



Press release

October 29, 2024

Third quarter and nine months 2024 trading update

Continued carton strength, improving performance at bag-in-box and spouted pouch

- Q3 2024 revenue growth, at constant currency, +5.1% (constant currency and constant resin^{1,2} + 4.6%)
- 9M 2024 revenue growth, at constant currency, +3.7% (constant currency and constant resin^{1,3} + 3.5%)
- Q3 2024 adjusted EBITDA margin 25.0% (Q3 2023: 24.8%)
- 9M 2024 adjusted EBITDA margin 24.0% (9M 2023: 24.9%)
- 2024 and mid-term guidance confirmed

Samuel Sigrist, CEO, said: "We are pleased to report an increase in revenue of 5.1%, at constant currency, for Q3 2024, or 4.6% at constant currency and resin. This demonstrates the resilience embedded in our business through our global footprint with exposure to high growth emerging markets, the strength of our product categories and our ability to drive expansion through our differentiated technology. SIG remains well positioned to outpace market growth.

The bag-in-box operations experienced a notable improvement in revenue performance during the third quarter, and we anticipate further progress in the final quarter of the year. Capacity constraints at our facilities in the US are easing as we address the production challenges."

¹ Constant resin growth excludes the impact of movements in the resin price in the bag-in-box and spouted pouch businesses. Any movement in resin costs is directly passed on to customers.

² In Q3 2024, the resin escalator added approximately 50 bps to Group revenue growth.

³ For 9M 2024, the resin escalator added approximately 20 bps to Group revenue growth.

Key performance indicators

(In € million or %)	Nine months ended	Nine months ended	Three months ended	Three months ended
	Sept. 30, 2024	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2023
Total revenue	2,397.8	2,339.3	824.6	799.3
Adjusted EBITDA	575.4	581.7	205.9	198.0
Adjusted EBITDA margin	24.0%	24.9%	25.0%	24.8%
EBITDA	599.3	586.6	205.7	236.5
Adjusted EBIT	374.7	390.2	138.6	134.0
EBIT	286.0	282.2	101.0	134.8
Adjusted net income	197.7	223.4	77.5	79.0
Net income	130.1	136.9	45.2	84.3
Free cash flow	1.0	(80.2)	77.6	133.0

Revenue by region: nine months

(In € million or %)	Nine months ended Sept. 30, 2024	Nine months ended Sept. 30, 2023	Change	
			Reported currency	Constant currency
Europe	776.7	730.9	6.3%	6.4%
IMEA	330.8	292.2 ⁴	13.2%	13.9%
APAC	639.9	646.7 ⁴	(1.0%)	1.2%
Americas	650.0	668.8	(2.8%)	(1.2%)
Group Functions	0.4	0.7		
Total revenue	2,397.8	2,339.3	2.5%	3.7%

Total revenue on a reported basis was adversely impacted by the depreciation of the Brazilian Real, Thai Baht and Chinese Renminbi.

Revenue by region: third quarter

(In € million or %)	Three months ended Sept. 30, 2024	Three months ended Sept. 30, 2023	Change	
			Reported currency	Constant currency
Europe	260.1	244.4	6.4%	6.3%
IMEA	110.1	92.4 ⁴	19.2%	20.0%
APAC	223.5	228.6 ⁴	(2.2%)	(1.3%)
Americas	230.6	233.5	(1.2%)	4.3%
Group Functions	0.3	0.4		
Total revenue	824.6	799.3	3.1%	5.1%

⁴ Nine months and Q3 2023 restated to reflect new IMEA segment structure, as presented in the 2023 annual report.

Europe

For the first nine months of 2024, revenue growth in Europe was 6.4% on a constant currency basis, or 6.6% on both a constant currency and constant resin basis.

The strong performance in carton has been driven by the ramp-up of previous filler placements, supporting the region's gain in share of the aseptic carton market, and an increase in milk supply for aseptic processing. Growth is expected to normalize from the fourth quarter onwards.

Bag-in-box and spouted pouch revenue growth in quarter three was driven by a low base effect in the prior year and the contribution from new business during the quarter.

India, Middle East and Africa

For the first nine months of 2024, revenue growth in India, Middle East and Africa (IMEA) was 13.9% on a constant currency basis, or 14.0% on both a constant currency and constant resin basis.

In the third quarter, the region continued to benefit from strong customer demand in carton in Egypt and Saudi Arabia.

In India, the Group has increased its share of the aseptic carton market due to the ramp-up of newly installed filling machines. The Group's first aseptic sleeves plant in Ahmedabad, state of Gujarat, India is on schedule to commence production by the end of 2024.

Asia Pacific

For the first nine months of 2024, revenue growth for Asia Pacific was 1.2% on a constant currency basis, or 1.3% on both a constant currency and constant resin basis.

In the third quarter, revenue declined by 1.3%. This was against a double-digit prior year performance and a subdued economic environment in China, which impacted demand for carton. Indonesia and Vietnam benefited during the period from the ramp-up of new fillers in carton.

Overall, the region continues to gain share in the carton market due to SIG's ability to adapt packaging sizes to enable affordable consumer prices in a softer demand environment.

Americas

For the first nine months of 2024, revenue declined in the Americas by 1.2% on a constant currency basis, or by 2.5% on both a constant currency and constant resin basis.

Following a return to growth in the second quarter, the third quarter saw a further improvement with growth of 4.3%. This included a meaningful improvement for bag-in-box and spouted pouch.

Demand for foodservice in North America has not yet recovered. However, there was strong demand for carton in dairy in Mexico and for food products for at-home-consumption in the US. In addition, the region won its first carton customer in Columbia and further expanded its customer base in Chile.

Debottlenecking in the North American bag-in-box operations has helped ease capacity constraints during the quarter and has improved operating efficiency.

Adjusted EBITDA

Adjusted EBITDA for the first nine months of the year amounted to €575.4 million (9M 2023: €581.7 million). The adjusted EBITDA margin of 24.0% for the nine months (9M 2023: 24.9%) was impacted by unfavorable currency movements, which reduced the margin by 50 basis points.

Top line contribution continued to gain momentum and raw material costs further benefited from lower hedged prices for polymers and aluminum.

Production costs for the first nine of months of 2024 primarily reflected operational challenges in bag-in-box facilities in North America, while higher SG&A expenses were driven by investments in growth, wage inflation and phasing of project-related costs.

The table below details the reconciliation of profit for the period to EBITDA and adjusted EBITDA:

(In € million)	Nine months ended Sept. 30, 2024	Nine months ended Sept. 30, 2023
Profit for the period	130.1	136.9
Net finance expense	107.9	86.3
Income tax expense	48.0	59.0
Depreciation and amortization	313.3	304.4
EBITDA	599.3	586.6
Unrealized (gain) on operating derivatives	(13.2)	(3.6)
Restructuring costs, net of reversals	7.2	3.1
Transaction- and acquisition-related costs	2.8	0.7
Integration costs	0.9	9.4
Change in fair value of contingent consideration	(38.2)	(5.6)
Impairment losses	15.9	4.5
Other	0.7	(13.4)
Adjusted EBITDA	575.4	581.7

Reported EBITDA includes the following items:

An unrealized gain of €13.2 million from operating derivatives due to favorable hedging prices for polymer compared to spot market developments.

A decline in the fair value of the contingent consideration of €38.2 million reflects lower growth expectations for the bag-in-box and spouted pouch businesses in 2024.

Impairment losses and restructuring expenses of €19 million, pre-tax, booked in Q1, related to the transfer of the Group's chilled carton manufacturing plant in Shanghai to the Group's aseptic carton facilities in Suzhou. SIG plans to sell the Shanghai premises and the impairment charge is related to the decline in real estate values in China.

Net income and adjusted net income

9M 2024 adjusted net income amounted to €197.7 million (9M 2023: €223.4 million). This decline was primarily attributed to higher finance expense and depreciation.

Details of the reconciliation of profit for the period to adjusted net income can be seen in the table below.

(In € million)	Nine months ended Sept. 30, 2024	Nine months ended Sept. 30, 2023
Profit for the period	130.1	136.9
Non-cash foreign exchange impact of non-functional currency loans and realized foreign exchange impact due to refinancing	0.9	(1.3)
Amortization of transaction costs	2.1	3.5
Net change in fair value of financing-related derivatives	3.3	(1.7)
PPA depreciation and amortization – Onex acquisition	77.3	77.4
PPA amortization – Other acquisitions	35.3	35.5
Net effect of early repayment of loan	1.6	-
Other	0.6	-
Adjustments to EBITDA ⁵	(23.9)	(4.9)
Tax effect on above items	(29.6)	(22.0)
Adjusted net income	197.7	223.4

Net income for the period was positively impacted by net gains in unrealized operating derivatives and changes in the valuation of the contingent consideration. This was offset by impairment losses related to the announced closure of our chilled carton manufacturing plant in Shanghai.

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

Net capital expenditure

(In € million)	Nine months ended Sept. 30, 2024	Nine months ended Sept. 30, 2023
PP&E and intangible assets (net of sales)	90.4	129.9
Filling lines and other related equipment	136.8	178.3
Capital expenditure	227.2	308.2
Upfront cash	(97.7)	(77.8)
Net capital expenditure	129.5	230.4

Net capital expenditure decreased by €100.9 million to €129.5 million compared to €230.4 million in the prior year period. The reduction in capital expenditure partly reflects the near completion of a significant investment period for the Group. This includes construction of new aseptic sleeve plants in India and Mexico, a chilled carton production facility in China and the expansion of bag-in-box capacity in the USA. The remaining reduction in net capital expenditure reflects lower filler capex and higher upfront payments.

Free cash flow

(In € million)	Nine months ended Sept. 30, 2024	Nine months ended Sept. 30, 2023
Net cash from operating activities	269.3	263.9
Acquisition of PP&E and intangible assets (net of sales)	(227.2)	(308.2)
Payment of lease liabilities	(41.1)	(35.9)
Free cash flow	1.0	(80.2)

Free cash flow increased significantly for the nine months ended September 30, 2024 compared with the prior period. This reflects higher operating cash flow and lower capital expenditure.

Leverage

(In € million)	As of Sept. 30, 2024	As of Dec. 31, 2023	As of Sept. 30, 2023
Gross debt	2,675.9	2,457.5	2,817.0
Cash and cash equivalents	273.6	280.9	345.7
Net debt	2,402.3	2,176.6	2,471.3
Net leverage ratio (last twelve months)	3.0	2.7	3.2

Net leverage as of September 30, 2024 was 3.0x (September 30, 2023: 3.2x). The increase compared to December 31, 2023 reflects the usual seasonality of the business. Gross debt

as of September 30, 2024 included a €39 million lease for the Group's new chilled carton manufacturing facility in China.

Guidance

The Company expects total revenue growth at constant currency to be around 4%, plus or minus 50 basis points. The resin escalator for the bag-in-box and spouted pouch businesses, which passes on movements of resin costs directly to customers, is not included in the guidance.

The adjusted EBITDA margin is expected to be at the lower end of the 24-25% range. This is subject to input costs and foreign currency volatility.

The adjusted effective tax rate is forecast to be between 26 and 28% and the dividend payout is expected to be within a range of 50-60% of adjusted net income.

Governance

On October 22, 2024, SIG announced that the Board of Directors has nominated Ola Rollén for election as Chair of the Board at the Group's 2025 Annual General Meeting. As previously announced, Andreas Umbach, the current Chair, has decided to not stand for re-election after having successfully chaired the Company since the Initial Public Offering in 2018.

Ola Rollén, a Swedish citizen, is a proven industrial leader with an entrepreneurial mindset driving growth and value creation. He was the President and CEO, and a member of the board of directors, of the Swedish industrial group Hexagon AB from 2000 to 2022. In 2023, he was elected as the company's Chair. In addition, Mr Rollén is the CEO of the investment company Greenbridge S.A.

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About SIG

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

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

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

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

The declaration and payment by the Company of any future dividends and the amounts of any such dividends will depend upon SIG's ability to maintain its credit rating, its investments, results, financial condition, future prospects, profits being available for distribution, consideration of certain covenants under the terms of outstanding indebtedness and any other factors deemed by the Directors to be relevant at the time, subject always to the requirements of applicable laws. The information contained in this media release is not an offer to sell or a solicitation of offers to purchase or subscribe for securities.

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

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

Alternative performance measures

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

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