



MEDIA RELEASE

26 April 2022

SIG Group AG ("SIG")

Good start to the year with a solid Q1 performance

First quarter Q1 2022 highlights

- Revenue at constant currency up 6.0%; reported revenue up 10.1%
- Implementation of price increases underway: full benefit expected to materialise during the year
- Adjusted EBITDA margin resilient; returning to normal Q1 levels after exceptional Q1 2021
- Full year outlook maintained
- Evergreen Asia and Scholle IPN acquisitions expected to close around mid-year

Revenue performance: Q1 2022

<i>(In € million or %)</i>	Three months ended 31 March 2022	Three months ended 31 March 2021	Change	
			Reported currency	Constant currency
Total revenue	496.7	451.3	10.1%	6.0%

Key performance indicators: Q1 2022

<i>(In € million or %)</i>	Three months ended 31 March 2022	Three months ended 31 March 2021
Adjusted EBITDA	118.7	117.9
Adjusted EBITDA margin	23.9%	26.1%
EBITDA	142.6	93.1
Adjusted net income	40.6	52.0
Net income	53.1	2.9
Free cash flow	(24.8)	(6.5)



Revenue by region: Q1 2022

The Middle East and Africa (MEA) business has been consolidated since the end of February 2021. As a result, Q1 2022 includes three months' revenue compared with one month's revenue in Q1 2021. The Europe, Middle East and Africa (EMEA) segment relates to the Group's reporting structure prior to acquisition of the MEA business. European revenue is now reported in the segment Europe.

The Whakatane paper mill was divested in June 2021. Until this time revenue from the mill was reported in the Asia Pacific (APAC) segment.

<i>(In € million or %)</i>	Three months ended 31 March 2022	Three months ended 31 March 2021	Change	
			Reported currency	Constant currency
EMEA ¹	-	119.3	-	-
Europe ¹	175.5	60.4	190.9%	191.0%
MEA ¹	62.7	29.3	114.2%	105.1%
APAC	163.6	157.0	4.2%	(1.2%)
Americas	94.6	82.1	15.2%	5.5%
Group Functions	0.3	3.2		
Revenue from 3rd parties	496.7	451.3	10.1%	6.0%

¹ Two months' revenue for EMEA in 2021; one month's revenue for Europe and MEA in 2021.

Revenue in Europe on a comparable basis, without the effects of the first-time consolidation of the previous joint venture, increased by 1.0% at constant currency. Performance early in the year was affected by a strong finish to 2021 and by a return to office working, which limited at-home consumption. Growth accelerated in March, with a growing contribution from price increases. The placement of new fillers with Hochwald in Germany continued during the quarter, and ramp-up is expected to be completed in the second and third quarters.

Excluding the impact of first-time consolidation, revenue in the MEA grew by 8.8% at constant currency. The business continues to recover from the negative impact of COVID-19 restrictions and is benefiting from the contribution of new filler placements.

In Asia Pacific, revenue increased by 6.5% at constant currency excluding the impact of the Whakatane divestment, with both China and South-East Asia showing robust growth. In China, seasonal consumption benefited from a rebound in Chinese New Year activities and the ramp-up of new filler placements. This growth is more than offsetting some initial impact of COVID-19 restrictions in March. Elsewhere in Asia Pacific, the strongest contributions to growth came from Indonesia, Thailand and India which, following SIG's entry four years ago, has become one of our fastest-growing markets.

Growth continued in the Americas after two exceptional years and a very strong Q1 2021. Brazil continued its good performance, helped by the placement of new fillers with existing customers.

EBITDA and adjusted EBITDA

Adjusted EBITDA increased to €118.7 million, representing an adjusted EBITDA margin of 23.9%. This compares with an unusually high margin of 26.1% in Q1 2021, which reflected exceptional top line growth and a positive impact from raw material costs. In Q1 2022, the top line contribution was again strong and included an initial contribution from price increases. This, together with favourable currency movements and the three-month consolidation of the MEA JV, largely offset a negative impact from higher raw material costs. As further price negotiations are concluded with customers, the contribution from price increases is expected to grow in the coming quarters.

The increase in EBITDA to €142.6 million was larger than for adjusted EBITDA due to the non-recurrence of costs related to the closure of the Whakatane mill and to positive unrealised hedging positions.

Net income and adjusted net income

Adjusted net income was €40.6 million compared with €52.0 million in Q1 2021. The decrease was primarily due to the adjusted EBITDA movements offset by incremental depreciation and amortisation.

Net income increased from €2.9 million in Q1 2021 to €53.1 million in Q1 2022, reflecting the positive movements in EBITDA.

Free cash flow

<i>(In € million)</i>	Three months ended 31 March 2022	Three months ended 31 March 2021
Net cash from operating activities	29.8	57.8
Acquisition of PP&E and intangible assets (net of disposals)	(46.0)	(58.2)
Payment of lease liabilities	(8.6)	(6.1)
Free cash flow	(24.8)	(6.5)

The Group's cash generation is weighted towards the second half of the year due to the seasonality of the business. The fourth quarter has historically been the strongest quarter in terms of free cash flow generation. In the first quarter, cash flow is reduced as the volume rebates accrued in the previous year are paid out.

In Q1 2022, net cash from operating activities was lower due to net working capital movements, including inventory build-up and higher rebate payments driven by strong 2021 performance.



Leverage

<i>(In € million)</i>	As of 31 March 2022	As of 31 Dec. 2021	As of 31 March 2021
Gross debt	1,728.2	1,732.4	1,831.5
Cash and cash equivalents ¹	272.4	304.5	255.0
Net debt	1,455.8	1,427.9	1,576.5
Net leverage ratio²	2.5x	2.5x	2.7x

¹ Includes restricted cash.

² Net debt divided by LTM adjusted EBITDA. LTM adjusted EBITDA for 2021 includes the LTM adjusted EBITDA of the acquired joint ventures and SIG and deducts the dividend SIG received from the joint ventures in the LTM period.

Leverage was lower compared with 31 March 2021, reflecting strong cash flow generation during the 12-month period.

Announced acquisitions

The Group announced on 5 January 2022 that it has entered into an agreement to acquire Evergreen's fresh carton business in Asia Pacific ("Evergreen Asia"). In the year ended 31 December 2021, Evergreen Asia generated revenue of approximately \$160 million¹ and adjusted EBITDA of approximately \$28 million¹. The acquisition is expected to generate run-rate cost synergies of €6 million. The consideration will be based on an enterprise value of \$335 million (subject to customary closing adjustments) on a cash free, debt free basis.

The Group announced on 1 February 2022 that it has entered into an agreement to acquire 100% of Scholle IPN, a privately-held company. Scholle IPN is a leading innovator of sustainable bag-in-box and spouted pouch packaging systems and solutions for food and beverages, with retail, institutional and industrial customers. In the twelve months ended 31 December 2021, Scholle IPN generated revenue of approximately €474 million¹ and adjusted EBITDA of approximately €90 million¹. The acquisition is expected to generate run-rate cost synergies of €17 million. The consideration will be split into cash of €370 million (subject to customary closing adjustments) and 33.75 million shares to be issued from authorised capital to the current owner of Scholle IPN, Laurens Last.

The preparations for closing both transactions are on track and the acquisitions are expected to be completed around mid-2022.

Dividend

The Annual General Meeting (AGM) held on 7 April 2022 approved a dividend distribution out of the capital contribution reserve of CHF 0.45 per share for the year 2021 (2020: CHF 0.42 per share). The total dividend, paid out on 14 April, was €148 million. The pay-out ratio at 59% was within the targeted range of 50-60% of full year adjusted net income. The Company intends to continue its policy of progressive dividend per share growth following consummation of the acquisitions mentioned above.

¹ Unaudited.



Outlook

For the full year, the Company maintains its guidance provided on 1 March 2022. It expects revenue growth of 22-24% at constant currency. The adjusted EBITDA margin for the enlarged group is expected to be around 26%, subject to no further major movements in input costs and foreign exchange rates. The adjusted effective tax rate is expected to be in a range of 26-28%. 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 within, or slightly above, a range of 50-60% of adjusted net income.

The group expects its business in Russia and Ukraine to be impacted by the war and the related sanctions. In 2021, sales from Russia and Ukraine amounted to less than 2% of group revenue.

The most recent tightening of sanctions is expected to impact the full year growth rate by approximately 100 -150 basis points.

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About SIG

SIG is a leading systems and solutions provider for aseptic carton packaging. 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 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 5,900 employees worldwide enable us to respond quickly and effectively to the needs of our customers in over 70 countries. In 2021, SIG produced 42 billion carton packs and generated over €2.0 billion in revenue. SIG has an AA ESG rating by MSCI, a 13.4 (low risk) score by Sustainalytics and a Platinum CSR rating by EcoVadis. For more information, visit www.sig.biz.

Disclaimer and cautionary statement

The information contained in this media release and in any link to our website indicated herein is not for use within any country or jurisdiction or by any persons where such use would constitute a violation of law. If this applies to you, you are not authorised to access or use any such information.

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.

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>

The following table reconciles profit for the period to EBITDA and adjusted EBITDA.

<i>(In € million)</i>	Three months ended 31 March 2022	Three months ended 31 March 2021
Profit for the period¹	53.1	2.9
Net finance (income)/expense	(6.6)	8.4
Income tax expense	15.2	10.0
Depreciation and amortisation	80.9	71.8
EBITDA¹	142.6	93.1
Adjustments to EBITDA:		
Unrealised gain on operating derivatives	(29.9)	(13.1)
Replacement of share of profit or loss of joint ventures with cash dividends received from joint ventures	-	1.9
Restructuring costs, net of reversals	0.2	28.2
Transaction- and acquisition-related costs	3.8	6.0
Impairment losses	-	0.6
Other	2.0	1.2
Adjusted EBITDA	118.7	117.9

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

<i>(In € million)</i>	Three months ended 31 March 2022	Three months ended 31 March 2021
Profit for the period¹	53.1	2.9
Non-cash foreign exchange impact of non-functional currency loan and realised foreign exchange impact due to refinancing	(10.8)	(6.2)
Amortisation of transaction costs	0.9	0.9
Net change in fair value of financing-related derivatives	(6.0)	3.7
Onex acquisition PPA depreciation and amortisation	25.5	28.9
Net effect of early repayment loans	-	3.7
Adjustments to EBITDA ²	(23.9)	24.8
Tax effect on above items	1.8	(6.7)
Adjusted net income	40.6	52.0

¹ Due to the short time since the acquisition of the remaining shares in the former Middle East joint ventures, profit for the period (net income) and EBITDA in the three months ended 31 March 2021 did not reflect the final Middle East joint ventures acquisition accounting. Had the Middle East joint ventures acquisition accounting been completed in the three months ended 31 March 2021, EBITDA and profit for the period would have been €48.8 million higher at €141.9 million and €51.7 million respectively. This increase is due to the recognition of a gain from remeasurement to fair value of the previously held interest in the joint ventures. Please refer to note 27 of the consolidated financial statements for the year ended 31 December 2021 for additional information on the impacts of the acquisition accounting in 2021.

² The adjustments made to EBITDA are detailed in the "EBITDA and adjusted EBITDA" table above.