MEDIA RELEASE

26 October 2021
SIG Combibloc Group AG ("SIG")

Solid third quarter revenue growth

Third quarter and nine months 2021 highlights

- Third quarter core revenue at constant currency up 14.7%, up 4.2% on a like-for-like basis; Middle East and Africa (MEA) business fully consolidated from end of February 2021
- Core revenue for first nine months at constant currency up 15.1%, up 7.1% on a like-for-like basis; strong performance in Americas and Asia Pacific
- Adjusted EBITDA margin in the third quarter 27.1% (Q3 2020: 30.2%): higher raw material costs, increase in growth investments
- Adjusted EBITDA margin for the first nine months up at 27.2% (first nine months 2020: 26.8%)
- Strong cash generation
- Full year guidance of 4–6% core revenue growth[1] and 27-28% adjusted EBITDA margin maintained

Revenue performance: Q3 2021

(In € million or %)	Three months ended 30 Sept. 2021	Three months ended 30 Sept. 2020	Change		Like-for-like change[1]
			Reported currency	Constant currency	Constant currency
Core revenue	506.7	438.6	15.5%	14.7%	4.2%
Total revenue	506.7	441.9	14.7%	13.8%	3.5%

Key performance indicators: Q3 2021

(In € million or %)	Three months ended 30 Sept. 2021	Three months ended 30 Sept. 2020
Adjusted EBITDA	137.1	133.6
Adjusted EBITDA margin	27.1%	30.2%
EBITDA	130.2	137.1
Adjusted net income	60.6	77.4
Net income	36.4	46.2
Free cash flow	116.7	96.4

[1] Like-for-like including MEA, at constant currency

Revenue performance: Nine months 2021

(In € million or %)	Nine months ended 30 Sept. 2021	Nine months ended 30 Sept. 2020	Change		Like-for-like change[1]
			Reported currency	Constant currency	Constant currency
Core revenue	1,457.6	1,288.3	13.1%	15.1%	7.1%
Total revenue	1,472.5	1,301.9	13.1%	15.0%	7.2%

[1] Including MEA.

Key performance indicators: Nine months 2021

(In € million or %)	Nine months ended 30 Sept. 2021	Nine months ended 30 Sept. 2020
Adjusted EBITDA	401.2	349.3
Adjusted EBITDA margin	27.2%	26.8%
EBITDA	413.7	351.0
Adjusted net income	170.2	157.0
Net income	128.4	56.2
Free cash flow	141.7	124.5

Consolidation of Middle East and Africa business

With effect from the end of February, revenues of the former Middle East and Africa joint ventures are fully consolidated and presented in a new segment, Middle East and Africa (MEA). The segment Europe, Middle East and Africa (EMEA) in the tables below relates to the Group's reporting structure which was in place for the first two months of the year, prior to acquisition of the MEA business.

The acquisition of the former joint ventures in the Middle East generated incremental revenue of €103 million in the first seven months of 2021. This takes account of sales to external customers in the Middle East and Africa less the elimination of inter-company sales to the Middle East, which prior to the acquisition were treated as external sales.

Revenue by region: Q3 2021

(In € million or %)	Three months ended 30 Sept. 2021	Three months ended 30 Sept. 2020	Change Reported currency	Change Constant currency
EMEA[1]	-	194.4		
Europe[1]	178.5			
MEA[1]	60.5			
APAC	173.3	160.3	8.1%	6.3%
Americas	94.2	78.8	19.6%	18.6%
Group Functions	0.2	5.1		
Core revenue from transactions with external customers	**506.7**	**438.6**	**15.5%**	**14.7%**
Revenue from sale of folding box board	-	3.3		
Total revenue	**506.7**	**441.9**	**14.7%**	**13.8%**

[1] Three months' revenue for EMEA in 2020, three months' revenue for Europe and MEA in 2021

Revenue by region: Nine months 2021

(In € million or %)	Nine months ended 30 Sept. 2021	Nine months ended 30 Sept. 2020	Change Reported currency	Change Constant currency
EMEA[1]	119.3	581.0		
Europe[1]	416.2			
MEA[1]	161.1			
APAC	489.1	465.7	5.0%	6.4%
Americas	268.4	230.1	16.6%	24.8%
Group Functions	3.5	11.5		
Core revenue from transactions with external customers	**1,457.6**	**1,288.3**	**13.1%**	**15.1%**
Revenue from sale of folding box board	14.9	13.6		
Total revenue	**1,472.5**	**1,301.9**	**13.1%**	**15.0%**

[1] Two months' revenue for EMEA and seven months' revenue for Europe and MEA in 2021

In Europe, revenue in the third quarter of 2021 was 3% higher than in Q3 2020 at constant exchange rates on a like-for-like basis. While there is a gradual return to office working, in the third quarter the liquid dairy business continued to benefit from relatively high at-home consumption. For the first nine months of the year, revenue was 1.7% higher.

In the Middle East and Africa, sales on a like-for-like constant currency basis were 7.1% lower for the seven months to September 2021 relative to the prior year period. The decline was largely due to the comparison with Q3 2020, when large orders were received from certain customers. In addition, the non-carbonated soft drinks market has been negatively affected by COVID-19, with lower out-of-home consumption, and drought in South Africa temporarily affected the liquid dairy business.

Asia Pacific continued to show a robust performance in the third quarter even though COVID-19 continued to affect on-the-go consumption and impulse purchases, especially in South East Asia. Demand for white milk in China remains strong due to its acknowledged health benefits. Performance outside China benefited from the ramping up of new fillers in South Korea and Taiwan. In addition, some customers have been building safety stocks in view of current supply chain and logistics challenges.

The Americas again showed exceptional growth in the third quarter reflecting the contribution of fillers deployed in Brazil in the course of 2020. At-home consumption continued to drive demand in both Brazil and Mexico but is now slowing as office working has started to resume. Revenue in the USA benefited from the re-opening of restaurants and a re-stocking of foodservice products packed in SIG cartons.

EBITDA and adjusted EBITDA

Adjusted EBITDA increased to €137.1 million in the third quarter of 2021. The adjusted EBITDA margin compared with the third quarter of 2020 was lower at 27.1% (Q3 2020: 30.2%) due in part to higher raw material, freight and energy costs. SG&A expenses also increased reflecting a resumption of growth investments, major R&D projects and the phasing-out of COVID-related cost savings. For the first nine months of the year, adjusted EBITDA increased from €349.3 million in the first nine months of 2020 to €401.2 million and the adjusted EBITDA margin was higher at 27.2% (nine months 2020: 26.8%).

Reported EBITDA increased to €413.7 million from €351.0 million in the first nine months of 2021.

Net income and adjusted net income

Adjusted net income in the third quarter of 2021 was €60.6 million compared with €77.4 million in Q3 2020. The increase in adjusted EBITDA was more than offset by additional depreciation and amortisation as a result of the Middle East and Africa acquisition and the non-recurrence of foreign exchange gains. For the first nine months of 2021, adjusted net income was €170.2 million (first nine months 2020: €157.0 million).

Net income in the first nine months of 2021 was €128.4 million compared with €56.2 million in the first nine months of 2020. The increase reflected the increase in top line contribution and the MEA acquisition; impacts of the acquisition accounting related to the MEA acquisition, which are non-cash; the non-recurrence of foreign exchange losses in 2020; and a positive contribution from the revaluation of commodity derivatives. These were partly offset by restructuring costs related to the sale of the mill in New Zealand and the closure of a plant in Australia.

Free cash flow

(In € million)	Nine months ended 30 Sept. 2021	Nine months ended 30 Sept. 2020
Net cash from operating activities	**333.0**	**262.2**
Dividends received from joint ventures	-	12.2
Acquisition of PP&E and intangible assets	(171.8)	(139.6)
Payment of lease liabilities	(19.5)	(10.3)
Free cash flow	**141.7**	**124.5**

Strong cash flow generation in the third quarter contributed to free cash flow for the first nine months of 2021 of €141.7 million (nine months 2020: €124.5 million). The increase was achieved despite higher capital expenditure, reflecting strong demand for new fillers.

Leverage

(In € million)	As of 30 Sept. 2021	As of 31 Dec. 2020	As of 30 Sept. 2020
Gross total debt	1,781.5	1,697.0	1,624.4
Cash and cash equivalents[1]	228.5	355.1	249.2
Net total debt	1,553.0	1,341.9	1,375.2
Total net leverage ratio (last twelve months)[2]	**2.7x**	**2.7x**	**2.7x**

[1] Includes restricted cash
[2] Net total debt divided by LTM adjusted EBITDA. LTM adjusted EBITDA to 30 September 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.

Net leverage was unchanged at the end of September 2021 compared with year-end and the end of September 2020, after the financing of the Middle East joint venture acquisition (for which the cash component was €167.0 million) that took place in February 2021. A €50 million credit facility used to repay joint venture debt was repaid in September 2021 using cash on the balance sheet.

Moody's upgrade

In September, Moody's upgraded its corporate and debt ratings for SIG from Ba2 to Ba1. The upgrade was based on the company's solid market position and its strong and consistent financial performance.

The company has held a BBB- investment grade rating with S&P since March 2020.

Full year outlook

COVID-19 effects have led to greater than usual variations in growth rates between quarters and the growth rate in the fourth quarter is expected to be relatively weak. For the full year, the Company continues to expect core revenue growth on a like-for-like basis of 4-6% at constant currency. The robust revenue performance in the first nine months of the year means that growth in the upper half of the 4-6% range remains a possibility.

The adjusted EBITDA margin is expected to be within the 27-28% range.

Investor contact:

Jennifer Gough +41 52 543 1229
Director Investor Relations
SIG Combibloc Group AG
Neuhausen am Rheinfall, Switzerland
jennifer.gough@sig.biz

Media contact:

Lemongrass Communications
Andreas Hildenbrand +41 44 202 5238
andreas.hildenbrand@lemongrass.agency

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 around 70 countries. In 2020, SIG produced 38 billion carton packs and generated €1.8 billion in revenue. SIG has an AA ESG rating by MSCI, a 13.4 ESG Risk Rating (low risk) from Sustainalytics and a Platinum CSR rating by EcoVadis. For more information, visit www.sig.biz.

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 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 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

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 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.

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, the change in our calculation methodology for constant currency and a definition of like-for-like growth rates, please refer to the link below:

https://reports.sig.biz/annual-report-2020/services/glossary.html

The following table reconciles profit or loss to EBITDA and adjusted EBITDA.

(In € million)	Nine months ended 30 Sept. 2021	Nine months ended 30 Sept. 2020
Profit for the period	**128.4**	**56.2**
Net finance expense	21.2	70.3
Income tax expense	38.0	15.8
Depreciation and amortisation	226.1	208.7
EBITDA	**413.7**	**351.0**
Adjustments to EBITDA:		
Unrealised gain on derivatives	(17.1)	(9.2)
Replacement of share of profit or loss of joint ventures with cash dividends received from joint ventures	1.7	0.5
Restructuring costs, net of reversals	22.6	3.8
Loss on sale of subsidiary	12.1	-
Transaction- and acquisition-related costs	8.2	1.2
Fair value adjustment on inventories	10.4	-
Gain on pre-existing interest in joint ventures	(48.8)	-
Out of period indirect tax recoveries	(5.9)	-
Other	4.3	2.0
Adjusted EBITDA	**401.2**	**349.3**

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

(In € million)	Nine months ended 30 Sept. 2021	Nine months ended 30 Sept. 2020
Profit for the period	**128.4**	**56.2**
Non-cash foreign exchange impact of non-functional currency loans and realised foreign exchange impact due to refinancing	(12.5)	20.2
Amortisation of transaction costs	2.7	2.2
Net change in fair value of derivatives	-	(0.5)
Onex acquisition PPA depreciation and amortisation	78.1	94.9
Net effect of early repayment of former joint venture loans	3.7	-
Net effect of early repayment of secured term loans	-	19.7
Interest on out of period indirect tax recoveries	(2.2)	-
Adjustments to EBITDA	(12.5)	(1.7)
Tax effect on above items	(15.5)	(34.0)
Adjusted net income	**170.2**	**157.0**

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