

MEDIA RELEASE

27 October 2020

SIG Combibloc Group AG ("SIG")

Broad geographic presence supporting growth

Third quarter 2020 highlights

- Core revenue up 4.5% at constant currency
- New customers drive growth in the Americas; continuing growth in EMEA
- Adjusted EBITDA margin 30.2% (Q3 2019: 27.7%): strong operating performance more than offset negative currency impact
- Adjusted net income increased to €77.4 million (Q3 2019: €53.8 million)
- Strong free cash flow generation
- Full year guidance maintained

Key performance indicators:¹ Q3 2020

<i>(In € million or %)</i>	Three months ended 30 Sept. 2020	Three months ended 30 Sept. 2019	Change	
			Reported currency	Constant currency
Core revenue	438.6	441.1	(0.6%)	4.5%
Adjusted EBITDA	133.6	123.8	7.9%	
Adjusted EBITDA margin	30.2%	27.7%		
Adjusted net income	77.4	53.8		
Free cash flow	96.4	77.8		

Reported measures: Q3 2020

<i>(In € million or %)</i>	Three months ended 30 Sept. 2020	Three months ended 30 Sept. 2019	Change	
			Reported currency	Constant currency
Total revenue	441.9	446.5	(1.0%)	4.0%
EBITDA	137.1	119.6	14.6%	
Net income	46.2	26.5		

¹ 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, refer to the link below:

<https://www.sig.biz/investors/en/performance/key-figures>

Key performance indicators:¹ Nine months 2020

	Nine months ended 30 Sept. 2020	Nine months ended 30 Sept. 2019	Change	
			Reported currency	Constant currency
<i>(In € million or %)</i>				
Core revenue	1,288.3	1,235.6	4.3%	7.2%
Adjusted EBITDA	349.3	329.3	6.1%	
Adjusted EBITDA margin	26.8%	26.4%		
Adjusted net income	157.0	134.3		
Free cash flow	124.5	114.6		

Reported measures: Nine months 2020

	Nine months ended 30 Sept. 2020	Nine months ended 30 Sept. 2019	Change	
			Reported currency	Constant currency
<i>(In € million or %)</i>				
Total revenue	1,301.9	1,248.7	4.3%	7.2%
EBITDA	351.0	321.6	9.1%	
Net income	56.2	51.7		

¹ 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, refer to the link below:

<https://www.sig.biz/investors/en/performance/key-figures>

Revenue by region: Q3 2020

	Three months ended 30 Sept. 2020	Three months ended 30 Sept. 2019	Change	
			Reported currency	Constant currency
<i>(In € million or %)</i>				
EMEA	194.4	189.6	2.6%	2.5%
APAC	160.3	171.4	(6.5%)	(2.0%)
Americas	78.8	77.1	2.0%	24.1%
Group Functions	5.1	3.0		
Core revenue from transactions with external customers	438.6	441.1	(0.6%)	4.5%
Revenue from sales of folding box board	3.3	5.4		
Total revenue	441.9	446.5	(1.0%)	4.0%

Core revenue growth in the third quarter was driven by EMEA and the Americas. In Europe, high stocks across the supply chain that had built up during the second quarter were depleted during July and August, which had some impact on orders for SIG. However, in September, there was an increase in demand for cartons as customers continued to produce at a relatively high level and required new stock.

In Asia Pacific there were signs of improvement in China, while South-East Asia continued to be affected by pandemic-related restrictions in some areas and by the dampening effects of the COVID-19 crisis on out-of-home consumption.

The largest regional growth driver in the quarter was the Americas, where there was an increase in at-home consumption in both Brazil and Mexico. In addition, the ramping up of fillers placed with new customers in Brazil made a significant contribution to growth. Reported sales growth in the Americas has been affected by the depreciation of the Brazilian Real against the Euro.

Revenue by region: Nine months 2020

<i>(In € million or %)</i>	Nine months ended 30 Sept. 2020	Nine months ended 30 Sept. 2019	Change	
			Reported currency	Constant currency
EMEA	581.0	547.8	6.1%	5.9%
APAC	465.7	455.5	2.3%	3.7%
Americas	230.1	221.6	3.8%	18.9%
Group Functions	11.5	10.7		
Core revenue from transactions with external customers	1,288.3	1,235.6	4.3%	7.2%
Revenue from sales of folding box board	13.6	13.1		
Total revenue	1,301.9	1,248.7	4.3%	7.2%

EBITDA and adjusted EBITDA

Adjusted EBITDA in the third quarter of 2020 increased to €133.6 million from €123.8 million in Q3 2019, despite a negative impact from the depreciation of key currencies against the Euro. The adjusted EBITDA margin increased to 30.2% from 27.7%, reflecting top line growth, production efficiencies and lower raw material costs. In addition, SG&A costs were below the previous year's level.

As a consequence of the strong third quarter performance, the adjusted EBITDA margin for the first nine months was slightly higher at 26.8% (26.4% for the first nine months of 2019).

EBITDA was €137.1 million compared with €119.6 million in Q3 2019, reflecting the factors described above.

Net income and adjusted net income

Adjusted net income for the first nine months of 2020 increased to €157.0 million from €134.3 million in the first nine months of 2019. In addition to the strong operating performance, adjusted net income benefited from a lower adjusted effective tax rate (24.1% compared with 28.3% for the first nine months of 2019).

Net income was €56.2 million compared with €51.7 million in the first nine months of 2019. The increase was less than for adjusted net income as a result of non-cash financing costs and unrealised currency effects on inter-company loans.

Free cash flow

<i>(In € million)</i>	Nine months ended 30 Sept. 2020	Nine months ended 30 Sept. 2019
Net cash from operating activities	262.2	242.2
Dividends received from joint ventures	12.2	11.8
Acquisition of PP&E and intangible assets	(139.6)	(132.8)
Payment of lease liabilities	(10.3)	(6.6)
Free cash flow	124.5	114.6

With cash flow generation concentrated in the second half of the year, the third quarter of 2020 saw a significant increase compared with Q3 2019. For the first nine months, free cash flow was above the level for the same period of 2019 despite higher capital expenditure relating to the construction of a new plant in China.

Leverage

<i>(In € million)</i>	As of 30 Sept. 2020	As of 31 Dec. 2019
Gross total debt	1,624.4	1,614.4
Cash and cash equivalents ¹	249.2	261.0
Net total debt	1,375.2	1,353.4
Total net leverage ratio (last twelve months)²	2.7x	2.8x

¹ Includes restricted cash

² Net total debt divided by adjusted EBITDA

Full year outlook

The Company remains cautious on the outlook for the fourth quarter following the strong performances in the Americas and in Europe for the first nine months. The year-end rally is likely to be more subdued than usual and in Europe performance will be measured against a strong fourth quarter in 2019. At group level, fourth quarter sales at constant exchange rates are expected to be broadly flat compared with the fourth quarter of 2019. For the full year, guidance of core revenue growth at constant currency within the 4–6% range is maintained.

Guidance of an adjusted EBITDA margin in 2020 at the lower end of the 27–28% range is also maintained, subject to no further major deterioration in currencies. The Company expects to generate substantial free cash flow.

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

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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 5,500 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.

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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 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). 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.

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 core revenue, 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. For definitions of alternative performance measures and their related reconciliations that are not included in this media release, please refer to the following link www.sig.biz/investors/en/performance/key-figures

The following table reconciles profit to EBITDA and adjusted EBITDA.

<i>(In € million)</i>	Nine months ended 30 Sept. 2020	Nine months ended 30 Sept. 2019
Profit for the period	56.2	51.7
Net finance expense	70.3	27.4
Income tax expense	15.8	28.3
Depreciation and amortisation	208.7	214.2
EBITDA	351.0	321.6
Adjustments to EBITDA:		
Replacement of share of profit of joint ventures with cash dividends received from joint ventures	0.5	3.2
Restructuring costs, net of reversals	3.8	1.3
Unrealised gain on derivatives	(9.2)	(1.3)
Transaction- and acquisition-related costs	1.2	2.7
Other	2.0	1.8
Adjusted EBITDA	349.3	329.3

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

<i>(In € million)</i>	Nine months ended 30 Sept. 2020	Nine months ended 30 Sept. 2019
Profit for the period	56.2	51.7
Non-cash foreign exchange impact of non-functional currency loans and realised foreign exchange impact due to refinancing	20.2	(7.0)
Amortisation of transaction costs	2.2	2.1
Net change in fair value of derivatives	(0.5)	1.7
Net effect of early repayment of term loans	19.7	-
PPA depreciation and amortisation	94.9	102.7
Adjustments to EBITDA ⁽¹⁾	(1.7)	7.7
Tax effect on above items	(34.0)	(24.6)
Adjusted net income	157.0	134.3

¹ The adjustments made to EBITDA are detailed in the "EBITDA and adjusted EBITDA" table above.