# MEDIA RELEASE

**23 February 2021**
**SIG Combibloc Group AG ("SIG")**

## Strong 2020 performance demonstrates business resilience

### Full year 2020 highlights

- Core revenue up 5.5% at constant currency; up 1.7% as reported
- Adjusted EBITDA margin 27.4% (2019: 27.2%): slight increase despite currency headwind
- Adjusted net income up 7% at €232.3 million
- Strong free cash flow of €233.2 million after investments in fillers and new production plant
- Proposed dividend increase of over 10% to CHF 0.42 per share

### Key performance indicators:[1] 2020

| *(In € million or %)* | Year ended 31 Dec. 2020 | Year ended 31 Dec. 2019 | Change Reported currency | Change Constant currency |
|---|---|---|---|---|
| Core revenue | 1,796.4 | 1,766.9 | 1.7% | 5.5% |
| Adjusted EBITDA | 498.3 | 485.4 | 2.7% | |
| Adjusted EBITDA margin | 27.4% | 27.2% | | |
| Adjusted net income | 232.3 | 217.4 | 6.9% | |
| Adjusted earnings per share diluted (€) | 0.73 | 0.68 | 6.9% | |
| Free cash flow | 233.2 | 266.8 | | |
| Cash conversion | 71% | 77% | | |
| Proposed dividend per share (CHF) | 0.42 | 0.38 | 10.5% | |

### Reported Measures: 2020

| *(In € million or %)* | Year ended 31 Dec. 2020 | Year ended 31 Dec. 2019 | Change Reported currency | Change Constant currency |
|---|---|---|---|---|
| Total revenue | 1,816.1 | 1,783.9 | 1.8% | 5.6% |
| EBITDA | 449.7 | 479.7 | (6.3%) | |
| Net income | 68.0 | 106.9 | | |

[1] For additional information about alternative performance measures used by management that are not defined in IFRS, including definitions and reconciliations to measures defined in IFRS, refer to the link below:
https://reports.sig.biz/annual-report-2020/services/chart-generator

### Key performance indicators:[1] Q4 2020

| (In € million or %) | Three months ended 31 Dec. 2020 | Three months ended 31 Dec. 2019 | Change Reported currency | Change Constant currency |
|---|---|---|---|---|
| Core revenue | 508.1 | 531.3 | (4.4%) | 1.4% |
| Adjusted EBITDA | 149.0 | 156.1 | (4.5%) | |
| Adjusted EBITDA margin | 29.0% | 29.2% | | |
| Adjusted net income | 75.3 | 83.1 | | |

### Reported Measures: Q4 2020

| (In € million or %) | Three months ended 31 Dec. 2020 | Three months ended 31 Dec. 2019 | Change Reported currency | Change Constant currency |
|---|---|---|---|---|
| Total revenue | 514.2 | 535.2 | (3.9%) | 1.8% |
| EBITDA | 98.7 | 158.1 | (37.5%) | |
| Net income | 11.8 | 55.2 | | |

[1] For additional information about alternative performance measures used by management that are not defined in IFRS, including definitions and reconciliations to measures defined in IFRS, refer to the link below:
https://reports.sig.biz/annual-report-2020/services/chart-generator

**Samuel Sigrist, CEO of SIG Combibloc**, said: "As we look back on the unprecedented events of 2020, we can be proud of what SIG has achieved. The early implementation of a global pandemic preparedness plan, starting in China, allowed our factories to keep running throughout the COVID-19 crisis. The commitment and dedication of employees throughout the year enabled us to continue serving our customers, helping them to deliver essential nutrition to consumers.

The year was proof of the robustness of our business model and the resilience of our end markets. Core revenue growth of 5.5% at constant currency illustrates the portfolio effect created by our deliberate geographic diversification of the business over many years. We continued to win new business and to expand our global footprint with the construction of a new plant in China, which is now in operation. We also announced the planned acquisition of the remaining 50% of our Middle East & Africa joint venture. This transaction will expand our presence in growth markets and enable us to fully consolidate a business with an attractive financial profile.

Through the favourable environmental footprint of our packs, we are already helping our customers to meet the growing societal demand for environmental stewardship. It is our mission to create food packaging that gives back to the people and the planet by centring our sustainability programme on four positive, far-reaching actions: Forest Positive, Climate Positive, Resource Positive and Food Positive. This means planting trees to expand forests; taking carbon from the atmosphere; creating resources for future generations; and ensuring nutrition comes safely to ever more people. We believe this programme will further enhance the value of our offering to customers while bringing us closer to realising our vision of a net positive food packaging system.

Our track record on sustainability is evidenced by our Platinum rating from EcoVadis, which puts us in the top 1% of companies evaluated."

## Revenue by region: 2020

| (In € million or %) | Year ended 31 Dec. 2020 | Year ended 31 Dec. 2019 | Change Reported currency | Change Constant currency |
|---|---|---|---|---|
| EMEA | 797.5 | 755.1 | 5.6% | 5.6% |
| APAC | 659.8 | 666.8 | (1.1%) | 1.2% |
| Americas | 320.8 | 329.5 | (2.6%) | 14.7% |
| Group Functions | 18.3 | 15.5 | | |
| **Core revenue from transactions with external customers** | 1,796.4 | 1,766.9 | 1.7% | 5.5% |
| Revenue from sales of folding box board | 19.7 | 17.0 | | |
| Total revenue | 1,816.1 | 1,783.9 | 1.8% | 5.6% |

All regions contributed to constant currency growth in 2020. For the Americas and, to a lesser extent, Asia Pacific (APAC), the depreciation of local currencies against the Euro resulted in reported revenue declines. The strong constant currency growth in Europe and the Americas reflected increased at-home consumption during COVID-19 lockdowns. The Americas growth also included a significant contribution from filler placements with new customers. In APAC, where a large proportion of sales are for on-the-go consumption, lockdowns had a negative impact. This was exacerbated in the fourth quarter by lower stock-building by customers as the effects of the pandemic continued to be felt in South East Asia. APAC revenue includes the full year consolidation of Visy Cartons in Australia, acquired in November 2019.

## Revenue by region: Q4 2020

| (In € million or %) | Three months ended 31 Dec. 2020 | Three months ended 31 Dec. 2019 | Change Reported currency | Change Constant currency |
|---|---|---|---|---|
| EMEA | 216.5 | 207.3 | 4.5% | 4.5% |
| APAC | 194.1 | 211.3 | (8.2%) | (4.4%) |
| Americas | 90.7 | 107.9 | (15.9%) | 5.3% |
| Group Functions | 6.8 | 4.8 | | |
| **Core revenue from transactions with external customers** | 508.1 | 531.3 | (4.4%) | 1.4% |
| Revenue from sales of folding box board | 6.1 | 3.9 | | |
| Total revenue | 514.2 | 535.2 | (3.9%) | 1.8% |

## EBITDA and adjusted EBITDA

| (In € million or %) | Year ended 31 Dec. 2020 Adjusted EBITDA margin | Year ended 31 Dec. 2020 Adjusted EBITDA | Year ended 31 Dec. 2019 Adjusted EBITDA margin | Year ended 31 Dec. 2019 Adjusted EBITDA | Reported currency change |
|---|---|---|---|---|---|
| EMEA | 34.4% | 274.1 | 32.1% | 242.2 | 13.2% |
| APAC | 31.6% | 215.0 | 33.5% | 228.9 | (6.1%) |
| Americas | 22.7% | 72.8 | 25.5% | 84.1 | (13.4%) |
| Group Functions | | (63.6) | | (69.8) | |
| **Total** | 27.4% | 498.3 | 27.2% | 485.4 | 2.7% |

Adjusted EBITDA increased to €498.3 million and the adjusted EBITDA margin increased slightly to 27.4%. Operational leverage, lower raw material costs and production efficiencies more than offset a negative impact from the depreciation of key currencies, notably the Brazilian Real, against the Euro.

The progression of the adjusted EBITDA margin in EMEA reflects the strong revenue growth and resulting production efficiencies. In APAC the weaker growth had an impact on margin, and both APAC and the Americas were affected by negative currency movements.

EBITDA was €449.7 million compared with €479.7 million in 2019. The decline was due to impairment losses relating to production-related assets of the Whakatane paper mill in New Zealand.

## Net income and adjusted net income

Adjusted net income increased to €232.3 million from €217.4 million in 2019. The increase reflected the improvement in adjusted EBITDA and lower interest expense.

Net income was €68 million compared with €106.9 million in 2019. In addition to the impairment losses mentioned above, net income included foreign exchange losses on inter-company loans and costs relating to the early repayment of term loans as part of the debt refinancing effected in June 2020.

## Dividend

At the Annual General Meeting to be held on Wednesday 21 April 2021, the Board of Directors will propose a dividend distribution out of the capital contribution reserve of CHF 0.42 per share for the year 2020 (2019: CHF 0.38 per share). This increased dividend will be paid on a higher number of shares (17.5 million new shares) following the transaction with the Obeikan Investment Group described below.

## Capital expenditure

Gross capital expenditure was €199 million in 2020 (2019: €182 million). The increase reflected investments in production equipment for the new sleeves plant in China, which has been constructed close to the existing plant in Suzhou. Gross filler capex was broadly stable despite the challenging environment. Net capital expenditure (net capex) was €145 million compared with €110 million in 2019, as upfront cash for fillers received from customers returned towards more normal levels. The ratio of net capex to revenue was 8.0%, just within the target range of 8–10%.

## Free cash flow

| *(In € million)* | Year ended 31 Dec. 2020 | Year ended 31 Dec. 2019 |
|---|---|---|
| **Net cash from operating activities** | **425.8** | **438.1** |
| Dividends received from joint ventures | 22.7 | 20.7 |
| Acquisition of PP&E and intangible assets | (199.2) | (182.2) |
| Payment of lease liabilities | (16.1) | (9.8) |
| **Free cash flow** | **233.2** | **266.8** |

Net cash from operating activities was slightly lower due to additional tax payments and costs incurred for the debt refinancing. Free cash flow generation was strong despite the increase in capital expenditure and higher lease liability payments.

## Refinancing and leverage

On 19 June 2020 a debt refinancing was completed, replacing two existing term loans with a new sustainability-linked term loan and two issues of Notes. A new €300 million revolving credit facility (RCF) was also established. The lower interest on the new bank facilities and Notes reduced the Group's average cost of debt to 1.6% at end-December 2020. The refinancing allowed a move from a secured to an unsecured debt structure on typical investment grade terms and extended the overall maturity profile.

Net leverage stood at 2.7x at the year end, slightly below the 2019 level. The higher level of gross debt reflects increased lease liabilities, including those relating to the new sleeves plant in China. The strong free cash generation resulted in a significant increase in cash and cash equivalents to €355 million.

| *(In € million)* | As of 31 Dec. 2020 | As of 31 Dec. 2019 |
|---|---|---|
| Gross total debt | 1,697.0 | 1,614.4 |
| Cash and cash equivalents[1] | 355.1 | 261.0 |
| Net total debt | 1,341.9 | 1,353.4 |
| **Total net leverage ratio**[2] | **2.7x** | **2.8x** |

[1] Includes restricted cash
[2] Net total debt divided by adjusted EBITDA

## Acquisition of remaining 50% of Middle East & Africa joint venture

In November, SIG Combibloc signed an agreement to take full ownership of its Middle East & Africa joint venture SIG Combibloc Obeikan by acquiring the 50% shareholding of its partner Obeikan Investment Group (OIG). The completion of the transaction is expected in the first quarter of 2021 subject to customary closing conditions. The acquisition will expand SIG's global presence and enhance its medium and long term growth outlook.

The transaction will be funded through a combination of newly issued SIG shares (from authorised share capital) and available cash balances and credit facilities. The impact on leverage will be marginal. OIG will receive around 17.5 million SIG shares, equivalent to a stake of approximately 5% of SIG's share capital on a pro-forma fully diluted basis, and a cash consideration of €167 million for its 50% stake in SIG Combibloc Obeikan.

## Decision to close Whakatane paper mill

The Group has been assessing the continued viability and different strategic alternatives for its paper mill in New Zealand (Whakatane). The mill primarily produces liquid paper board for use by SIG entities and the Group's joint venture in the Middle East. As a consequence of the assessments, impairment losses of €38 million on production-related assets were recognised in the consolidated statements for the year ended 31 December 2020.

The Board of Directors has made the decision to close the paper mill and the Company will enter into the required consultation process with employees. The mill would need significant investment to maintain its viability and the Group will benefit from expanded sourcing opportunities with its existing third-party suppliers of liquid paper board. As a result of the closure decision, management expects to recognise plant decommissioning costs and redundancy costs of around €30 million in the first half of 2021. As assets of the mill are monetised over time, the free cash flow impact of these costs is expected to be reduced to approximately €15 million, of which €10 million would be the cash flow impact in 2021. The benefits of the closure are expected to result in a pay-back period on the cash outflows in line with the Group's normal standards.

## Nominations to the Board of Directors

The Board of Directors proposes the re-election of the Chairman and all other current members of the Board of Directors at the Annual General Meeting ("AGM") to be held on 21 April 2021.

Furthermore, the Board of Directors proposes Ms Martine Snels for election to the Board of Directors at the AGM. Martine Snels has more than 20 years' experience in the food industry and from 2015 to 2017 was COO Ingredients (B2B) at FrieslandCampina. Subsequently she was responsible for regions and countries on the Executive Board of GEA, a major supplier of engineering and processing equipment for the food and beverage industry. Martine Snels is a Belgian citizen and holds an MSc in agricultural engineering from K.U. Leuven.

As previously announced, subject to completion of the Middle East & Africa joint venture transaction, the Board of Directors has nominated Abdallah Al Obeikan, Chief Executive Officer of OIG and currently Chief Executive Officer of SIG Combibloc Obeikan, for election to the Board of Directors at the AGM. This will enable SIG to build on the success of the trusted partnership over the last 19 years and to continue to benefit from the strong local presence and expertise of OIG.

## 2021 outlook

SIG will continue to focus on profitable growth by expanding its business with existing and new customers and further developing sustainable solutions. In 2021, the Company expects to fully consolidate revenues in the Middle East & Africa from the beginning of March, subject to final completion of the transaction. On a like-for-like basis, the combined business is expected to achieve core revenue growth at constant currency in the lower half of the 4-6% range, taking account of the continuing restrictions in South East Asia affecting on-the-go consumption and general uncertainty about the ongoing global effects of the COVID 19 crisis. This represents an acceleration of the organic growth rate compared with 2020 excluding the effect of consolidating Visy Cartons.

Assuming no major deterioration in exchange rates, the adjusted EBITDA margin, including the consolidation of the Middle East & Africa business, is expected to be in the 27-28% range. Net capital expenditure is forecast to be within the targeted 8-10% of revenue range in 2021.

The Company maintains its medium-term guidance of core revenue growth of 4–6% at constant currency and an adjusted EBITDA margin of around 29%. Net capital expenditure should remain within 8–10% of revenue. The Company plans to maintain a dividend payout ratio of 50–60% of adjusted net income while reducing net leverage towards 2x.

## 2020 Annual Report

SIG today published its 2020 Annual Report, which includes the Group's operating and financial results accompanied by SIG's audited consolidated and statutory annual financial statements, the Compensation Report outlining the compensation policies of the Group and the Corporate Governance Report. All publications are available from 07:00 CET today at https://reports.sig.biz/annual-report-2020. Hard copies can be ordered free of charge from SIG Combibloc Group AG, Laufengasse 18, 8212 Neuhausen am Rheinfall, Switzerland.

An update to the Corporate Responsibility Report will be published at the end of March 2021.

**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 5,500 employees worldwide enable us to respond quickly and effectively to the needs of our customers in over 60 countries. In 2020, SIG produced 38 billion carton packs and generated €1.8 billion in revenue. SIG has an AA ESG rating by MSCI, an 18.8 (low risk) score by Sustainalytics and a Platinum CSR rating by EcoVadis. For more information, visit www.sig.biz.

**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. For definitions of alternative performance measures and their related reconciliations that are not included in this media release, please refer to the following link https://reports.sig.biz/annual-report-2020/services/chart-generator

The following table reconciles profit to EBITDA and adjusted EBITDA.

| (In € million) | Year ended 31 Dec. 2020 | Year ended 31 Dec. 2019 |
|---|---|---|
| **Profit for the period** | **68.0** | **106.9** |
| Net finance expense | 81.0 | 44.6 |
| Income tax expense | 23.0 | 41.1 |
| Depreciation and amortisation | 277.7 | 287.1 |
| **EBITDA** | **449.7** | **479.7** |
| Adjustments to EBITDA: | | |
| Replacement of share of profit of joint ventures with cash dividends received from joint ventures | 5.3 | 5.3 |
| Restructuring costs, net of reversals | 6.3 | 1.8 |
| Unrealised gain on derivatives | (21.5) | (10.1) |
| Transaction- and acquisition-related costs | 3.1 | 4.3 |
| Impairment losses | 49.3 | 2.8 |
| Other | 6.1 | 1.6 |
| **Adjusted EBITDA** | **498.3** | **485.4** |

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

| (In € million) | Year ended 31 Dec. 2020 | Year ended 31 Dec. 2019 |
|---|---|---|
| **Profit for the period** | **68.0** | **106.9** |
| Non-cash foreign exchange impact of non-functional currency loans and realised foreign exchange impact due to refinancing | 24.6 | (1.2) |
| Amortisation of transaction costs | 3.1 | 2.8 |
| Net change in fair value of derivatives | (0.5) | 1.5 |
| Net effect of early repayment of term loans | 19.7 | - |
| Onex acquisition PPA depreciation and amortization | 125.4 | 136.5 |
| Adjustments to EBITDA (1) | 48.6 | 5.7 |
| Tax effect on above items | (56.6) | (34.8) |
| **Adjusted net income** | **232.3** | **217.4** |

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