Ad hoc announcement pursuant to Art. 53 LR

Press release

July 30, 2024

H1 2024 results

Quarter on quarter sequential improvement across KPIs

- Q2 2024 revenue growth, at constant currency, +5.7% (constant currency and constant resin[1] +5.4%), following 0% growth in Q1 2024
- HY 2024 revenue growth, at constant currency, +3.0% (constant currency and constant resin[1] +2.9%)
- Q2 2024 adjusted EBITDA margin 25.1% (Q2 2023: 25.7%); +360 bps vs. Q1 2024
- HY 2024 adjusted EBITDA margin 23.5%; (HY 2023: 24.9%)
- 2024 guidance updated:
  - revenue growth[2] of around 4%, +/-50 bps (previously at low end of 4-6%)
  - adjusted EBITDA margin at lower end of 24 to 25% range (previously lower half of 25-26% range)
- Mid-term guidance confirmed: revenue growth[2] in the upper half of 4-6% range, adjusted EBITDA margin above 27%, net capex 7-9% of revenue

Samuel Sigrist, CEO, said: "Year to date, carton has experienced strong growth while performance of bag-in-box has been clearly below our expectations. Bag-in-box in North America has suffered from temporary soft consumer demand, especially in foodservice, while production was constrained due to a plant relocation from Canada to the USA that took longer to ramp up than expected. Remedial action to resolve the production challenges is underway. Going forward we expect performance in bag-in-box to improve on a quarter-by-quarter basis. We have updated our 2024 guidance for revenue growth and adjusted EBITDA margin accordingly.

We are encouraged by our pipeline of cross-selling wins, which continues to gain momentum, as we develop our innovative offerings and expand geographically. This will support sustainable growth for bag-in-box and spouted pouch. Carton continues to perform strongly and gain share, and we expect to place 75 fillers or more by the end of the year."

[1] The resin escalator for the bag-in-box and spouted pouch businesses, which passes on movements in resin costs directly to customers, is excluded for year-on-year comparison purposes.
[2] Revenue growth at constant currency and constant resin

Key performance indicators

(In € million or %)	Six months ended June 30, 2024	Six months ended June 30, 2023	Three months ended June 30, 2024	Three months ended June 30, 2023
Total revenue	1,573.2	1,540.0	**851.7**	811.0
Adjusted EBITDA	369.5	383.7	**214.3**	208.7
Adjusted EBITDA margin	23.5%	24.9%	**25.1%**	25.7%
EBITDA	393.6	350.1	**259.4**	183.9
Adjusted EBIT	236.1	256.2	**147.6**	142.9
EBIT	185.0	147.4	**155.3**	80.5
Adjusted net income	120.2	144.4	**80.5**	79.7
Net income	84.9	52.6	**92.0**	29.6
Free cash flow	(76.6)	(213.2)	**24.1**	(118.0)
Diluted EPS (in €)	0.22	0.14	**-**	-
Adjusted diluted EPS (in €)	0.31	0.38	**-**	-

Composition of revenue

(In € million)	Six months ended June 30, 2024	Six months ended June 30, 2023
Revenue from the carton business	1,302.0	1,230.0
Revenue from the bag-in-box and spouted pouch businesses	271.2	310.0
Total revenue	**1,573.2**	**1,540.0**

Revenue from the carton business relates to global aseptic carton packaging solutions and chilled carton packaging solutions in Asia. Revenue from the carton business grew 6.7% at constant currency in H1 2024 compared with H1 2023. Revenue for the bag-in-box and spouted pouch businesses declined by 12.2%, on a constant currency and constant resin basis, in H1 2024 compared with H1 2023.

Revenue by region: H1 2024

(In € million or %)	Six months ended June 30, 2024	Six months ended June 30, 2023	Change Reported currency	Change Constant currency
Europe	516.6	486.5	6.2%	6.4%
IMEA	220.7	199.8[3]	10.4%	11.0%
APAC	416.4	418.[3]	(0.4%)	2.7%
Americas	419.4	435.3	(3.7%)	(4.1%)
Group Functions	0.1	0.3		
Total revenue	**1,573.2**	**1,540.0**	**2.2%**	**3.0%**

Revenue by region: Q2 2024

(In € million or %)	Three months ended June 30, 2024	Three months ended June 30, 2023	Change Reported currency	Change Constant currency
Europe	265.7	248.6	6.9%	7.0%
IMEA	130.1	103.6[3]	25.5%	25.4%
APAC	230.9	238.7[3]	(3.2%)	(1.2%)
Americas	224.9	220.0	2.2%	2.3%
Group Functions	0.1	0.1		
Total revenue	851.7	**811.0**	5.0%	5.7%

Europe

In H1 2024, revenue growth for Europe on a constant currency basis was 6.4% or 6.6% on a constant currency and constant resin basis.

Performance was driven by the growth in aseptic carton volumes in the dairy sector, as previous filler placements ramped up, together with an increase in milk supply for aseptic processing.

The segment continues to win new filler contracts and expects to place more fillers in 2024 compared with 2023.

Revenue from bag-in-box and spouted pouch declined against a strong prior year comparison which included equipment sales that were not repeated in H1 of this year.

[3] H1 and Q2 2023 restated to reflect new IMEA segment structure, as presented in the 2023 annual report.

India, Middle East and Africa

In H1 2024, revenue growth for India, Middle East and Africa (IMEA) on a constant currency basis was 11.0% or 11.2% when adjusted for both constant currency and constant resin.

Aseptic carton demand remained strong in India and the construction of the Group's first sleeves plant is on schedule to commence production by the end of 2024.

Improvements in outbound logistics in the Middle East and African region led to a recovery of sales volumes in quarter two.

The region secured a high number of new filler contracts during the period including six new wins for bag-in-box and spouted pouch.

Asia Pacific

In H1 2024, revenue growth for Asia Pacific on a constant currency basis was 2.7% or 2.8% on a constant currency and constant resin basis.

Revenue growth in China in Q2 2024 reflects a strong prior year base. For the half year period, in both aseptic and chilled carton, SIG continues to gain market share despite some end market consumer softness. In aseptic carton, SIG is working with customers to reduce pack sizes to offer consumers more affordable products. In chilled carton, growth is being driven by product innovation and enhanced customer service under SIG's ownership.

Following volume recovery in March, Indonesia, and Vietnam continued to see growth in quarter two, while growth in Malaysia was driven by newly installed fillers. These markets saw strong demand for new filling lines during the period.

Americas

In H1 2024, revenue for the Americas region declined by 4.1% on a constant currency basis, or by 4.9% when adjusted for both constant currency and constant resin.

Aseptic carton growth gained momentum after a slow start to the year while the decline in volume in bag-in-box slowed in Q2 compared with Q1 2024. Consumer demand in the USA remains soft, especially in foodservice.

In the first half of the year, bag-in-box experienced operational challenges due to the relocation of operations from Canada to the USA, which led to capacity constraints. Remedial action is underway to resolve these challenges, and quarterly improvement is expected.

Adjusted EBITDA

	Six months ended June 30, 2024		Six months ended June 30, 2023	
(In € million)	Adjusted EBITDA margin	Adjusted EBITDA	Adjusted EBITDA margin	Adjusted EBITDA
Europe	27.4%	141.6	27.9%	135.7
IMEA	27.3%	60.1	27.8%	55.6
APAC	27.8%	115.9	29.6%	123.7
Americas	22.1%	92.8	23.8%	103.4
Group functions		(40.9)		(34.7)
Total	23.5%	369.5	24.9%	383.7

H1 2024 adjusted EBITDA amounted to €369.5 million (H1 2023: €383.7 million). The adjusted EBITDA margin of 23.5% for the half year (H1 2023: 24.9%) was impacted by unfavorable currency movements, which reduced the margin by 60 basis points. Quarter two saw positive top line contribution, following a soft quarter one, as revenue growth gained momentum while raw material costs continued to benefit from lower hedged prices for polymers and aluminum. However, production costs for H1 2024 rose due to capacity constraints at bag-in-box while higher SG&A expenses reflected investments in growth, research and development, and wage inflation.

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

(In € million)	Six months ended June 30, 2024	Six months ended June 30, 2023
Profit / (loss) for the period	**84.9**	**52.6**
Net finance expense	71.5	58.5
Income tax expense	28.6	36.3
Depreciation and amortisation	208.6	202.7
EBITDA	**393.6**	**350.1**
Unrealised loss/(gain) on operating derivatives	(10.9)	10.9
Restructuring costs, net of reversals	6.9	2.1
Transaction- and acquisition-related costs	0.8	-
Integration costs	0.6	7.4
Change in fair value of contingent consideration	(37.5)	12.3
Impairment losses	15.9	0.9
Other	0.1	-
Adjusted EBITDA	**369.5**	**383.7**

Reported EBITDA includes the following items:

An impairment and restructuring expense of €19.1 million, pre-tax, 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.

An unrealized gain of €10.9 million from operating derivatives due to favorable hedging prices for polymer and aluminum compared to spot market developments.

A decline in the fair value of the contingent consideration of €37.5 million, reflects a lower growth outlook for the bag-in-box and spouted pouch businesses in 2024.

Net income and adjusted net income

H1 2024 adjusted net income amounted to €120.2 million (H1 2023: €144.4 million). This decline was primarily attributed to lower adjusted EBITDA and higher interest expenses.

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

(In € million)	Six months ended June 30, 2024	Six months ended June 30, 2023
Profit / (loss) for the period	**84.9**	**52.6**
Non-cash foreign exchange impact of non-functional currency loans and realised foreign exchange impact due to refinancing	0.7	1.4
Amortization of transaction costs	1.5	2.1
Net change in fair value of financing-related derivatives	0.2	(1.5)
PPA depreciation and amortization – Onex acquisition	51.5	51.7
PPA amortization – Other acquisitions	23.7	23.5
Net effect of early repayment of loan	1.6	-
Adjustments to EBITDA[4]	(24.1)	33.6
Tax effect on above items	(19.8)	(19.0)
Adjusted net income	**120.2**	**144.4**

The largest adjustment to net income was €51.5 million for PPA depreciation and amortization - Onex acquisition. This arose from the acquisition accounting when the Group was acquired by Onex in 2015, and the amortization will cease after the first quarter of 2025. PPA amortization – other acquisitions, relates to all other acquisitions by the Group.

[4] For the different adjustments to EBITDA, refer to the adjusted EBITDA table above.

Net capital expenditures

(In € million)	Six months ended June 30, 2024	Six months ended June 30, 2023
PP&E and intangible assets (net of sales)	**61.0**	93.4
Filling lines and other related equipment	**105.7**	129.0
Capital expenditure	**166.7**	**222.4**
Upfront cash	**(63.8)**	(51.0)
Net capital expenditure	**102.9**	**171.4**

Net capital expenditure decreased by €68.5 million to €102.9 million compared to €171.4 million in the prior year period. Net capital expenditure as a percentage of revenue was 6.5%. PP&E capital expenditure included investment in the Group's new carton plants in India and China while net filler capex was below H1 2023 levels. The Group continues to see strong demand for fillers in 2024 and expects to place over 75 fillers for the year.

Free cash flow

(In € million)	Six months ended June 30, 2024	Six months ended June 30, 2023
Net cash from operating activities	**115.9**	**30.7**
Acquisition of PP&E and intangible assets (net of sales)	(166.7)	(222.4)
Payment of lease liabilities	(25.8)	(21.5)
Free cash flow	**(76.6)**	**(213.2)**

Cash flow generation in the first half of the year reflects the typical seasonality of the business, primarily due to the payment of customer volume incentives accrued during the prior year. The Group's cash generation remains weighted towards the second half of the year.

The improvement in free cash flow generation in H1 2024 compared with H1 2023 was due to lower net working capital and lower capital expenditure. The reduction in net working capital reflected better inventory management and decreased incentive payments to customers due to their 2023 volume performance.

Leverage

(In € million)	As of June 30, 2024	As of Dec. 31, 2023
Gross debt	**2,771.9**	2,457.5
Cash and cash equivalents	**(286.2)**	280.9
Net debt	**2,485.7**	2,176.6
Net leverage ratio (last twelve months)	**3.2x**	**2.7x**

Net leverage as of June 30, 2024, was 3.2x (June 30, 2023: 3.4x). The increase compared to 31 December 2023, reflects the usual seasonality of the business. The Group's target is to reduce net leverage to around 2.5x by December 31, 2024.

Dividend

The Annual General Meeting held on April 23, 2024, approved a dividend distribution, from the capital contribution reserve, of CHF 0.48 per share for the year 2023. The total dividend, paid out on April 30, was €187.8 million. The Company intends to continue its policy of a progressive dividend per share growth with a pay-out ratio within a range of 50-60% of adjusted net income.

Guidance

The Group has updated its 2024 guidance. Revenue growth is expected to be around 4%[5], plus or minus 50 basis points. This compares to previous guidance of at the low end of 4-6%[5]. It has revised its guidance for adjusted EBITDA margin from the lower half of 25-26% to the lower end of 24-25%. Net capital expenditure is expected to be within the lower half the of 7-9% of revenue for the full year.

The rest of the Group's 2024 guidance remains unchanged. The dividend pay-out ratio is expected to be within a range of 50-60% of adjusted net income and the adjusted effective tax rate is forecast to be between 26 and 28%.

The Group confirms its mid-term guidance. This includes revenue growth[5] in the upper half of its 4-6% range and adjusted EBITDA margin above 27%. Net capital expenditure is forecast to be within a range of 7-9% of revenue and the dividend pay-out ratio is expected to be 50-60% of adjusted net income.

[5] At constant currency and constant resin

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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 our website.

For insights into trends that drive the food and beverage industry, visit the SIG blog.

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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 utilise 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 International Financial Reporting Standards ("IFRS"). 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 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, 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 included in this media release.

Alternative performance measures

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

https://www.sig.biz/investors/en/performance/definitions