Ad hoc announcement pursuant to Art. 53 LR

Press release

July 25, 2023

H1 2023 financial results

Strong revenue and margin expansion, strategic investments supporting future growth

- Constant currency revenue growth of 35.1% reflecting consolidation of the bag-in-boxes, spouted pouch and chilled carton acquisitions
- H1 2023 organic revenue growth[1] at constant currency of 6.6%
- Organic top line growth driven by price increases to recover cost inflation
- H1 2023 adjusted EBITDA margin of 24.9%
- Strategic investments underway to support future growth
- Full year outlook maintained

Key performance indicators: H1 2023

(In € million or %)	**Six months ended June 30, 2023**	**Six months ended June 30, 2022**
Total revenue	1,540.0	1,142.6
Adjusted EBITDA	383.7	280.5
Adjusted EBITDA margin	24.9%	24.6%
EBITDA	350.1	238.0
Adjusted net income	144.4	124.5
Net income	52.6	66.6
Free cash flow	(213.2)	(9.4)
Diluted EPS (in €)	0.14	0.19
Adjusted diluted EPS (in €)	0.38	0.36

[1]Organic growth represents aseptic carton and excludes the acquisitions of the bag-in-box, spouted pouch and chilled carton businesses.

Key performance indicators: Q2 2023

(In € million or %)	Three months ended June 30, 2023	Three months ended June 30, 2022
Total revenue	811.0	645.9
Adjusted EBITDA	208.7	161.8
Adjusted EBITDA margin	25.7%	25.1%
EBITDA	183.9	95.4
Adjusted net income	79.7	80.0
Net income	29.6	13.5
Free cash flow	(118.0)	15.4

Samuel Sigrist, CEO of SIG Group AG, said: I am pleased to report a solid first half financial performance demonstrating the resilience of our business. We are recovering cost inflation and our adjusted EBITDA margin has improved despite the foreseen dilutive impact of acquisitions.

These acquisitions are meeting our expectations and we continue to identify and to realize cross-selling opportunities between our aseptic carton and bag-in-box, spouted pouch and chilled carton businesses. These, together with our strong pipeline of aseptic carton filling lines, will underpin robust revenue growth in the years ahead.

Given our strong pipeline and exciting growth opportunities we are investing to ensure we can capitalize on these developments. Our strategic investments include our first aseptic carton plants in Mexico and India, and we are expanding the emerging market presence of our bag-in-box and spouted pouch businesses, which in the past have been more focused on developed markets. Our portfolio is ideally suited to these markets where the demand for safe, sustainable and affordable food and beverages is constantly rising.

Sustainability drives SIG and we continually look to further develop our capabilities. We are a key partner for our customers as they seek to reduce the environmental impact of their businesses and demand for our most sustainable packaging structures is rising. Importantly, our ongoing investments in R&D are enabling us to advance our fibre-based packaging solutions. This is in line with our objective of packaging for better.

Revenue by region

(In € million or %)	Six months ended June 30, 2023	Six months ended June 30, 2022	Change Reported currency	Change Constant currency	Organic growth[1] Constant currency
Europe	491.4	376.2	30.6%	30.6%	10.5%
MEA	162.7	155.4	4.7%	4.2%	4.2%
APAC	450.3	367.4	22.5%	26.1%	(0.8%)
Americas	435.3	243.1	79.1%	73.9%	14.1%
Group Functions	0.3	0.5			
Total revenue	**1,540.0**	**1,142.6**	**34.8%**	**35.1%**	**6.6%**

[1]Organic growth represents aseptic carton and excludes the acquisitions of the bag-in-box, spouted pouch and chilled carton businesses.

Revenue by region

(In € million or %)	Three months ended June 30, 2023	Three months ended June 30, 2022	Change Reported currency	Change Constant currency	Organic growth[1] Constant currency
Europe	249.9	200.7	24.5%	24.5%	9.8%
MEA	87.3	92.7	(5.9%)	(5.3%)	(5.3%)
APAC	253.7	203.8	24.5%	31.2%	7.0%
Americas	220.0	148.5	48.2%	47.5%	9.2%
Group Functions	0.1	0.2			
Total revenue	**811.0**	**645.9**	**25.6%**	**27.6%**	**6.4%**

[1]Organic growth represents aseptic carton and excludes the acquisitions of the bag-in-box, spouted pouch and chilled carton businesses.

Europe

Revenue growth in Europe on a constant currency basis was 30.6% compared with the first half of 2022. On a comparable basis, excluding the consolidation of the acquired businesses, organic revenue increased by 10.5% at constant currency. Performance was driven by price increases to recover cost inflation which, particularly in 2022, included higher raw material, energy and freight costs. The region saw strong demand for its SIG Terra packaging solutions, which are aluminum-free and/or use forest-based polymers, compared with H1 2022.

The revenue contribution from bag-in-box and spouted pouch was €89.6 million in H1 2023 (€12.5 million in H1 2022).

Middle East and Africa

In Middle East and Africa organic growth of 4.2% at constant currency was impacted by temporary restrictions to foreign currency for customers in Egypt and a strong prior period comparison. Sub-Sahara and West Africa led growth, primarily in liquid dairy.

SIG’s broad presence in over 30 countries in the region ensures temporary fluctuations in one country are offset over the longer term through a portfolio effect.

Asia Pacific

In Asia Pacific revenue growth at constant currency, including the impact from acquisitions, was 26.1%. On an organic basis, revenue at constant currency declined by 0.8% compared to the first half of 2022. Following a weak Q1 2023, notably in China, revenue recovered strongly in Q2 with organic growth of 7%. In South East Asia, the Group's filling solutions for a range of carton sizes is helping customers tackle inflation.

Integration of the chilled carton business is progressing well. The business is achieving revenue growth ahead of the market due to product improvements and enhanced customer service in line with SIG's operating model.

The revenue contribution from chilled carton, spouted pouch and bag-in-box was €102.0 million in H1 2023 (€6.0 million in H1 2022).

Americas

Revenue growth at constant currency in the Americas was 73.9% which reflected the contribution from bag-in-box and spouted pouch. On an organic constant currency basis, revenue growth was 14.1%. Food service in beverage carton and bag-in-box continued to perform well in the first half of the year. In the aseptic carton business, price increases and the deployment of new filling lines for portion packs contributed to growth in South America.

The region secured aseptic spouted pouch and bag-in-box wins with the largest aseptic carton customers in the USA and Brazil, including a full system solution.

The revenue contribution from bag-in-box and spouted pouch was €185.7 million in H1 2023 (€31.3 million in H1 2022).

Adjusted EBITDA

	Six months ended June 30, 2023		**Six months ended June 30, 2022**	
(In € million)	**Adjusted EBITDA margin**	**Adjusted EBITDA**	**Adjusted EBITDA margin**	**Adjusted EBITDA**
Europe	27.8%	136.8	26.3%	99.0
MEA	30.0%	48.7	25.7%	40.0
APAC	28.8%	129.5	31.6%	116.1
Americas	23.8%	103.4	22.0%	53.6
Group Functions		(34.7)		(28.2)
Total	**24.9%**	**383.7**	**24.6%**	**280.5**

Adjusted EBITDA increased by 36.8% to €383.7 million for the six months ended June 30, 2023 (H1 2022: €280.5 million). The adjusted EBITDA margin was 24.9% compared with 24.6% for H1 2022, despite dilution from acquisitions. The margin was also 140 basis points above the full year 2022 adjusted EBITDA margin. Performance was driven by price and mix benefits which offset high cost inflation particularly from 2022.

Adjusted net income

Adjusted net income increased from €124.5 million to €144.4 million for the six months ended June 30, 2023. The growth was driven by higher adjusted EBITDA, partially offset by higher tax, interest and depreciation expense.

Net income decreased by €14.0 million to €52.6 million for the period ended June 30, 2023. The positive growth in adjusted net income was offset by foreign currency headwinds and higher amortization of acquisition-related intangible assets.

Net capital expenditure

(In € million)	Six months ended June 30, 2023	Six months ended June 30, 2022
PP&E and intangible assets (net of sales)	93.4	16.7
Filling lines and other related equipment	129.0	70.2
Capital expenditure	**222.4**	**86.9**
Upfront cash	(51.0)	(71.4)
Net capital expenditure	**171.4**	**15.5**

Gross capital expenditure was €222.4 million in the first half of 2023 compared to €86.9 million in H1 2022. The increase reflected further expansion into growth markets, including the Group's first sites in Mexico and India for the production of aseptic carton sleeves, footprint rationalization and capacity expansion for bag-in-box and spouted pouch in North America as well as expansion of these substrates into emerging markets. In addition, investments in digital printing in Germany will bring new benefits to customers. A high level of activity at filling machine assembly plants reflected strong customer demand for SIG systems.

Net capital expenditure, after deduction of upfront cash received from customers, was €171.4 million compared with €15.5 million in H1 2022. In the second half of the year, gross capital expenditure is expected to reduce compared to H1 2023 and upfront payments from customers are expected to increase due to the phasing of filling line projects. For the full year, net capital expenditure is expected to remain within the guided range of 7% to 9% of revenue.

Free cash flow

(In € million)	Six months ended June 30, 2023	Six months ended June 30, 2022
Net cash from operating activities	**30.7**	**93.5**
Acquisition of PP&E and intangible assets (net of sales)	(222.4)	(86.9)
Payment of lease liabilities	(21.5)	(16.0)
Free cash flow	**(213.2)**	**(9.4)**

The Group's cash generation is weighted towards the second half of the year. The evolution of free cash flow in the first half of 2023 primarily reflected the higher capital expenditure described above.

Net cash from operating activities reflected an increase in net working capital and higher interest payments.

Leverage

(In € million)	As of June 30, 2023[1]	As of Dec. 31, 2022[2]
Gross debt	2,794.4	2,684.1
Cash and cash equivalents	211.6	503.8
Net debt	**2,582.8**	**2,180.3**
Net leverage ratio (last twelve months proforma)	**3.4x**	**3.1x**

[1]In the calculation of the net leverage ratio as of June 30, 2023, adjusted EBITDA (last twelve months) includes the adjusted EBITDA of Evergreen Asia from July 1, 2022.

[2]In the calculation of the net leverage ratio as of December 31, 2022, adjusted EBITDA includes the adjusted EBITDA of Scholle IPN and Evergreen Asia from January 1, 2022.

The increase in net debt as of June 30, 2023, reflected the payment of the 2022 dividend, capital investments and the cash seasonality of the business. Strong adjusted EBITDA performance over the last twelve months positively contributed to the net leverage ratio, which was 3.4x as of June 30, 2023.

In the first half of 2023 the Company repaid €450 million of unsecured notes partially funded by a bridge loan facility of €350 million.

The Group is committed to reduce its gross debt by year end 2023 and remains on track to meet its target of a 2.5x net leverage ratio by the end of 2024.

Dividend

The Annual General Meeting held on April 20, 2023, approved a dividend distribution out of the capital contribution reserve of CHF 0.47 per share for the year 2022. The total dividend, paid out on April 27, 2023 was €180.2 million. The Company intends to continue its policy of progressive dividend per share growth with a pay-out ratio within a range of 50-60% of adjusted net income.

Outlook

Guidance for 2023 remains unchanged. The Company expects revenue growth of 20-22% at constant currency. Bag-in-box and spouted pouch will be consolidated for an additional five months and chilled carton for an additional seven months respectively (pass through resin escalators for the bag-in-box and the spouted pouch businesses are excluded from the guidance). Organic constant currency revenue growth for the aseptic carton business is expected to be 7-9%. Price increases in the carton business are expected to continue to contribute to top-line growth. The adjusted EBITDA margin is expected to increase by 50-150 basis points, implying a range of 24-25%. The expected improvement compared with 2022 is subject to input cost and foreign currency volatility. 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 a range of 50-60% of adjusted net income.

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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 2022, SIG produced 49 billion packs and generated €3.1 billion in pro forma revenue (incl. unaudited revenue from recent acquisitions). SIG has an AA ESG rating by MSCI, a 13.4 (low risk) score by Sustainalytics, a 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.

Appendix

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

(In € million)	Six months ended June 30, 2023	Six months ended June 30, 2022
Profit for the period	**52.6**	**66.6**
Net finance expense/(income)	58.5	(15.1)
Income tax expense	36.3	17.3
Depreciation and amortization	202.7	169.2
EBITDA	**350.1**	**238.0**
Adjustments to EBITDA:		
Unrealized loss on operating derivatives	10.9	13.2
Restructuring costs, net of reversals	2.1	4.2
Transaction- and acquisition-related costs	-	16.6
Integration costs	7.4	6.3
Realized gain on settlement of deal contingent derivative	-	(11.9)
Fair value adjustment on inventories	-	9.3
Change in fair value of contingent consideration	12.3	-
Impairment losses	0.9	3.0
Other	-	1.8
Adjusted EBITDA	**383.7**	**280.5**

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

(In € million)	Six months ended June 30, 2023	Six months ended June 30, 2022
Profit for the period	**52.6**	**66.6**
Non-cash foreign exchange impact of non-functional currency loans and realized foreign exchange impact due to refinancing	1.4	(19.0)
Amortization of transaction costs	2.1	3.9
Net change in fair value of financing-related derivatives	(1.5)	-
Realized gain on settlement of deal-contingent derivative (relating to repayment of loan)	-	(15.5)
PPA depreciation and amortization – Onex acquisition	51.7	51.2
PPA amortization – Other acquisitions	23.5	10.5
Net effect of early repayment of loan	-	1.0
Adjustments to EBITDA[1]	33.6	42.5
Tax effect on above items	(19.0)	(16.7)
Adjusted net income[2]	**144.4**	**124.5**

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

[2]The comparative adjusted net income number has been increased by €9.5 million to reflect a refinement of the definition of adjusted net income that was made in the year ended December 31, 2022. For further details, see note 9 of the consolidated financial statements for the year ended December 31, 2022.

Disclaimer & 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 authorized 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.

The information contained in this media release is not an offer to sell or a solicitation of offers to purchase or subscribe for securities. This media release is not a prospectus within the meaning of the Swiss Financial Services Act nor a prospectus under any other 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 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 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 (including reconciliations to measures defined in IFRS and the refined definitions of adjusted net income, free cash flow and net capital expenditure) is included in the consolidated financial statements for the year ended December 31, 2022, and in the consolidated interim financial statements for the six months ended June 30, 2023.

Definitions of the Group’s alternative performance measures can be found at the following link: https://www.sig.biz/investors/en/performance/definitions