THIS IS SIG

Leading systems and solutions provider for aseptic packaging

Q1 CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated interim financial statements for the three months ended 31 March 2020

SIG Combibloc Group AG

Published in connection with the launch of a corporate bond in June 2020

Consolidated interim statement of profit or loss and other comprehensive income

(In € million)	Note	**Three months ended 31 March 2020**	**Three months ended 31 March 2019**
Revenue	6, 7	392.9	363.7
Cost of sales		(306.9)	(300.3)
Gross profit		**86.0**	**63.4**
Other income	8	2.6	11.2
Selling, marketing and distribution expenses		(17.5)	(16.3)
General and administrative expenses		(45.7)	(41.1)
Other expenses	8	(32.7)	(0.8)
Share of profit of joint ventures		3.4	1.0
Profit / (loss) from operating activities		**(3.9)**	**17.4**
Finance income		1.5	5.0
Finance expenses		(21.2)	(14.0)
Net finance expense	17	**(19.7)**	**(9.0)**
Profit / (loss) before income tax		**(23.6)**	**8.4**
Income tax expense		(1.9)	(3.7)
Profit / (loss) for the period	9	**(25.5)**	**4.7**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Currency translations of foreign operations:			
- recognised in translation reserve		(63.9)	46.9
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	18	(22.3)	10.2
Total other comprehensive income, net of income tax		**(86.2)**	**57.1**
Total comprehensive income		**(111.7)**	**61.8**
Basic earnings / (loss) per share *(in €)*	10	(0.08)	0.01
Diluted earnings / (loss) per share *(in €)*	10	(0.08)	0.01

Consolidated interim statement of financial position

(In € million)	Note	**As of 31 March 2020**	**As of 31 Dec. 2019**
Cash and cash equivalents	19	263.1	261.0
Trade and other receivables	15	163.6	271.6
Inventories		183.7	167.2
Current tax assets		1.5	1.2
Other current assets		32.0	22.2
Total current assets		**643.9**	**723.2**
Non-current receivables		6.0	5.6
Investments in joint ventures		195.0	193.4
Deferred tax assets		26.5	21.8
Property, plant and equipment	12	1,033.4	1,073.1
Right-of-use assets	13	54.4	49.0
Intangible assets	14	2,412.5	2,460.3
Employee benefits	18	144.7	168.4
Other non-current assets		24.5	29.3
Total non-current assets		**3,897.0**	**4,000.9**
Total assets		**4,540.9**	**4,724.1**
Trade and other payables		413.8	492.3
Loans and borrowings	16	58.3	50.8
Current tax liabilities		46.6	43.5
Employee benefits		39.7	45.2
Provisions		12.1	12.1
Other current liabilities		82.4	59.9
Total current liabilities		**652.9**	**703.8**
Non-current payables		12.2	10.4
Loans and borrowings	16	1,533.1	1,541.9
Deferred tax liabilities		160.9	172.5
Employee benefits		124.8	126.3
Provisions		15.0	15.5
Other non-current liabilities		164.6	165.0
Total non-current liabilities		**2,010.6**	**2,031.6**
Total liabilities		**2,663.5**	**2,735.4**
Share capital		2.8	2.8
Additional paid-in capital		2,059.8	2,059.8
Translation reserve		(146.0)	(82.1)
Treasury shares		(0.1)	(0.1)
Retained earnings		(39.1)	8.3
Total equity	18	**1,877.4**	**1,988.7**
Total liabilities and equity		**4,540.9**	**4,724.1**

Consolidated interim statement of changes in equity

(In € million)	Share capital	Additional paid-in capital	Translation-reserve	Treasury shares	Retained earnings	Total equity
Equity as of 1 January 2020	**2.8**	**2,059.8**	**(82.1)**	**(0.1)**	**8.3**	**1,988.7**
Profit / (loss) for the period					**(25.5)**	**(25.5)**
Other comprehensive income						
Items that may be reclassified to profit or loss						
Currency translations of foreign operations:						
- recognised in translation reserve			(63.9)			**(63.9)**
Items that will not be reclassified to profit or loss						
Remeasurement of defined benefit plans					(22.3)	**(22.3)**
Total other comprehensive income, net of income tax	**-**	**-**	**(63.9)**	**-**	**(22.3)**	**(86.2)**
Total comprehensive income for the period	**-**	**-**	**(63.9)**	**-**	**(47.8)**	**(111.7)**
Share-based payments					0.6	**0.6**
Purchase of treasury shares				(0.2)		**(0.2)**
Settlement of share-based payment plans and arrangements				0.2	(0.2)	**-**
Total transactions with owners	**-**	**-**	**-**	**-**	**0.4**	**0.4**
Equity as of 31 March 2020	**2.8**	**2,059.8**	**(146.0)**	**(0.1)**	**(39.1)**	**1,877.4**

(In € million)	Share capital	Additional paid-in capital	Translation-reserve	Treasury shares	Retained earnings	Total equity
Equity as of 1 January 2019	**2.8**	**2,158.8**	**(142.1)**	**-**	**(124.0)**	**1,895.5**
Profit for the period					**4.7**	**4.7**
Other comprehensive income						
Items that may be reclassified to profit or loss						
Currency translations of foreign operations:						
- recognised in translation reserve			46.9			**46.9**
Items that will not be reclassified to profit or loss						
Remeasurement of defined benefit plans					10.2	**10.2**
Total other comprehensive income, net of income tax	**-**	**-**	**46.9**	**-**	**10.2**	**57.1**
Total comprehensive income for the period	**-**	**-**	**46.9**	**-**	**14.9**	**61.8**
Share-based payments		-			0.1	**0.1**
Purchase of treasury shares				(0.2)		**(0.2)**
Total transactions with owners	**-**	**-**	**-**	**(0.2)**	**0.1**	**(0.1)**
Equity as of 31 March 2019	**2.8**	**2,158.8**	**(95.2)**	**(0.2)**	**(109.0)**	**1,957.2**

Consolidated interim statement of cash flows

(In € million)	Note	Three months ended 31 March 2020	Three months ended 31 March 2019
Cash flows from operating activities			
Profit / (loss) for the period		(25.5)	4.7
Adjustments for:			
Depreciation and amortisation	12, 13, 14	71.1	70.9
Change in fair value of derivatives		15.3	(5.2)
Share-based payment expense		0.6	0.1
Gain on sale of property, plant and equipment and non-current assets		(0.1)	(0.1)
Share of profit of joint ventures		(3.4)	(1.0)
Net finance expense	17	19.7	9.0
Interest paid		(9.7)	(10.1)
Income tax expense		1.9	3.7
Income taxes paid, net of refunds received		(10.6)	(15.3)
		59.3	**56.7**
Change in trade and other receivables		90.4	60.9
Change in inventories		(27.9)	(35.6)
Change in trade and other payables		(66.7)	(90.2)
Change in provisions and employee benefits		(3.8)	(2.0)
Change in other assets and liabilities		21.9	31.4
Net cash from operating activities	11	**73.2**	**21.2**
Cash flows from investing activities			
Acquisition of business, net of cash acquired	21	(2.5)	-
Acquisition of property, plant and equipment and intangible assets		(56.7)	(47.0)
Proceeds from sale of property, plant and equipment and other assets		-	1.2
Dividends received from joint ventures		2.5	2.1
Interest received		0.3	0.2
Net cash used in investing activities	11	**(56.4)**	**(43.5)**
Cash flows from financing activities			
Payments relating to the IPO		-	(3.4)
Repayment of loans and borrowings	16	(7.8)	(7.8)
Payment of lease liabilities	16	(2.8)	(1.9)
Purchase of treasury shares		(0.2)	(0.2)
Other		-	0.1
Net cash used in financing activities		**(10.8)**	**(13.2)**
Net increase / (decrease) in cash and cash equivalents		**6.0**	**(35.5)**
Cash and cash equivalents as of the beginning of the period		261.0	157.1
Effect of exchange rate fluctuations on cash and cash equivalents		(3.9)	2.4
Cash and cash equivalents as of the end of the period	19	**263.1**	**124.0**

BASIS OF PREPARATION

This section includes information on the parent company and the Group. It also includes details about the preparation of the consolidated interim financial statements and explains the structure of the consolidated interim financial statements.

1 Reporting entity and overview of the Group

SIG Combibloc Group AG ("SIG" or the "Company") is domiciled in Switzerland and is since 28 September 2018 listed on SIX Swiss Exchange.

The consolidated interim financial statements for the three months ended 31 March 2020 comprise the Company and its subsidiaries (together referred to as the "Group"). The subsidiaries and joint ventures reflected in the consolidated interim financial statements of the Company are listed in note 26 of the consolidated financial statements for the year ended 31 December 2019.

The Group is a global system supplier of aseptic carton packaging solutions for both beverage and liquid food products, ranging from juices and milk to soups and sauces. Its solutions offering consists of aseptic carton packaging filling machines, aseptic carton packaging sleeves and closures as well as after-market services.

2 Preparation of the consolidated interim financial statements

The consolidated unaudited interim financial statements for the three months ended 31 March 2020 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). They were approved by the Audit and Risk Committee of the Company on 30 April 2020. They also comply with the Listing Rules of SIX Swiss Exchange and with Swiss company law.

These consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019. They do not include all of the information required for a complete set of IFRS financial statements. However, they include information required to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the consolidated financial statements for the year ended 31 December 2019 and certain other information deemed relevant.

3 Structure of the consolidated interim financial statements

The consolidated interim financial statements are structured into different sections that should facilitate an overview and understanding of the Group's operations, financial position and performance. The notes are included in these sections based on their relevance and include information that is material and relevant to the consolidated interim financial statements.

BASIS OF PREPARATION	OUR OPERATING PERFORMANCE	OUR OPERATING ASSETS AND LIABILITIES	OUR FINANCING AND FINANCIAL RISK MANAGEMENT	OUR GROUP STRUCTURE AND RELATED PARTIES	OTHER
1 Reporting entity and overview of the Group 2 Preparation of the consolidated interim financial statements 3 Structure of the consolidated interim financial statements 4 Key events and transactions 5 General accounting policies and topics	6 Revenue 7 Segment information 8 Other income and expenses 9 Alternative performance measures 10 Earnings per share 11 Cash flow information	12 Property, plant and equipment 13 Right-of-use assets 14 Intangible assets 15 Trade and other receivables	16 Loans and borrowings 17 Finance income and expenses 18 Equity 19 Financial risk management	20 Group entities 21 Business combination 22 Related parties	23 Financial instruments and fair value information 24 Contingent liabilities 25 Subsequent events

4 Key events and transactions

There were no key events or transactions occurring in the three months ended 31 March 2020.

Management considers that the business of SIG is well placed to withstand the current COVID-19 crisis due to its focus on aseptic packaging of food and beverages for daily consumption and its broad geographic spread. There have been no COVID-19-related disruptions at any of SIG's plants and there has been no material impact on sales up to the date of approval of these consolidated interim financial statements. See note 5.4 for additional details.

5 General accounting policies and topics

5.1 Application of accounting policies

The accounting policies applied by the Group in the consolidated interim financial statements for the three months ended 31 March 2020 are consistent with those applied in the consolidated financial statements for the year ended 31 December 2019.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected annual profit or loss.

5.2 Impact of new or amended standards and interpretations

A number of new or amended standards and interpretations were effective for annual periods beginning on 1 January 2020. The applicable standards and interpretations had no, or no material, impact on the consolidated interim financial statements.

5.3 Adoption of standards and interpretations in 2021 and beyond

A number of new or amended standards and interpretations are effective for annual periods beginning on 1 January 2021 or later and have not been applied in preparing these consolidated interim financial statements. The Group does not plan to adopt these standards and interpretations before their effective dates. Many of them are not applicable to the Group or are expected to have no, or no material, impact on the consolidated financial statements.

5.4 Critical accounting judgements, estimates and assumptions

The significant judgements made by management and the key estimates and assumptions used in the preparation of the consolidated interim financial statements for the three months ended 31 March 2020 are consistent with those disclosed in note 5.4 of the consolidated financial statements for the year ended 31 December 2019, with the exception of estimates required in determining taxes on income in interim periods (see note 5.1).

Management is closely monitoring the effects of the coronavirus (COVID-19) that has spread across the globe. Management evaluates on an ongoing basis how the COVID-19 pandemic impacts the Group's financial position and performance. It assesses various aspects such as the value of the Group's assets (including goodwill and pension assets), any impairment triggers, sales trends, liquidity needs and exposure to market and credit risks. Considering that the Group (as well as its customer base) is in a business that can be regarded as essential in the distribution of aseptic food and beverages, the Group is currently not significantly impacted by the COVID-19 pandemic. The impact of COVID-19 on the Group in future periods is difficult to assess and there is no assurance that the experience to date will be representative of future periods.

Significant judgements are involved regarding the assessment of the impact of COVID-19 on the global economy, and new facts and circumstances may lead to adjustments of management's current estimates and assumptions. See also note 4.

OUR OPERATING PERFORMANCE

This section covers our operating performance on a Group as well as on a segment level. It includes alternative performance measures that management believes are relevant in evaluating the Group's performance and liquidity.

6 Revenue

Revenue derives from the sale of goods (i.e. sleeves, closures, board and filling lines) and the provision of after-market services and is presented net of returns, trade discounts, volume rebates and other customer incentives. The Group also presents income from the deployment of filling lines under contracts that qualify to be accounted for as operating leases and revenue under royalty agreements as part of revenue.

Composition of revenue

The Group has recognised the following amounts of revenue.

(In € million)	**Three months ended 31 March 2020**	**Three months ended 31 March 2019**
Revenue from sale and service contracts (including royalty agreements)	368.3	342.4
Revenue from filling line contracts accounted for as operating leases	24.6	21.3
Total revenue	**392.9**	**363.7**
of which		
Core revenue	**389.6**	**359.7**

Core revenue represents revenue generated from the Group's core activities and excludes revenue from sales of folding box board, which amounted to €3.3 million for the three months ended 31 March 2020 and €4.0 million for the three months ended 31 March 2019. Core revenue is not a defined performance measure in IFRS (see further note 9).

The Group's total revenue is further disaggregated by major product/service lines in the following table. Filling line revenue is composed of revenue from the deployment of filling lines under contracts that qualify to be accounted for as operating leases and from the sale of filling lines. Service revenue relates to after-market services in relation to the Group's filling lines. Revenue under royalty agreements and from the sale of folding box board and liquid paper board is included in other revenue.

(In € million)	**Three months ended 31 March 2020**	**Three months ended 31 March 2019**
Revenue from sale of sleeves and closures	324.6	294.3
Filling line revenue	27.3	27.8
Service revenue	26.0	23.9
Other revenue	15.0	17.7
Total revenue	**392.9**	**363.7**

The Group's three segments (EMEA, APAC and Americas) are providing the same aseptic carton packaging solutions, comprising filling machines, sleeves and closures as well as after-market services. The split of revenue between revenue from sale of sleeves and closures, filling line revenue and service revenue is broadly the same at Group level, between the Group's three segments and over recent years. Other revenue is mainly divided between EMEA and APAC. See note 7 for further information about the Group's segments.

Seasonality

The Group's business experiences moderate seasonal fluctuations, primarily due to seasonal consumption patterns and performance incentive programmes relating to sleeves that generally end in the fourth quarter. Customers tend to purchase additional sleeves prior to the end of the year to reflect consumption patterns and to avail themselves of annual volume rebates, typically resulting in higher sales during the fourth quarter. Historically, this has resulted in relatively low sales in the first quarter, with inventory returning to normal levels and the settlement of performance incentives that have been accrued over the course of the year. These factors contribute to an increase in working capital levels and lower cash flows from operating activities in the first quarter.

7 Segment information

The Group has three operating segments, which are also the reportable segments: Europe, Middle East and Africa ("EMEA"), Asia Pacific ("APAC") and Americas. All segments provide aseptic carton packaging solutions.

Segment financial information

The following tables present financial information about the Group's segments. Group Functions include activities that are supportive to the Group's business. The same measurement basis is used when presenting the segment information as is used in the Group's consolidated financial statements.

	Three months ended 31 March 2020						
(In € million)	**EMEA**	**APAC**	**Americas**	**Total segments**	**Group Functions**	**Reconciling items**	**Total**
Revenue from transactions with external customers	180.9	140.1	68.1	**389.1**	3.8	-	**392.9**
Revenue from inter-segment transactions	54.9	4.4	-	**59.3**	11.0	(70.3)	**-**
Segment revenue	235.8	144.5	68.1	**448.4**	14.8	(70.3)	**392.9**
Core revenue from transactions with external customers (1)	180.9	136.8	68.1	**385.8**	3.8	-	**389.6**
Adjusted EBITDA (2)	**53.3**	**36.5**	**10.3**	**100.1**	**(16.4)**	**-**	**83.7**

	Three months ended 31 March 2019						
(In € million)	**EMEA**	**APAC**	**Americas**	**Total segments**	**Group Functions**	**Reconciling items**	**Total**
Revenue from transactions with external customers	175.2	130.9	53.4	**359.5**	4.2	-	**363.7**
Revenue from inter-segment transactions	55.4	2.3	-	**57.7**	10.3	(68.0)	**-**
Segment revenue	230.6	133.2	53.4	**417.2**	14.5	(68.0)	**363.7**
Core revenue from transactions with external customers (1)	175.2	126.9	53.4	**355.5**	4.2	-	**359.7**
Adjusted EBITDA (2)	**48.4**	**39.1**	**11.4**	**98.9**	**(13.0)**	**-**	**85.9**

(1) Core revenue from transactions with external customers represents revenue from external customers, excluding revenue from sales of folding box board to third parties. Core revenue is not a defined performance measure in IFRS (see further note 9).

(2) The performance of the segments is presented with reference to adjusted EBITDA. Adjusted EBITDA is defined by the Group as EBITDA, adjusted to exclude certain non-cash transactions and items of a significant or unusual nature and to include the cash impact of dividends received from joint ventures. EBITDA and adjusted EBITDA are not defined performances measures in IFRS. Refer to note 9 for the detailed definitions of these performance measures and the reconciliation between the Group's profit or loss, EBITDA and adjusted EBITDA.

8 Other income and expenses

Other income and expenses relate to activities and transactions that are outside the Group's principal revenue generating activities. Foreign currency exchange gains and losses as well as fair value changes on commodity and foreign currency exchange derivatives entered into as part of the operating business are also presented as other income and expenses. Activities and transactions of a significant or unusual nature are generally adjusted for in the performance measures adjusted EBITDA and adjusted net income used by management (see note 9).

For the three months ended 31 March 2020, the Group recognised a net foreign currency exchange loss of €16.3 million (a net gain of €2.9 million for the three months ended 31 March 2019). It mainly arose due to retranslation at period end of outstanding foreign currency balances in Euros and/or US dollars in Brazil, Mexico and Thailand.

For the three months ended 31 March 2020, the Group recognised an unrealised net loss on commodity and foreign currency exchange derivatives of €15.3 million (an unrealised net gain of €5.2 million for the three months ended 31 March 2019). It arose as the Group has entered into commodity derivative contracts fixing the price of mainly resins but also of aluminium at a higher price than the currently lower forward price.

9 Alternative performance measures

Management uses a number of measures to assess the performance of the Group that are not defined in IFRS, including core revenue, adjusted EBITDA, adjusted net income, adjusted earnings per share, net capital expenditure and free cash flow.

These alternative non-IFRS performance measures are presented as management believes that they are important supplemental measures of the Group's performance. Management believes that they are useful and widely used in the markets in which the Group operates as a means of evaluating performance. In certain cases, these alternative performance measures are also used to determine compliance with covenants in the Group's credit agreement and compensation of certain members of management. However, these alternative performance measures should not be considered as substitutes for the information contained elsewhere in these consolidated interim financial statements.

This note includes information about adjusted EBITDA and adjusted net income. Core revenue is presented in notes 6 and 7, adjusted earnings per share in note 10 and net capital expenditure and free cash flow in note 11.

Adjusted EBITDA

Adjusted EBITDA is used by management for business planning and to measure operational performance. Management believes that adjusted EBITDA provides investors with further transparency into the Group's operational performance and facilitates comparison of the performance of the Group on a period-to-period basis and versus peers.

EBITDA is defined by the Group as profit or loss before net finance expense, income tax expense, depreciation of property, plant and equipment and right-of-use assets, and amortisation of intangible assets. Adjusted EBITDA is defined by the Group as EBITDA, adjusted to exclude certain non-cash transactions and items of a significant or unusual nature including, but not limited to, transaction- and acquisition-related costs, restructuring costs, unrealised gains or losses on derivatives, gains or losses on the sale of non-strategic assets, asset impairments and write-downs and share of profit or loss of joint ventures, and to include the cash impact of dividends received from joint ventures.

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

(In € million)	**Three months ended 31 March 2020**	**Three months ended 31 March 2019**
Profit / (loss) for the period	**(25.5)**	**4.7**
Net finance expense	19.7	9.0
Income tax expense	1.9	3.7
Depreciation and amortisation	71.1	70.9
EBITDA	**67.2**	**88.3**
Adjustments to EBITDA:		
Replacement of share of profit or loss of joint ventures with cash dividends received from joint ventures	(0.9)	1.1
Restructuring costs, net of reversals	0.3	0.9
Unrealised (gain) / loss on derivatives	15.3	(5.2)
Transaction- and acquisition-related costs	0.8	0.7
Other	1.0	0.1
Adjusted EBITDA	**83.7**	**85.9**

Adjusted net income

Adjusted net income is used by management to measure performance. Management believes that adjusted net income is a meaningful measure because by removing certain non-recurring charges and non-cash expenses, the Group's operating result directly associated with the period's performance is presented. The use of adjusted net income may also be helpful to investors because it provides consistency and comparability with past performance and facilitates period-to-period comparisons of results of operations.

Adjusted net income is defined by the Group as profit or loss adjusted to exclude certain items of significant or unusual nature including, but not limited to, the non-cash foreign exchange impact of non-functional currency loans, amortisation of transaction costs, the net change in fair value of financing-related derivatives, purchase price allocation ("PPA") depreciation and amortisation, adjustments made to reconcile EBITDA to adjusted EBITDA and the estimated tax impact of the foregoing adjustments. The PPA depreciation and amortisation arose due to the acquisition accounting that was performed when the SIG Group was acquired by Onex in 2015.

The following table reconciles profit or loss for the period to adjusted net income.

(In € million)	**Three months ended 31 March 2020**	**Three months ended 31 March 2019**
Profit / (loss) for the period	**(25.5)**	**4.7**
Non-cash foreign exchange impact of non-functional currency loans and realised foreign exchange impact due to refinancing	-	(3.6)
Amortisation of transaction costs	0.7	0.7
Net change in fair value of derivatives	(1.0)	1.4
PPA depreciation and amortisation	33.5	35.2
Adjustments to EBITDA:		
Replacement of share of profit or loss of joint ventures with cash dividends received from joint ventures	(0.9)	1.1
Restructuring costs, net of reversals	0.3	0.9
Unrealised (gain) / loss on derivatives	15.3	(5.2)
Transaction- and acquisition-related costs	0.8	0.7
Other	1.0	0.1
Tax effect on above items	(11.3)	(6.9)
Adjusted net income	**12.9**	**29.1**

10 Earnings per share

Basic and diluted earnings per share

Basic earnings (or loss) per share are calculated by dividing the consolidated profit or loss for the period by the weighted average number of shares in issue during the period, excluding the weighted average number of treasury shares. Diluted earnings per share for the three months ended 31 March 2020 reflects the effect of potentially dilutive shares under the Group's share-based payment plans and arrangements that were introduced in the second quarter of 2019.

The following table shows the profit or loss attributable to shareholders and the weighted average number of outstanding shares used in the calculation of basic and diluted earnings per share.

(In € million unless indicated)	**Three months ended 31 March 2020**	**Three months ended 31 March 2019**
Profit / (loss) for the period	(25.5)	4.7
Weighted average number of shares for the period - basic *(in numbers)*	320,044,042	320,050,884
Basic earnings / (loss) per share *(in €)*	**(0.08)**	**0.01**
Profit / (loss) for the period	(25.5)	4.7
Weighted average number of shares for the period - diluted *(in numbers)*	320,058,607	320,050,884
Diluted earnings / (loss) per share *(in €)*	**(0.08)**	**0.01**

Adjusted earnings per share

Adjusted earnings per share is defined by the Group as adjusted net income divided by the weighted average number of shares. Management believes that (basic) adjusted earnings per share is a useful measure as adjusted net income is used to measure performance. Adjusted net income and adjusted earnings per share are not defined performance measures in IFRS (see further note 9).

The table below shows the adjusted net income and the weighted average number of outstanding shares used in the calculation of basic and diluted adjusted earnings per share.

(In € million unless indicated)	**Three months ended 31 March 2020**	**Three months ended 31 March 2019**
Adjusted net income	12.9	29.1
Weighted average number of shares for the period - basic *(in numbers)*	320,044,042	320,050,884
Adjusted earnings per share - basic *(in €)*	**0.04**	**0.09**
Adjusted net income	12.9	29.1
Weighted average number of shares for the period - diluted *(in numbers)*	320,058,607	320,050,884
Adjusted earnings per share - diluted *(in €)*	**0.04**	**0.09**

11 Cash flow information

This note includes certain information about the Group's cash flows.

Net capital expenditure

The Group's capital expenditure primarily relates to investments in own production, plant and equipment (PP&E capital expenditure, excluding filling machines) and to the manufacture and deployment of filling machines with customers under contracts accounted for as operating leases (filling machine capital expenditure).

Net capital expenditure is defined by the Group as capital expenditure less upfront cash. Upfront cash is defined as consideration received as an upfront payment for filling machines from customers. Net capital expenditure is not a defined performance measure in IFRS (see further note 9).

Management uses net capital expenditure as it better demonstrates how cash generative the business is. As the Group typically receives a portion of the total consideration for a filling machine as an upfront payment from the customer, the cash outflow relating to filling machines is generally lower than implied by the gross capital expenditure figure. Payments received for filling lines (including upfront payments) are included in cash flows from operating activities.

The following table reconciles capital expenditure to net capital expenditure.

(In € million)	**Three months ended 31 March 2020**	**Three months ended 31 March 2019**
PP&E (excluding filling machines)	18.5	9.5
Gross filling machines	38.2	37.5
Capital expenditure (gross)	**56.7**	**47.0**
Upfront cash (for filling machines)	(8.7)	(17.6)
Net capital expenditure	**48.0**	**29.4**

Free cash flow

Free cash flow is used by management to evaluate the performance of the Group. Free cash flow is defined by the Group as net cash from operating activities plus dividends received from the joint ventures less capital expenditure and payments of lease liabilities. Free cash flow is not a defined performance measure in IFRS (see further note 9).

The following table reconciles net cash from operating activities to free cash flow.

(In € million)	**Three months ended 31 March 2020**	**Three months ended 31 March 2019**
Net cash from operating activities	**73.2**	**21.2**
Dividends received from joint ventures	2.5	2.1
Acquisition of PP&E and intangible assets	(56.7)	(47.0)
Payment of lease liabilities	(2.8)	(1.9)
Free cash flow	**16.2**	**(25.6)**

OUR OPERATING ASSETS AND LIABILITIES

This section includes certain information about the Group's operating assets and liabilities. The main operating assets relate to the Group's production equipment and its deployed filling lines accounted for as operating leases. The Group also has right-of-use assets resulting from lease contracts entered into as a lessee. The Group's trade receivables balance is reduced by selling trade receivables under securitisation and factoring programmes. A substantial part of the Group's assets relates to goodwill and other intangible assets. The main operating liabilities relate to trade payables and accruals for various incentive programmes and are presented as part of trade and other payables. Other liabilities mainly comprise deferred revenue relating to advance payments received in relation to filling lines deployed under contracts that are accounted for as operating leases.

12 Property, plant and equipment

Property, plant and equipment ("PP&E") is mainly composed of filling lines that are deployed at customers' sites under contracts accounted for as operating leases and the Group's plant and production equipment. PP&E also includes work in progress, which relates to construction of filling machines and to filling lines under installation at customers' sites as well as to construction of various types of production equipment used by the Group in its manufacturing and assembly facilities.

Depreciation of PP&E

Depreciation of PP&E is recognised in the following components in the statement of profit or loss and other comprehensive income.

(In € million)	**Three months ended 31 March 2020**	**Three months ended 31 March 2019**
Cost of sales	41.2	42.4
Selling, marketing and distribution expenses	0.2	0.3
General and administrative expenses	1.3	1.2
Total depreciation	**42.7**	**43.9**

Capital expenditure commitments

As of 31 March 2020, the Group had entered into contracts to incur capital expenditure of €68.8 million (€99.7 million as of 31 December 2019) for the acquisition of PP&E. The commitments relate to filling machine assembly, certain downstream equipment and equipment for the Group's sleeves manufacturing facilities, including upcoming investments in relation to the second sleeves manufacturing facility in China. The facility is expected to be ready in early 2021 and will then be leased by the Group.

13 Right-of-use assets

The Group generally purchases its production-related buildings and equipment. However, it also enters into lease contracts. Right-of-use assets relate to lease contracts that the Group has entered into as a lessee. The contracts mainly cover leases of assets such as office buildings, production-related buildings and equipment, warehouses and cars.

Depreciation of right-of-use assets

Depreciation of right-of-use assets is recognised in the following components in the statement of profit or loss and other comprehensive income.

(In € million)	**Three months ended 31 March 2020**	**Three months ended 31 March 2019**
Cost of sales	1.8	1.2
Selling, marketing and distribution expenses	0.5	0.4
General and administrative expenses	0.6	0.5
Total depreciation	**2.9**	**2.1**

Lease commitments

There have been no significant changes in the Group's lease commitments since 31 December 2019. The present value of estimated future lease payments under signed, but not yet commenced, lease contracts approximates €70 million as of 31 March 2020. The future lease payments relate primarily to a 20 year lease of a second sleeves manufacturing facility in China that the Group expects to commence in early 2021.

14 Intangible assets

The largest portion of the Group's intangible assets is goodwill, arising as a result of the acquisition of the SIG Group by Onex in 2015. The other intangible assets mainly consist of trademarks, customer relationships and technology-related assets. The trademarks have indefinite useful lives. See note 5.4 for considerations regarding the COVID-19 pandemic.

Amortisation of intangible assets

Amortisation of intangible assets is recognised in the following components in the statement of profit or loss and other comprehensive income.

(In € million)	**Three months ended 31 March 2020**	**Three months ended 31 March 2019**
Cost of sales	16.1	16.0
General and administrative expenses	9.4	8.9
Total amortisation	**25.5**	**24.9**

15 Trade and other receivables

Trade and other receivables mainly comprise trade receivables. The Group has an asset-backed securitisation programme under which it sells without recourse a portion of its sleeves-related trade receivables to a special purpose entity. It also has a small number of minor factoring programmes. The trade receivables sold qualify for derecognition by the Group. The total off-balance sheet trade receivables amounted to €152.7 million as of 31 March 2020 (€137.2 million as of 31 December 2019).

OUR FINANCING AND FINANCIAL RISK MANAGEMENT

This section includes certain information about the Group's financing in the form of loans and borrowings and equity. The expenses for the financing are also presented in this section. Lastly, the Group's financial risk management policy and exposure to liquidity, market and credit risks are summarised.

16 Loans and borrowings

The Group's loans and borrowings mainly comprise its Euro denominated term loans. Liabilities under lease contracts where SIG is the lessee are also included in loans and borrowings.

Composition of loans and borrowings

The table below shows the carrying amount of the Group's loans and borrowings.

(In € million)	**As of 31 March 2020**	**As of 31 Dec. 2019**
Senior secured credit facilities	46.9	39.0
Lease liabilities	11.4	11.8
Current loans and borrowings	**58.3**	**50.8**
Senior secured credit facilities	1,485.9	1,500.2
Lease liabilities	47.2	41.7
Non-current loans and borrowings	**1,533.1**	**1,541.9**
Total loans and borrowings	**1,591.4**	**1,592.7**

The following table presents the components of the carrying amount of the loans and borrowings.

(In € million)	**As of 31 March 2020**	**As of 31 Dec. 2019**
Principal amount (including repayments)	1,553.1	1,560.9
Deferred original issue discount	(10.4)	(11.2)
Deferred transaction costs	(9.9)	(10.5)
Senior secured credit facilities	**1,532.8**	**1,539.2**
Lease liabilities	**58.6**	**53.5**
Total loans and borrowings	**1,591.4**	**1,592.7**

Senior secured credit facilities

The Group's senior secured credit facilities, entered into in October 2018, consist of two Euro denominated term loans (A and B) and a revolving credit facility.

The table below provides a summary of the main terms of the two term loans and the revolving credit facility.

	Principal amount	Maturity date	Interest rate
Term loan A	€1,250 million	October 2023	Euribor +2.00% with a floor of 0.00%
Term loan B	€350 million	October 2025	Euribor +2.50% with a floor of 0.00%
Revolving credit facility	€300 million	October 2023	Euribor +1.75% with a floor of 0.00%

Interest on both term loans is paid on a quarterly basis. Term loan A will be repaid in quarterly instalments of 0.625% of the initial principal amount up until 31 October 2020 and in quarterly instalments of 1.25% of the principal amount over the remaining term, with the remaining balance due at maturity. No repayments of the term loan B principal amount are due prior to maturity. The Group has the right to repay both the term loans in full or in part at the end of each interest period without premium or penalty.

The obligations under the senior secured credit facilities are guaranteed and secured by Group subsidiaries. The credit agreement contains customary affirmative and negative covenants. It also contains customary events of default. The Group was in compliance with all covenants and there were no events of default as of 31 March 2020 and 31 December 2019.

The amount available under the multi-currency revolving credit facility is €298.4 million as of 31 March 2020 (€297.4 million as of 31 December 2019) due to €1.6 million in letters of credit being outstanding under an ancillary facility (€2.6 million as of 31 December 2019).

17 Finance income and expenses

The Group's net finance expense is mainly related to finance expenses for the Group's loans and borrowings, fair value changes on associated derivative instruments and foreign exchange gains and losses relating to the loans and borrowings.

Composition of net finance expenses

(In € million)	**Three months ended 31 March 2020**	**Three months ended 31 March 2019**
Interest income	0.5	1.0
Net foreign currency exchange gain	-	4.0
Net change in fair value of derivatives	1.0	-
Finance income	**1.5**	**5.0**
Interest expense on:		
- Senior secured credit facilities	(8.3)	(8.4)
- Lease liabilities	(0.6)	(0.6)
Amortisation of original issue discount	(0.7)	(0.7)
Amortisation of transaction costs	(0.7)	(0.7)
Net foreign currency exchange loss	(9.1)	-
Net change in fair value of derivatives	-	(1.4)
Net interest expense on interest rate swaps	(0.3)	(0.2)
Other	(1.5)	(2.0)
Finance expenses	**(21.2)**	**(14.0)**
Net finance expense	**(19.7)**	**(9.0)**

Net change in fair value of derivatives consists of fair value changes on financing-related derivatives.

In the three months ended 31 March 2020, the net foreign currency exchange loss primarily consisted of negative translation effects on intra-group loan receivables resulting from the strengthening of the Swiss Franc against the Euro.

Other finance expenses primarily consist of revolver commitment fees, securitisation and factoring expenses and interest expense on current tax liabilities.

18 Equity

Dividends

For the year ended 31 December 2019, the Board of Directors proposed a dividend payment of CHF 0.38 per share, totalling CHF 121.6 million to the Annual General Meeting that was held on 7 April 2020. The dividend proposal was approved and a dividend of CHF 121.6 million (€114.8 million) was paid to shareholders out of the capital contribution reserve (additional paid-in capital) in April 2020. The proposed dividend payment was not recognised as a liability as of 31 December 2019 and 31 March 2020.

For the year ended 31 December 2018, a dividend of CHF 0.35 per share, totalling CHF 112.0 million (€99.0 million) was paid to shareholders out of the capital contribution reserve (additional paid-in capital) in April 2019. The dividend payment was not recognised as a liability as of 31 December 2018 and 31 March 2019.

Remeasurement of employee benefits

The remeasurement of defined benefit plans of €22.3 million recognised in other comprehensive income for the three months ended 31 March 2020 primarily relates to a decrease of the fair value of the plan assets of the Group's Swiss pension plan (with a net defined benefit asset of €144.7 million as of 31 March 2020).

19 Financial risk management

There have been no changes in the Group's objectives, polices and processes for managing its exposure to financial risks summarised below since 31 December 2019. See note 5.4 for considerations regarding the COVID-19 pandemic.

Liquidity risk

The Group generates sufficient cash flows from its operating activities to meet obligations arising from its financial liabilities. It has a revolving credit facility in place to cover potential shortfalls and access to local working capital facilities in various jurisdictions, which are available if needed to support the cash management of local operations. The Group had unrestricted cash and cash equivalents in the amount of €259.0 million (€254.9 million as of 31 December 2019) and access to an additional €298.4 million under its revolving credit facility as of 31 March 2020 (€297.4 million as of 31 December 2019).

The following table includes information about the remaining contractual maturities for the Group's non-derivative financial liabilities as of 31 March 2020. The table includes both interest and principal cash flows. Balances due within one year equal their carrying amounts as the impact of discounting is not significant.

		Contractual cash flows				
(In € million)	**Carrying amount**	**Total**	**Up to 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**
As of 31 March 2020						
Trade and other payables	(420.5)	**(420.5)**	(408.3)	(3.5)	(5.8)	(2.9)
Loans and borrowings:						
- Senior secured credit facilities	(1,532.8)	**(1,686.8)**	(81.5)	(95.9)	(1,154.9)	(354.5)
- Lease liabilities	(58.6)	**(77.3)**	(13.4)	(14.2)	(20.5)	(29.2)
Total non-derivative financial liabilities	**(2,011.9)**	**(2,184.6)**	**(503.2)**	**(113.6)**	**(1,181.2)**	**(386.6)**

Market risks

Currency risk

As a result of the Group's international operations, foreign currency exchange risk exposures exist on sales, purchases, borrowings and dividend payments that are denominated in currencies that are not the functional currency of the entity involved in the transaction. The Group is also exposed to translation currency risk arising from the translation of the assets, liabilities and results of its foreign entities into Euro, the Group's presentation currency, from their respective functional currencies.

In accordance with the Group's Treasury policy, the Group seeks to minimise transaction currency risk via natural offsets to the extent possible. Therefore, when commercially feasible, the Group incurs costs in the same currencies in which cash flows are generated. In addition, the Group systematically hedges the major transactional currency exposures of the Group, using a twelve month rolling layered approach. See also note 8.

Commodity price risk

The Group's exposure to commodity price risk arises principally from the purchase of polymers and aluminium. The Group's objective is to ensure that the commodity price risk exposure is kept at an acceptable level. The Group generally purchases commodities at spot market prices and uses derivatives to hedge the exposure in relation to the cost of polymers (and their components) and aluminium. Due to this strategy, the Group is able to fix the raw material prices for the coming year for approximately 80% of the polymers and aluminium purchases, which substantially reduces the exposure to raw material price fluctuations over that period. See also note 8.

Interest rate risk

The Group's interest rate risk arises primarily from its Euro denominated term loans at variable interest. The Group has entered into interest rate swaps to hedge a portion of the cash flow exposure arising on its term loans at variable interest rates.

A 100 basis point increase in the variable component (three month Euribor) of the interest rate on the term loans would increase the annual interest expense by €4.8 million as of 31 March 2020 (€4.6 million as of 31 December 2019 and €5.4 million as of 31 March 2019).

Credit risk

Credit risk arises principally from the Group's receivables from its customers. Historically, there has been a low level of losses resulting from default by customers. The Group limits its exposure to credit risk by executing a credit limit policy, requiring advance payments in certain instances, taking out insurance for specific debtors as well as utilising securitisation and non-recourse factoring programmes (see note 15 for additional information relating to these programmes). As the Group's customers are in the food and beverage industry, management does not believe that there are any material changes to the Group's exposure to credit risk due to COVID-19.

OUR GROUP STRUCTURE AND RELATED PARTIES

This section provides certain details about the Group entities and other related parties.

20 Group entities

There have been no significant changes in relation to the Group subsidiaries and joint ventures in the three months ended 31 March 2020.

21 Business combination

The Group acquired 100% of the shares of Visy Cartons Pty Ltd. ("Visy Cartons") on a cash free, debt free basis on 29 November 2019. Visy Cartons provides carton packaging solutions for beverages in Australia and New Zealand, including SIG's aseptic carton packaging solutions. The Group acquired Visy Cartons to gain full access to the beverage carton market in Australia and New Zealand, and expects synergies from supply chain efficiencies and the use of the Group's latest technologies and solutions. Visy Cartons was renamed to SIG Combibloc Australia Pty Ltd. in December 2019 and is part of the Group's business in Asia Pacific.

The consideration transferred totals €43.0 million. The Group paid €40.5 million (AUD 65.8 million) in cash on the acquisition date. The completion settlement was finalised in March 2020 and resulted in an additional consideration of €2.5 million. There was no impact on the amount of goodwill of €14.5 million initially recognised. If new information would be obtained within one year from the acquisition date about facts and circumstances that existed as of that date that has an impact on the fair value of the identifiable net assets acquired, the accounting for the acquisition will be revised.

22 Related parties

The ownership structure has changed since 31 December 2019. Onex sold 11.7% of the issued shares in March 2020, and held 20.1% of the issued shares as of 31 March 2020 (31.8% as of 31 December 2019). There have been no significant changes in the shareholdings of or in the share-based payment plans and arrangements for the members of the Group Executive Board of SIG and the Board of Directors.

Onex continues to provide consultancy services to the Company on various matters without any compensation other than for out-of-pocket expenses. There have also been no changes relating to the existing information sharing agreement between SIG and Onex after Onex' sales of shares in March 2020.

There have been no new significant related party transactions during the three months ended 31 March 2020, with the exception for Onex' sale of shares described above. The nature of the Group's related party relationships, balances and transactions for the three months ended 31 March 2020 is otherwise consistent with the information disclosed by the Group in the consolidated financial statements for the year ended 31 December 2019.

OTHER

This section provides certain details about the Group's different categories of financial instruments, fair value information and off-balance sheet information.

23 Financial instruments and fair value information

Categories of financial instruments and fair value information

The following table presents the carrying amounts of financial assets and liabilities as of 31 March 2020. It also presents the respective levels in the fair value hierarchy for financial assets and liabilities measured at fair value. There have been no transfers between the fair value hierarchy levels since 31 December 2019 or changes in how the Group estimates the fair value.

	Carrying amount as of 31 March 2020			**Fair value hierarchy Level**		
(In € million)	**At amortised cost**	**At fair value through profit or loss (mandatorily)**	**Total**	**1**	**2**	**3**
Cash and cash equivalents	263.1		**263.1**			
Trade and other receivables	136.7	17.2	**153.9**		x	
Other financial assets	4.2		**4.2**			
Derivatives		11.8	**11.8**		x	
Total financial assets	**404.0**	**29.0**	**433.0**			
Trade and other payables	(420.5)		**(420.5)**			
Loans and borrowings:						
- Senior secured credit facilities	(1,532.8)		**(1,532.8)**			
- Lease liabilities	(58.6)		**(58.6)**			
Derivatives		(38.7)	**(38.7)**		x	
Total financial liabilities	**(2,011.9)**	**(38.7)**	**(2,050.6)**			

Fair value of financial assets and liabilities at amortised cost

The carrying amount of the financial assets and liabilities that are not measured at fair value is a reasonable approximation of fair value. Excluding transaction costs and an original issue discount, this is also the case for the Group's term loans that were entered into in connection with the IPO.

Fair value of trade receivables to be sold under securitisation and factoring programmes

Trade receivables that will be sold under the Group's securitisation and factoring programmes are categorised as measured at fair value through profit or loss. They are sold shortly after being recognised by the Group and the amount initially recognised for these trade receivables is representative of their fair value.

Fair value of derivatives

The derivatives are entered into as part of the Group's strategy to mitigate operational risks (commodity and foreign currency exchange derivatives) and to mitigate financing risks (interest rate swaps).

The Group measures derivative assets and liabilities at fair value. The fair value is calculated based on valuation models commonly used in the market. These include consideration of credit risk, where applicable, and discounts the estimated future cash flows based on the terms and maturity of each contract, using forward interest rates extracted from observable yield curves and market forward exchange rates at the reporting date. The derivatives are categorised as level 2 fair value measurements in the fair value hierarchy as the measurements of fair value are based on observable market data, either directly (i.e. as prices) or indirectly (i.e. derived from prices). All changes in fair value are recognised in profit or loss as the Group does not apply hedge accounting under IFRS 9.

24 Contingent liabilities

The Group has contingent liabilities relating to legal and other matters arising in the ordinary course of business. Based on legal and other advice, management is of the view that the outcome of any such proceedings will have no significant effect on the financial position of the Group beyond the recognised provision.

25 Subsequent events

There have been no events subsequent to 31 March 2020 that would require an adjustment to or disclosure in these consolidated interim financial statements, with the exception for the dividends paid in April 2020 (see further note 18). This statement is also applicable regarding the assessment of information relating to the COVID-19 pandemic (see note 5.4).

DISCLAIMER AND CAUTIONARY STATEMENT

The consolidated interim financial statements for the three months ended 31 March 2020 may contain certain "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). Factors that could cause actual results to differ materially from the forward-looking statements are included without limitations into our offering memorandum for the IPO. 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 interim 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 consolidated interim financial statements has been rounded and, as a result, the figures shown as totals in this presentation may vary slightly from the exact arithmetic aggregation of the figures that precede them.