sale of goods (i.e. sleeves, closures, board and filling lines) and the provision of after-market services and is presented net of returns, trade discounts, volume rebates and other customer incentives. The Group also presents income from the deployment of filling lines under contracts that qualify to be accounted for as operating leases and revenue under royalty agreements as part of revenue.

Composition of revenue

The Group has recognised the following amounts of revenue.

(In € million)	Six months ended 30 June 2020	Six months ended 30 June 2019
Revenue from sale and service contracts (including royalty agreements)	811.3	758.9
Revenue from filling line contracts accounted for as operating leases	48.7	43.3
Total revenue	**860.0**	**802.2**
of which		
Core revenue	**849.7**	**794.5**

Core revenue represents revenue generated from the Group's core activities and excludes revenue from sales of folding box board, which amounted to €10.3 million for the six months ended 30 June 2020 and €7.7 million for the six months ended 30 June 2019. Core revenue is not a defined performance measure in IFRS (see further note 9).

The Group's total revenue is further disaggregated by major product/service lines in the following table. Filling line revenue is composed of revenue from the deployment of filling lines under contracts that qualify to be accounted for as operating leases and from the sale of filling lines. Service revenue relates to after-market services in relation to the Group's filling lines. Revenue under royalty agreements and from the sale of folding box board and liquid paper board is included in other revenue.

(In € million)	Six months ended 30 June 2020	Six months ended 30 June 2019
Revenue from sale of sleeves and closures	707.9	658.9
Filling line revenue	53.9	52.0
Service revenue	55.9	51.4
Other revenue	42.3	39.9
Total revenue	**860.0**	**802.2**

The Group's three segments (EMEA, APAC and Americas) are providing the same aseptic carton packaging solutions, comprising filling machines, sleeves and closures as well as after-market services. The split of revenue between revenue from sale of sleeves and closures, filling line revenue and service revenue is broadly the same at Group level, between the Group's three segments and over recent years. Other revenue is mainly divided between EMEA and APAC. See note 7 for further information about the Group's segments.

Seasonality

The Group's business experiences moderate seasonal fluctuations, primarily due to seasonal consumption patterns and performance incentive programmes relating to sleeves that generally end in the fourth quarter. Customers tend to purchase additional sleeves prior to the end of the year to reflect consumption patterns and to avail themselves of annual volume rebates, typically resulting in higher sales during the fourth quarter. Historically, this has resulted in relatively low sales in the first quarter, with inventory returning to normal levels and the settlement of performance incentives that have been accrued over the course of the year. These factors contribute to an increase in working capital levels and lower cash flows from operating activities in the first quarter.

7 Segment information

The Group has three operating segments, which are also the reportable segments: Europe, Middle East and Africa ("EMEA"), Asia Pacific ("APAC") and Americas. All segments provide aseptic carton packaging solutions.

Segment financial information

The following tables present financial information about the Group's segments. Group Functions include activities that are supportive to the Group's business. The same measurement basis is used when presenting the segment information as is used in the Group's consolidated financial statements.

	Six months ended 30 June 2020						
(In € million)	**EMEA**	**APAC**	**Americas**	**Total segments**	**Group Functions**	**Reconciling items**	**Total**
Revenue from transactions with external customers	386.6	315.7	151.3	**853.6**	6.4	-	**860.0**
Revenue from inter-segment transactions	118.0	7.1	0.3	**125.4**	22.1	(147.5)	**-**
Segment revenue	504.6	322.8	151.6	**979.0**	28.5	(147.5)	**860.0**
Core revenue from transactions with external customers [(1)]	386.6	305.4	151.3	**843.3**	6.4	-	**849.7**
Adjusted EBITDA [(2)]	**122.1**	**91.4**	**34.8**	**248.3**	**(32.6)**	**-**	**215.7**

	Six months ended 30 June 2019						
(In € million)	**EMEA**	**APAC**	**Americas**	**Total segments**	**Group Functions**	**Reconciling items**	**Total**
Revenue from transactions with external customers	358.2	291.8	144.5	**794.5**	7.7	-	**802.2**
Revenue from inter-segment transactions	119.3	5.8	-	**125.1**	21.8	(146.9)	**-**
Segment revenue	477.5	297.6	144.5	**919.6**	29.5	(146.9)	**802.2**
Core revenue from transactions with external customers [(1)]	358.2	284.1	144.5	**786.8**	7.7	-	**794.5**
Adjusted EBITDA [(2)]	**107.2**	**92.0**	**35.8**	**235.0**	**(29.5)**	**-**	**205.5**

(5) Core revenue from transactions with external customers represents revenue from transactions with external customers, excluding revenue from sales of folding box board to third parties. Core revenue is not a defined performance measure in IFRS (see further note 9).

(6) The performance of the segments is presented with reference to adjusted EBITDA. Adjusted EBITDA is defined by the Group as EBITDA, adjusted to exclude certain non-cash transactions and items of a significant or unusual nature and to include the cash impact of dividends received from joint ventures. EBITDA and adjusted EBITDA are not defined performances measures in IFRS. Refer to note 9 for the detailed definitions of these performance measures and the reconciliation between the Group's profit, EBITDA and adjusted EBITDA.

8 Other income and expenses

Other income and expenses relate to activities and transactions that are outside the Group's principal revenue generating activities. Foreign currency exchange gains and losses as well as fair value changes on commodity and foreign currency exchange derivatives entered into as part of the operating business are also presented as other income and expenses. Activities and transactions of a significant or unusual nature are generally adjusted for in the performance measures adjusted EBITDA and adjusted net income used by management (see note 9).

For the six months ended 30 June 2020, the Group recognised a net foreign currency exchange loss of €11.8 million (a net gain of €0.3 million for the six months ended 30 June 2019). It mainly arose due to the depreciation of the Brazilian Real and Thai Baht against the Euro and the USD.

9 Alternative performance measures

Management uses a number of measures to assess the performance of the Group that are not defined in IFRS, including core revenue, adjusted EBITDA, adjusted net income, adjusted earnings per share, net capital expenditure and free cash flow.

These alternative non-IFRS performance measures are presented as management believes that they are important supplemental measures of the Group's performance. Management believes that they are useful and widely used in the markets in which the Group operates as a means of evaluating performance. In certain cases, these alternative performance measures are also used to determine compliance with covenants in the Group's credit agreement and compensation of certain members of management. However, these alternative performance measures should not be considered as substitutes for the information contained elsewhere in these consolidated interim financial statements.

This note includes information about adjusted EBITDA and adjusted net income. Core revenue is presented in notes 6 and 7, adjusted earnings per share in note 10 and net capital expenditure and free cash flow in note 11.

Adjusted EBITDA

Adjusted EBITDA is used by management for business planning and to measure operational performance. Management believes that adjusted EBITDA provides investors with further transparency into the Group's operational performance and facilitates comparison of the performance of the Group on a period-to-period basis and versus peers.

EBITDA is defined by the Group as profit or 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 by the Group 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, and to include the cash impact of dividends received from joint ventures.

The following table reconciles profit to EBITDA and adjusted EBITDA.

(In € million)	**Six months ended 30 June 2020**	**Six months ended 30 June 2019**
Profit for the period	**10.0**	**25.2**
Net finance expense	55.2	20.9
Income tax expense	9.2	14.1
Depreciation and amortisation	139.5	141.8
EBITDA	**213.9**	**202.0**
Adjustments to EBITDA:		
Replacement of share of profit of joint ventures with cash dividends received from joint ventures	0	3.8
Restructuring costs, net of reversals	0.6	0.9
Unrealised gain on derivatives	(1.0)	(3.7)
Transaction- and acquisition-related costs	1.3	1.6
Other	0.9	0.9
Adjusted EBITDA	**215.7**	**205.5**

Adjusted net income

Adjusted net income is used by management to measure performance. Management believes that adjusted net income is a meaningful measure because by removing certain non-recurring charges and non-cash expenses, the Group's operating result directly associated with the period's performance is presented. The use of adjusted net income may also be helpful to investors because it provides consistency and comparability with past performance and facilitates period-to-period comparisons of results of operations.

Adjusted net income is defined by the Group 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, amortisation of transaction costs, the net change in fair value of financing-related derivatives, purchase price allocation ("PPA") depreciation and amortisation, adjustments made to reconcile EBITDA to adjusted EBITDA and the estimated tax impact of the foregoing adjustments. The PPA depreciation and amortisation arose due to the acquisition accounting that was performed when the SIG Group was acquired by Onex in 2015.

The following table reconciles profit for the period to adjusted net income.

(In € million)	Six months ended 30 June 2020	Six months ended 30 June 2019
Profit for the period	**10.0**	**25.2**
Non-cash foreign exchange impact of non-functional currency loans and realised foreign exchange impact due to refinancing	6.3	(5.3)
Amortisation of transaction costs	1.3	1.4
Net change in fair value of derivatives	(0.5)	1.8
Net effect of early repayment of secured term loans	19.7	-
PPA depreciation and amortisation	64.4	68.8
Adjustments to EBITDA:		
Replacement of share of profit of joint ventures with cash dividends received from joint ventures	0	3.8
Restructuring costs, net of reversals	0.6	0.9
Unrealised gain on derivatives	(1.0)	(3.7)
Transaction- and acquisition-related costs	1.3	1.6
Other	0.9	0.9
Tax effect on above items	(23.4)	(14.9)
Adjusted net income	**79.6**	**80.5**

10 Earnings per share

Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the consolidated profit for the period by the weighted average number of shares in issue during the period, excluding the weighted average number of treasury shares. Diluted earnings per share reflects the effect of potentially dilutive shares under the Group's share-based payment plans and arrangements.

The following table shows the profit attributable to shareholders and the weighted average number of outstanding shares used in the calculation of basic and diluted earnings per share.

(In € million unless indicated)	Six months ended 30 June 2020	Six months ended 30 June 2019
Profit for the period	10.0	25.2
Weighted average number of shares for the period - basic *(in numbers)*	320,043,979	320,045,854
Basic earnings per share *(in €)*	**0.03**	**0.08**
Profit for the period	10.0	25.2
Weighted average number of shares for the period - diluted *(in numbers)*	320,065,117	320,057,398
Diluted earnings per share *(in €)*	**0.03**	**0.08**

Adjusted earnings per share

Adjusted earnings per share is defined by the Group as adjusted net income divided by the weighted average number of shares. Management believes that (basic) adjusted earnings per share is a useful measure as adjusted net income is used to measure performance. Adjusted net income and adjusted earnings per share are not defined performance measures in IFRS (see further note 9).

The table below shows the adjusted net income and the weighted average number of outstanding shares used in the calculation of basic and diluted adjusted earnings per share.

(In € million unless indicated)	**Six months ended 30 June 2020**	**Six months ended 30 June 2019**
Adjusted net income	79.6	80.5
Weighted average number of shares for the period - basic *(in numbers)*	320,043,979	320,045,854
Adjusted earnings per share - basic *(in €)*	**0.25**	**0.25**
Adjusted net income	79.6	80.5
Weighted average number of shares for the period - diluted *(in numbers)*	320,065,117	320,057,398
Adjusted earnings per share - diluted *(in €)*	**0.25**	**0.25**

11 Cash flow information

This note includes certain information about the Group's cash flows and non-cash transactions.

Net capital expenditure

The Group's capital expenditure primarily relates to investments in own production, plant and equipment (PP&E capital expenditure, excluding filling machines) and to the manufacture and deployment of filling machines with customers under contracts accounted for as operating leases (filling machine capital expenditure).

Net capital expenditure is defined by the Group as capital expenditure less upfront cash. Upfront cash is defined as consideration received as an upfront payment for filling machines from customers. Net capital expenditure is not a defined performance measure in IFRS (see further note 9).

Management uses net capital expenditure as it better demonstrates how cash generative the business is. As the Group typically receives a portion of the total consideration for a filling machine as an upfront payment from the customer, the cash outflow relating to filling machines is generally lower than implied by the gross capital expenditure figure. Payments received for filling lines (including upfront payments) are included in cash flows from operating activities.

The following table reconciles capital expenditure to net capital expenditure.

(In € million)	**Six months ended 30 June 2020**	**Six months ended 30 June 2019**
PP&E (excluding filling machines)	30.9	20.5
Gross filling machines	69.3	66.2
Capital expenditure (gross)	**100.2**	**86.7**
Upfront cash (for filling machines)	(20.0)	(25.5)
Net capital expenditure	**80.2**	**61.2**

Free cash flow

Free cash flow is used by management to evaluate the performance of the Group. Free cash flow is defined by the Group as net cash from operating activities plus dividends received from the joint ventures less capital expenditure and payments of lease liabilities. Free cash flow is not a defined performance measure in IFRS (see further note 9).

The following table reconciles net cash from operating activities to free cash flow.

(In € million)	**Six months ended 30 June 2020**	**Six months ended 30 June 2019**
Net cash from operating activities	**127.9**	**120.8**
Dividends received from joint ventures	7.1	6.7
Acquisition of PP&E and intangible assets	(100.2)	(86.7)
Payment of lease liabilities	(6.7)	(4.0)
Free cash flow	**28.1**	**36.8**

Non-cash transactions

Non-cash transactions for the six months ended 30 June 2020 include the derecognition of capitalised transaction costs and original issue discount in the amount of €17.6 million resulting from the repayment of the secured term loans in June 2020 (see notes 16, 17 and 19). Other non-cash transactions include the initial recognition of leases on the statement of the financial position (see note 16) and the granting of instruments under the Group's 2020 share-based plans and arrangements (see note 23).

OUR OPERATING ASSETS AND LIABILITIES

This section includes certain information about the Group's operating assets and liabilities. The main operating assets relate to the Group's production equipment and its deployed filling lines accounted for as operating leases. The Group also has right-of-use assets resulting from lease contracts entered into as a lessee. The Group's trade receivables balance is reduced by selling trade receivables under securitisation and factoring programmes. A substantial part of the Group's assets relates to goodwill and other intangible assets. The main operating liabilities relate to trade payables and accruals for various incentive programmes and are presented as part of trade and other payables. Other liabilities mainly comprise deferred revenue relating to advance payments received in relation to filling lines deployed under contracts that are accounted for as operating leases.

12 Property, plant and equipment

Property, plant and equipment ("PP&E") is mainly composed of filling lines that are deployed at customers' sites under contracts accounted for as operating leases and the Group's plant and production equipment. PP&E also includes work in progress, which relates to construction of filling machines and to filling lines under installation at customers' sites as well as to construction of various types of production equipment used by the Group in its manufacturing and assembly facilities.

Depreciation of PP&E

Depreciation of PP&E is recognised in the following components in the statement of profit or loss and other comprehensive income.

(In € million)	**Six months ended 30 June 2020**	**Six months ended 30 June 2019**
Cost of sales	79.4	84.6
Selling, marketing and distribution expenses	0.7	0.5
General and administrative expenses	2.5	2.4
Total depreciation	**82.6**	**87.5**

Capital expenditure commitments

As of 30 June 2020, the Group had entered into contracts to incur capital expenditure of €61.4 million (€99.7 million as of 31 December 2019) for the acquisition of PP&E. The commitments relate to filling machine assembly, certain downstream equipment and equipment for the Group's sleeves manufacturing facilities, including upcoming investments in relation to the second sleeves manufacturing facility in China. The facility is expected to be ready in early 2021 and will then be leased by the Group.

13 Right-of-use assets

The Group generally purchases its production-related buildings and equipment. However, it also enters into lease contracts. Right-of-use assets relate to lease contracts that the Group has entered into as a lessee. The contracts mainly cover leases of assets such as office buildings, production-related buildings and equipment, warehouses and cars.

Depreciation of right-of-use assets

Depreciation of right-of-use assets is recognised in the following components in the statement of profit or loss and other comprehensive income.

(In € million)	Six months ended 30 June 2020	Six months ended 30 June 2019
Cost of sales	3.8	2.7
Selling, marketing and distribution expenses	1.2	0.8
General and administrative expenses	1.3	1.1
Total depreciation	**6.3**	**4.6**

Lease commitments

There have been no significant changes in the Group's lease commitments since 31 December 2019. The present value of estimated future lease payments under signed, but not yet commenced, lease contracts approximates €70 million as of 30 June 2020. The future lease payments relate primarily to a 20 year lease of a second sleeves manufacturing facility in China that the Group expects to commence in early 2021.

14 Intangible assets

The largest portion of the Group's intangible assets is goodwill, which primarily arose as a result of the acquisition of the SIG Group by Onex in 2015. The other intangible assets mainly consist of trademarks, customer relationships and technology-related assets. The trademarks have indefinite useful lives.

Amortisation of intangible assets

Amortisation of intangible assets is recognised in the following components in the statement of profit or loss and other comprehensive income.

(In € million)	Six months ended 30 June 2020	Six months ended 30 June 2019
Cost of sales	31.8	31.9
Selling, marketing and distribution expenses	-	-
General and administrative expenses	18.8	17.8
Total amortisation	**50.6**	**49.7**

15 Trade and other receivables

Trade and other receivables mainly comprise trade receivables.

The Group has an asset-backed securitisation programme under which it sells without recourse a portion of its sleeves-related trade receivables to a special purpose entity. It also has a small number of minor factoring programmes. The trade receivables sold qualify for derecognition by the Group. The total off-balance sheet trade receivables amounted to €126.8 million as of 30 June 2020 (€137.2 million as of 31 December 2019).

OUR FINANCING AND FINANCIAL RISK MANAGEMENT

This section includes certain information about the Group's financing in the form of loans and borrowings and equity. The expenses for the financing are also presented in this section. Lastly, the Group's financial risk management policy and exposure to liquidity, market and credit risks are summarised.

16 Loans and borrowings

The Group has in the six months ended 30 June 2020, via some of its subsidiaries, issued senior unsecured notes and entered into new senior unsecured credit facilities. The senior unsecured credit facilities consist of one Euro denominated term loan and a multi-currency revolving credit facility. The Group repaid its existing Euro denominated secured term loans, mainly using the proceeds received from the refinancing transactions. The credit agreement covering the new senior unsecured credit facilities was negotiated with a new loan syndicate. Liabilities under lease contracts where SIG is the lessee are also included in loans and borrowings.

Composition of loans and borrowings

The table below shows the carrying amount of the Group's loans and borrowings.

(In € million)	**As of 30 June 2020**	**As of 31 Dec. 2019**
Senior secured credit facilities	-	39.0
Lease liabilities	13.3	11.8
Current loans and borrowings	**13.3**	**50.8**
Senior unsecured notes	991.0	-
Senior unsecured credit facilities	543.9	-
Senior secured credit facilities	-	1,500.2
Lease liabilities	46.5	41.7
Non-current loans and borrowings	**1,581.4**	**1,541.9**
Total loans and borrowings	**1,594.7**	**1,592.7**

The following table presents the components of the carrying amount of the loans and borrowings.

(In € million)	**As of 30 June 2020**	**As of 31 Dec. 2019**
Principal amount	1,000.0	-
Deferred transaction costs	(9.0)	-
Senior unsecured notes	**991.0**	**-**
Principal amount (including repayments)	550.0	1,560.9
Deferred original issue discount	(1.5)	(11.2)
Deferred transaction costs	(4.6)	(10.5)
Senior unsecured / secured credit facilities	**543.9**	**1,539.2**
Lease liabilities	**59.8**	**53.5**
Total loans and borrowings	**1,594.7**	**1,592.7**

Notes – post 2020 refinancing

On 18 June 2020, SIG Combibloc PurchaseCo S.à r.l. issued €1,000 million aggregate principal amount of senior unsecured notes. The proceeds from the issue of notes were, together with the proceeds from the new term loan and available cash, used to repay the existing secured term loans. The notes are traded on the Global Exchange Market of Euronext Dublin.

The table below provides a summary of the main terms of the senior unsecured notes.

	Principal amount	Maturity date	Interest rate
2023 notes	€450 million	18 June 2023	1.875%
2025 notes	€550 million	18 June 2025	2.125%

Interest on the notes is paid semi-annually. At their respective maturity date, the 2023 and 2025 notes are redeemable at par. The notes can be redeemed in whole or in part prior to 18 March 2023 for the 2023 notes, and prior to 18 March 2025 for the 2025 notes, at par plus a make-whole premium. The notes can be redeemed in whole or in part on or after 18 March 2023 for the 2023 notes, and on or after 18 March 2025 for the 2025 notes, at a price equal to 100% of their respective principal amount.

Directly attributable transaction costs in the form of arrangement and advisory fees relating to the issue of notes totalled €9.1 million and are being amortised over the maturity of the respective notes issue, using the effective interest method.

The obligations under the notes are guaranteed on a senior subordinated basis by Group subsidiaries in Austria, Brazil, Germany, Luxembourg, Switzerland, the United Kingdom and the United States. The indenture governing the notes contains customary restrictive covenants. It also contains customary events of default. The Group was in compliance with all covenants and there were no events of default as of 30 June 2020.

Senior unsecured credit facilities – post 2020 refinancing

Certain subsidiaries, including SIG Combibloc PurchaseCo S.à r.l., have in the six months ended 30 June 2020 entered into new senior unsecured credit facilities, consisting of one Euro denominated term loan and a multi-currency revolving credit facility. The proceeds from the new term loan were, together with the proceeds from the issue of notes and available cash, used to repay the existing secured term loans.

The table below provides a summary of the main terms of the new unsecured term loan and the revolving credit facility.

	Principal amount	Maturity date	Interest rate
Term loan	€550 million	June 2025	Euribor+1.00%, with a floor of 0.00%
Revolving credit facility	€300 million	June 2025	Euribor+1.00%, with a floor of 0.00%

Interest on the term loan is paid semi-annually. The margin of 1.00% will be subject to half-yearly adjustments based on the Group's net leverage (as defined in the credit agreement). The margin will also be subject to a maximum 0.05% per annum increase or decrease based upon the achievement of certain annual sustainability-linked targets. No repayments of the term loan are due prior to maturity. The Group has the right to repay the term loan in full or in part without premium or penalty.

Directly attributable transaction costs in the form of arrangement and advisory fees for the term loan amounted to €4.6 million and are, together with an original issue discount of €1.5 million, being amortised over the term of the loan, using the effective interest method.

The amount available under the multi-currency revolving credit facility is €299.2 million as of 30 June 2020 due to €0.8 million in letters of credit being outstanding under an ancillary facility. The Group pays a fee for the undrawn revolver amount per year for the right to use the revolving credit facility (35% of the margin percentage on an annualised basis applied to the undrawn balance of the revolving credit facility).

The obligations under the senior unsecured credit facilities are guaranteed by Group subsidiaries in Austria, Brazil, Germany, Luxembourg, Switzerland, the United Kingdom and the United States. The credit agreement contains customary positive and negative covenants. It also contains customary events of default. The Group was in compliance with all covenants and there were no events of default as of 30 June 2020.

Senior secured credit facilities – pre 2020 refinancing

In June 2020, the Group fully repaid its secured term loans existing as of that time without premium or penalty by using available cash and the proceeds from its new term loan and issue of notes.

The difference between the carrying amount of the secured term loans as of the repayment date and the amount paid is presented as part of the net finance expense. The derivatives associated with the secured term loans were also derecognised. See also note 17.

The table below provides a summary of the main terms of the repaid secured term loan and the revolving credit facility.

	Principal amount	Maturity date	Interest rate
Term loan A	€1,250 million	October 2023	Euribor+2.00%, with a floor of 0.00%
Term loan B	€350 million	October 2025	Euribor+2.50%, with a floor of 0.00%
Revolving credit facility	€300 million	October 2023	Euribor+1.75%, with a floor of 0.00%

The obligations under the senior secured credit facilities were guaranteed and secured by Group subsidiaries. The credit agreement contained customary affirmative and negative covenants. It also contained customary events of default. The Group was in compliance with all covenants and there were no events of default as of 31 December 2019.

The amount available under the multi-currency revolving credit facility was €297.4 million as of 31 December 2019 due to €2.6 million in letters of credit being outstanding under an ancillary facility.

17 Finance income and expenses

The Group's net finance expense is mainly related to finance expenses for the Group's loans and borrowings, fair value changes on associated derivative instruments and foreign exchange gains and losses relating to the loans and borrowings.

Composition of net finance expenses

(In € million)	Six months ended 30 June 2020	Six months ended 30 June 2019
Interest income	2.6	1.3
Net foreign currency exchange gain	-	7.0
Net change in fair value of derivatives	0.5	-
Finance income	**3.1**	**8.3**
Interest expense on:		
- Senior unsecured notes	(0.7)	-
- Senior unsecured / secured credit facilities	(15.4)	(17.0)
- Lease liabilities	(1.1)	(1.1)
Amortisation of original issue discount	(1.2)	(1.5)
Amortisation of transaction costs	(1.3)	(1.4)
Net foreign currency exchange loss	(12.0)	-
Net change in fair value of derivatives	-	(1.8)
Net interest expense on interest rate swaps	(0.6)	(0.6)
Net effect of early repayment of secured term loans	(19.7)	-
Other	(6.3)	(5.8)
Finance expenses	**(58.3)**	**(29.2)**
Net finance expense	**(55.2)**	**(20.9)**

The Group used proceeds from its new term loan and issue of notes in June 2020 as well as available cash to repay its existing secured term loans. The net effect of the early repayment of the existing secured term loans is €19.7 million, of which €2.1 million relate to cash settlement of interest rate swaps. For additional details, see notes 16 and 19.

Net change in fair value of derivatives consists of fair value changes on financing-related derivatives.

In the six months ended 30 June 2020, the net foreign currency exchange loss primarily consists of negative translation effects on intra-group loan payables resulting from the weakening of the Brazilian Real against the Euro and the US Dollar.

Other finance expenses primarily consist of revolver commitment fees, securitisation and factoring expenses and interest expense on current tax liabilities.

18 Equity

Dividends

For the year ended 31 December 2019, a dividend of CHF 0.38 per share, totalling CHF 121.6 million (€114.8 million) was paid to shareholders out of the capital contribution reserve (additional paid-in capital) in April 2020. The dividend payment was not recognised as a liability as of 31 December 2019. For the year ended 31 December 2018, a dividend of CHF 0.35 per share, totalling CHF 112.0 million (€99.0 million) was paid to shareholders out of the capital contribution reserve (additional paid-in capital) in April 2019. The dividend payment was not recognised as a liability as of 31 December 2018.

Remeasurement of employee benefits

The remeasurement of the Group's defined benefit pension plans in the six months ended 30 June 2020 resulted in a €3.1 million decrease in other comprehensive income. The net defined benefit asset of the Group's Swiss pension plan decreased from €168.4 million as of 31 December 2019 to €167.3 million as of 30 June 2020.

19 Financial risk management

There have been no changes in the Group's objectives, polices and processes for managing its exposure to financial risks summarised below since 31 December 2019.

Liquidity risk

The Group generates sufficient cash flows from its operating activities to meet obligations arising from its financial liabilities. It has a revolving credit facility in place to cover potential shortfalls and access to local working capital facilities in various jurisdictions, which are available if needed to support the cash management of local operations. The Group had unrestricted cash and cash equivalents in the amount of €157.6 million (€254.9 million as of 31 December 2019) and access to an additional €299.2 million under its revolving credit facility as of 30 June 2020 (€297.4 million as of 31 December 2019).

The following table includes information about the remaining contractual maturities for the Group's non-derivative financial liabilities as of 30 June 2020. The table includes both interest and principal cash flows. Balances due within one year equal their carrying amounts as the impact of discounting is not significant.

		Contractual cash flows				
(In € million)	**Carrying amount**	**Total**	**Up to 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**
As of 30 June 2020						
Trade and other payables	(434.3)	**(434.3)**	(422.0)	(4.0)	(6.5)	(1.8)
Loans and borrowings:						
- Senior unsecured notes	(991.0)	**(1,083.7)**	(20.1)	(20.1)	(1,043.5)	-
- Senior unsecured credit facilities	(543.9)	**(583.0)**	(6.7)	(6.7)	(569.6)	-
- Lease liabilities	(59.8)	**(77.9)**	(15.3)	(13.9)	(20.9)	(27.8)
Total non-derivative financial liabilities	**(2,029.0)**	**(2,178.9)**	**(464.1)**	**(44.7)**	**(1,640.5)**	**(29.6)**

Market risks

Currency risk

As a result of the Group's international operations, foreign currency exchange risk exposures exist on sales, purchases, borrowings and dividend payments that are denominated in currencies that are not the functional currency of the entity involved in the transaction. The Group is also exposed to translation currency risk arising from the translation of the assets, liabilities and results of its foreign entities into Euro, the Group's presentation currency, from their respective functional currencies.

In accordance with the Group's Treasury policy, the Group seeks to minimise transaction currency risk via natural offsets to the extent possible. Therefore, when commercially feasible, the Group incurs costs in the same currencies in which cash flows are generated. In addition, the Group systematically hedges the major transactional currency exposures of the Group, using a twelve month rolling layered approach. See also note 8.

Commodity price risk

The Group's exposure to commodity price risk arises principally from the purchase of polymers and aluminium. The Group's objective is to ensure that the commodity price risk exposure is kept at an acceptable level. The Group generally purchases commodities at spot market prices and uses derivatives to hedge the exposure in relation to the cost of polymers (and their components) and aluminium. Due to this strategy, the Group is able to fix the raw material prices for the coming year for approximately 80% of the polymers and aluminium purchases, which substantially reduces the exposure to raw material price fluctuations over that period. See also note 8.

Interest rate risk

After the refinancing in June 2020, the Group's interest rate risk primarily arises from its new term loan and drawings of the revolving credit facility at variable interest rates (see note 16). The Group pays a fixed interest rate on its notes.

Prior to the refinancing, the Group's interest rate risk primarily arose from its secured term loans at variable interest rates. The Group had entered into interest rate swaps to hedge a portion of the cash flow exposure that arose on the secured term loans that were repaid in June 2020. The interest rate swaps were terminated at market rates in connection with the repayment of the secured term loans (see notes 16 and 17). The Group had not designated the interest rate swaps as hedging instruments, thus the fair value changes have been recognised in profit or loss.

A 100 basis point increase in the variable component (six month Euribor) of the interest rate on the new term loan would increase the annual interest expense by €3.8 million as of 30 June 2020. A 100 basis point increase in the variable component (three month Euribor) of the interest rate on the secured term loans that were repaid in June 2020 would have increased the annual interest expense by €4.6 million as of 31 December 2019 and €5.1 million as of 30 June 2019.

Credit risk

Credit risk arises principally from the Group's receivables from its customers. Historically, there has been a low level of losses resulting from default by customers. The Group limits its exposure to credit risk by executing a credit limit policy, requiring advance payments in certain instances, taking out insurance for specific debtors as well as utilising securitisation and non-recourse factoring programmes (see note 15 for additional information relating to these programmes). As the Group's customers are in the food and beverage industry, management does not believe that there are any material changes to the Group's exposure to credit risk due to COVID-19.

OUR GROUP STRUCTURE AND RELATED PARTIES

This section provides certain details about the Group entities and other related parties.

20 Group entities

There have been no significant changes in relation to the Group subsidiaries and joint ventures in the six months ended 30 June 2020.

21 Business combination

The Group acquired 100% of the shares of Visy Cartons Pty Ltd. ("Visy Cartons") on a cash free, debt free basis on 29 November 2019. Visy Cartons provides carton packaging solutions for beverages in Australia and New Zealand, including SIG's aseptic carton packaging solutions. The Group acquired Visy Cartons to gain full access to the beverage carton market in Australia and New Zealand, and expects synergies from supply chain efficiencies and the use of the Group's latest technologies and solutions. Visy Cartons was renamed to SIG Combibloc Australia Pty Ltd. in December 2019 and is part of the Group's business in Asia Pacific.

The consideration transferred totals €43.0 million. The Group paid €40.5 million (AUD 65.8 million) in cash on the acquisition date. Management had estimated that it would have an obligation to pay an additional €2.5 million upon the completion settlement, and had therefore recognised a liability in the same amount as of 31 December 2019. The completion settlement was finalised in March 2020 and resulted in an additional consideration of €2.5 million. Consequently, there was no impact on the amount of goodwill of €14.5 million initially recognised. If new information would be obtained within one year from the acquisition date about facts and circumstances that existed as of that date that has an impact on the fair value of the identifiable net assets acquired, the accounting for the acquisition will be revised.

22 Related parties

The Company's shares are listed on SIX Swiss Exchange. Onex and a number of co-investors sold 11.7% of the issued shares in March 2020 and held 21.01% of the issued shares as of 30 June 2020 as per the significant shareholders information published on the website of SIX Swiss Exchange (32.9% as of 31 December 2019).

Certain members of SIG management participated in a management equity plan that was established in 2015. They held shares in the Company, acquired at fair value, via its participation in two limited liability partnerships. The limited liability partnerships held 1.1% of the shares as of 31 December 2019. In accordance with the plan regulations, management exercised their right to withdraw from the management equity plan in the six months ended 30 June 2020. As such, they no longer indirectly hold shares in the Company. The members of the Group Executive Board directly held 0.5% of the Company's shares as of 30 June 2020 (indirectly 0.6% as of 31 December 2019). The members of the Board of Directors directly held 0.07% and indirectly held 0.02% of the Company's shares as of 30 June 2020 (directly 0.04% and indirectly 0.02% as of 31 December 2019).

See note 23 for a summary of the 2020 share-based payment plans and arrangements for the members of the Group Executive Board of SIG and the Board of Directors.

Onex continues to provide consultancy services to the Company on various matters without any compensation other than for out-of-pocket expenses. There have also been no changes relating to the existing information sharing agreement between SIG and Onex after Onex' sales of shares in March 2020.

There have been no new significant related party transactions during the six months ended 30 June 2020, with the exception of the transactions described above. The nature of the Group's related party relationships, balances and transactions for the six months ended 30 June 2020 is otherwise consistent with the information disclosed by the Group in the consolidated financial statements for the year ended 31 December 2019.

OUR PEOPLE

This section includes certain information about the Group's share-based payment plans and arrangements. The impact of these plans and arrangements have an insignificant impact on the Group's result.

23 Share-based payment plans and arrangements

Share-based long-term incentive plans for SIG management

Since 2019, the Group grants performance share units ("PSUs") on an annual basis to the members of the Group Executive Board and certain other members of management. It also grants restricted share unit ("RSUs") on an annual basis to a small number of selected employees. The terms and vesting conditions of the 2020 PSU and RSU plans are equivalent to the terms and vesting conditions of the 2019 PSU and RSU plans. The grant date for the 2020 PSU and RSU awards was 1 April 2020. Under the 2020 PSU plan, eight employees were granted in total 342,198 PSUs, of which 325,586 PSUs relate to members of the Group Executive Board. Under the PSU 2019 plan, nine employees were granted in total 537,414 PSUs, of which 495,263 PSUs related to members of the Group Executive Board.

In the six months ended 30 June 2020, the Group introduced an equity investment plan ("EIP") for a wider group of management in leadership positions under which the participants have the choice to use own funds to invest into SIG shares (at market price). The shares are blocked for three years. For each purchased share, the Group grants the participants two matching options to purchase another two shares at a pre-defined exercise price at the end of a three-year vesting period. The grant date for the 2020 EIP award was 31 May 2020. The fair value of the options was calculated using the Black-Scholes model.

Share-based payment arrangements for members of the Board of Directors

The members of the Board of Directors receive a part of their total compensation under share-based payment arrangements. In the six months ended 30 June 2020, all members received blocked shares while some members in the comparative period received RSUs as an alternative to blocked shares. The blocked shares have been delivered by using treasury shares.

Share-based payment expense

The share-based payment expense recognised in the six months ended 30 June 2020 amounts to €1.6 million (€0.7 million in the six months ended 30 June 2019), of which €1.1 million relates to members of the Group Executive Board (€0.4 million in the six months ended 30 June 2019) and €0.3 million relates to members of the Board of Directors (€0.3 million in the six months ended 30 June 2019).

OTHER

This section provides certain details about the Group's different categories of financial instruments, fair value information and off-balance sheet information.

24 Financial instruments and fair value information

Categories of financial instruments and fair value information

The following table presents the carrying amounts of financial assets and liabilities as of 30 June 2020. It also presents the respective levels in the fair value hierarchy for financial assets and liabilities measured at fair value. There have been no transfers between the fair value hierarchy levels since 31 December 2019 or changes in how the Group estimates the fair value.

	Carrying amount as of 30 June 2020			Fair value hierarchy Level		
(In € million)	At amortised cost	At fair value through profit or loss (mandatorily)	Total	1	2	3
Cash and cash equivalents	159.9		**159.9**			
Trade and other receivables	146.8	29.0	**175.8**		x	
Other financial assets	4.3		**4.3**			
Derivatives		8.1	**8.1**		x	
Total financial assets	**311.0**	**37.1**	**348.1**			
Trade and other payables	(434.3)		**(434.3)**			
Loans and borrowings:						
- Senior unsecured notes	(991.0)		**(991.0)**			
- Senior unsecured credit facilities	(543.9)		**(543.9)**			
- Lease liabilities	(59.8)		**(59.8)**			
Derivatives		(16.7)	**(16.7)**		x	
Total financial liabilities	**(2,029.0)**	**(16.7)**	**(2,045.7)**			

Fair value of financial assets and liabilities at amortised cost

The carrying amount of the financial assets and liabilities that are not measured at fair value is a reasonable approximation of fair value. Excluding transaction costs and an original issue discount, this is also the case for the Group's term loan that was entered into in June 2020. The fair value of the notes was €1,017 million as of 30 June 2020.

Fair value of trade receivables to be sold under securitisation and factoring programmes

Trade receivables that will be sold under the Group's securitisation and factoring programmes are categorised as measured at fair value through profit or loss. They are sold shortly after being recognised by the Group and the amount initially recognised for these trade receivables is representative of their fair value.

Fair value of derivatives

The derivatives are entered into as part of the Group's strategy to mitigate operational risks (commodity and foreign currency exchange derivatives) and to mitigate financing risks (interest rate swaps, for the secured term loans repaid in June 2020).

The Group measures derivative assets and liabilities at fair value. The fair value is calculated based on valuation models commonly used in the market. These include consideration of credit risk, where applicable, and discounts the estimated future cash flows based on the terms and maturity of each contract, using forward interest rates extracted from observable yield curves and market forward exchange rates at the reporting date. The derivatives are categorised as level 2 fair value measurements in the fair value hierarchy as the measurements of fair value are based on observable market data, either directly (i.e. as prices) or indirectly (i.e. derived from prices). All changes in fair value are recognised in profit or loss as the Group does not apply hedge accounting under IFRS 9.

25 Contingent liabilities

The Group has contingent liabilities relating to legal and other matters arising in the ordinary course of business. Based on legal and other advice, management is of the view that the outcome of any such proceedings will have no significant effect on the financial position of the Group beyond the recognised provision.

26 Subsequent events

There have been no events between 30 June 2020 and 22 July 2020 (the date these consolidated interim financial statements were approved) that would require an adjustment to or disclosure in these consolidated interim financial statements. This statement is also applicable regarding the assessment of information relating to the COVID-19 pandemic (see note 5.4).

DISCLAIMER AND CAUTIONARY STATEMENT

The interim report contains certain "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 Combibloc 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). Factors that could cause actual results to differ materially from the forward-looking statements are included without limitations into 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 interim 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.

Definitions of the alternative performance measures used by the SIG and their related reconciliations are posted under the following link: www.sig.biz/investors/en/performance/key-figures

Some financial information in this interim report 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.