MEDIA RELEASE

28 July 2020
SIG Combibloc Group AG ("SIG")

Strong revenue growth sustained throughout first half year

First half year 2020 highlights

- Core revenue up 8.6% at constant currency; up 7.0% as reported
- Adjusted EBITDA margin 25.1% (H1 2019: 25.6%): underlying increase more than offset by negative currency impact (H1 2020 margin at constant currency: 26.9%)
- Adjusted net income stable at €79.6 million
- Second quarter revenue growth reflects supply chain stock-building which is likely to dampen growth in second half year
- Full year core revenue growth expected to be 4-6% at constant currency (previously 6-8%)
- Full year adjusted EBITDA margin guidance unchanged at 27-28%

Key performance indicators[1]: H1 2020

(In € million or %)	Six months ended 30 June 2020	Six months ended 30 June 2019	Change Reported currency	Change Constant currency
Core revenue	849.7	794.5	7.0%	8.6%
Adjusted EBITDA	215.7	205.5	5.0%	
Adjusted EBITDA margin	25.1%	25.6%		
Adjusted EBITDA less net capex margin	15.8%	18.0%		
Adjusted net income	79.6	80.5		
Free cash flow	28.1	36.8		
Cash conversion	63%	70%		

Reported measures: H1 2020

(In € million or %)	Six months ended 30 June 2020	Six months ended 30 June 2019	Change Reported currency	Change Constant currency
Total revenue	860.0	802.2	7.2%	8.9%
EBITDA	213.9	202.0	5.9%	
Net income	10.0	25.2		

[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://www.sig.biz/investors/en/performance/key-figures

Key performance indicators[1]: Q2 2020

(In € million or %)	Three months ended 30 June 2020	Three months ended 30 June 2019	Change Reported currency	Change Constant currency
Core revenue	460.1	434.8	5.8%	8.8%
Adjusted EBITDA	132.0	119.6	10.4%	
Adjusted EBITDA margin	28.3%	27.3%		
Adjusted net income	66.7	51.4		

Reported measures: Q2 2020

(In € million or %)	Three months ended 30 June 2020	Three months ended 30 June 2019	Change Reported currency	Change Constant currency
Total revenue	467.1	438.5	6.5%	9.5%
EBITDA	146.7	113.7	29.1%	
Net income	35.5	20.5		

[1] For additional information about alternative performance measures used by management that are not defined in IFRS, including definitions and reconciliations to measures defined in IFRS, refer to the link below:
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Rolf Stangl, CEO of SIG Combibloc, said: "I am proud of SIG's performance during a period of unprecedented challenge for many companies worldwide. The precautions we took at the onset of the COVID-19 crisis have ensured the safety of our employees and have enabled our factories to keep running. The exceptional efforts and dedication of our teams across the organisation have enabled us to continue supporting our customers in delivering essential food and beverages to consumers.

The results for the second quarter are stronger than expected, contributing to a first half performance which clearly demonstrates the benefits of our broad geographic presence. Strong growth in Europe more than compensated for a relatively weak performance in Asia Pacific, where on-the-go consumption has been hit by lockdowns in various countries. While we continue to reap the benefit of new customer wins and filler placements globally, our first half performance also reflects stock-building by customers, retailers and consumers. This is likely to reverse to some extent in the second half and we also expect a reduced year-end rally as customers opt to conserve cash. We are therefore lowering our constant currency core revenue growth forecast for the full year to 4-6%. This is still substantial growth given that APAC, usually our fastest growing region, is geared to on-the-go consumption. Overall, our business continues to perform well and to demonstrate resilience in difficult circumstances. We are maintaining our target for the adjusted EBITDA margin and expect to generate significant free cash flow for the full year."

Revenue by region: H1 2020

(In € million or %)	Six months ended 30 June 2020	Six months ended 30 June 2019	Change Reported currency	Change Constant currency
EMEA	386.6	358.2	7.9%	7.8%
APAC	305.4	284.1	7.5%	7.0%
Americas	151.3	144.5	4.8%	16.4%
Group Functions	6.4	7.7		
Core revenue from transactions with external customers	849.7	794.5	7.0%	8.6%
Revenue from sales of folding box board	10.3	7.7		
Total revenue	860.0	802.2	7.2%	8.9%

Revenue by region: Q2 2020

(In € million or %)	Three months ended 30 June 2020	Three months ended 30 June 2019	Change Reported currency	Change Constant currency
EMEA	205.7	183.0	12.4%	12.2%
APAC	168.6	157.2	7.3%	7.7%
Americas	83.2	91.1	(8.5%)	5.0%
Group Functions	2.6	3.5		
Core revenue from transactions with external customers	460.1	434.8	5.8%	8.8%
Revenue from sales of folding box board	7.0	3.7		
Total revenue	467.1	438.5	6.5%	9.5%

All regions contributed to growth in the first half, with the largest contribution coming from EMEA. Growth in Europe accelerated in the second quarter as customers and retailers re-stocked following the abnormally high consumer demand in March. At-home consumption remained high during COVID-19 lockdowns in April and May; demand began to go back to more normal levels in June as consumers returned to work.

In APAC, sales in China were broadly stable compared with the first half of 2019. Safety stocks built up by customers in the first quarter were partly consumed during the second quarter. In South East Asia, COVID-19 effects lasted longer than in China with lockdowns continuing into May or June. The lockdowns significantly affected on-the-go consumption which accounts for a large part of sales in these countries. In addition, school milk programmes were suspended as schools were closed. Revenue in the APAC region was augmented by the consolidation of Visy Cartons, acquired in November 2019.

While growth in the Americas slowed in the second quarter as COVID-19 effects began to be felt, performance in the first half was robust. Sales to dairy customers in Mexico were strong and in Brazil, despite difficult conditions, the deployment and ramping up of new fillers continued. Reported sales growth was dampened by the depreciation of the Brazilian Real against the Euro.

EBITDA and adjusted EBITDA

(In € million or %)	Six months ended 30 June 2020		Six months ended 30 June 2019		
	Adjusted EBITDA margin	Adjusted EBITDA	Adjusted EBITDA margin	Adjusted EBITDA	Reported currency change
EMEA	31.6%	122.1	29.9%	107.2	13.9%
APAC	29.0%	91.4	31.5%	92.0	(0.7%)
Americas	23.0%	34.8	24.8%	35.8	(2.7%)
Group Functions		(32.6)		(29.5)	
Total	25.1%	215.7	25.6%	205.5	5.0%

Adjusted EBITDA increased to €215.7 million despite a negative impact from the depreciation of key currencies, notably the Brazilian Real, against the Euro. Excluding the currency impact, the adjusted EBITDA margin was 26.9%, reflecting a strong top line contribution and lower raw material costs.

The progression of the adjusted EBITDA margin in EMEA reflects the strong revenue growth and resulting production efficiencies in the second quarter. The margins in APAC and the Americas were impacted by negative currency movements and by a reduction in higher margin businesses due to COVID-19. The margin in APAC was also affected by dilution from the consolidation of Visy Cartons.

EBITDA was €213.9 million compared with €202.0 million in the first half of 2019, reflecting the factors described above.

Net income and adjusted net income

Adjusted net income was broadly unchanged compared with the first half of 2019, despite a higher adjusted effective tax rate of 29% compared with an exceptionally low tax rate in H1 2019.

Reported net income was lower as a result of foreign currency gains shifting to a loss and of the net effect of the early repayment of term loans following re-financing.

Dividend

A dividend of CHF 0.38 per share was paid out of capital contribution reserves on 16 April 2020, equating to a total distribution of approximately €115 million.

Capital expenditure

Gross capital expenditure was €100 million in the first half of 2020 (H1 2019: €87 million). The increase was mainly due to the ongoing construction of a new plant in China, which remains on track to open early in 2021. Net capital expenditure, after deduction of upfront cash received from customers, was €80 million (9.3% of revenue) compared with €61 million (7.6% of revenue) in H1 2019.

Free cash flow

(In € million)	**Six months ended 30 June 2020**	**Six months ended 30 June 2019**
Net cash from operating activities	**127.9**	**120.8**
Dividends received from joint ventures	7.1	6.7
Acquisition of PP&E and intangible assets	(100.2)	(86.7)
Payment of lease liabilities	(6.7)	(4.0)
Free cash flow	**28.1**	**36.8**

Net cash from operations increased slightly in the first half. Free cash flow at €28 million was below last year's level owing to an increase in capital expenditure relating to the new plant in China. The larger part of free cash flow is generated in the second half of the year.

Refinancing and leverage

On 19 June 2020 a debt refinancing was completed, replacing two existing term loans, maturing in 2023 and 2025, with a new sustainability-linked term loan and two issues of Notes. A new €300 million revolving credit facility (RCF) was also established. The term loan and RCF are priced at 100 basis points over Euribor, lowering the Group's average cost of debt to 1.7%[1]. The refinancing allowed a move from a secured to an unsecured debt structure and extended the overall maturity profile.

Net leverage stands at 2.9x at the end of June, after payment of a dividend of €115 million in April.

(In € million)	**As of 30 June 2020**	**As of 31 Dec. 2019**
Gross total debt	1,609.8	1,614.4
Cash and cash equivalents[1]	159.9	261.0
Net total debt	1,449.9	1,353.4
Total net leverage ratio (last twelve months)[2]	**2.9x**	**2.8x**

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

[1] Cost of debt excludes transaction costs and does not take into consideration the RCF principal or annual commitment fee.

Full year outlook

Revenue growth in the first half of 2020 was exceptionally strong, due in part to stock-building by customers, retailers and consumers. This is likely to affect growth in the second half as stocks are drawn down. Earlier core revenue growth guidance of 6-8% at constant currency was based on the assumption that consumption would revert to more normal levels in the second half of the year. As this no longer appears likely, the growth guidance is lowered to 4-6%. The growth outlook for 2021 and the mid-term remains intact. Guidance of an adjusted EBITDA margin in 2020 at the lower end of the 27-28% range is maintained, subject to no further major deterioration in currencies, and the Company expects to generate substantial free cash flow.

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

Interim financial statements for the first half of 2020 are available for download at https://www.sig.biz/investors/en/performance/historical-financial-statements

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About SIG

SIG is a leading systems and solutions provider for aseptic carton packaging. We work in partnership with our customers to bring food and beverage products to consumers around the world in a safe, sustainable and affordable way. Our unique technology and outstanding innovation capacity enable us to provide our customers with end-to-end solutions for differentiated products, smarter factories and connected packs, all to address the ever-changing needs of consumers. Sustainability is integral to our business and we are going Way Beyond Good to create a net positive food packaging system.

Founded 1853, SIG is headquartered in Neuhausen, Switzerland. The skills and experience of our approximately 5,500 employees worldwide enable us to respond quickly and effectively to the needs of our customers in over 60 countries. In 2019, SIG produced 38 billion carton packs and generated €1.8 billion in revenue. SIG has an AA ESG rating by MSCI, an 18.8 (low risk) score by Sustainalytics and a Platinum CSR rating by EcoVadis. For more information, visit www.sig.biz.

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.

Some financial information in this media release has been rounded and, as a result, the figures shown as totals in this media release may vary slightly from the exact arithmetic aggregation of the figures that precede them.

In this media release, we utilise certain alternative performance measures, including but not limited to core revenue, EBITDA, adjusted EBITDA, adjusted EBITDA margin, net capex, adjusted net income, free cash flow and net leverage ratio that in each case are not defined in International Financial Reporting Standards ("IFRS"). These measures are presented as we believe that they and similar measures are widely used in the markets in which we operate as a means of evaluating a company's operating performance and financing structure. Our definition of and method of calculating the alternative performance measures stated above may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS or other generally accepted accounting principles, are not measures of financial condition, liquidity or profitability and should not be considered as an alternative to profit from operations for the period or operating cash flows determined in accordance with IFRS, nor should they be considered as substitutes for the information contained in our consolidated financial statements. You are cautioned not to place undue reliance on any alternative performance measures and ratios not defined in IFRS included in this media release. For definitions of alternative performance measures and their related reconciliations that are not included in this media release, please refer to the following link www.sig.biz/investors/en/performance/key-figures

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

(In € million)	**Six months ended 30 June 2020**	**Six months ended 30 June 2019**
Profit for the period	**10.0**	**25.2**
Net finance expense	55.2	20.9
Income tax expense	9.2	14.1
Depreciation and amortisation	139.5	141.8
EBITDA	**213.9**	**202.0**
Adjustments to EBITDA:		
Replacement of share of profit of joint ventures with cash dividends received from joint ventures	-	3.8
Restructuring costs, net of reversals	0.6	0.9
Unrealised gain on derivatives	(1.0)	(3.7)
Transaction- and acquisition-related costs	1.3	1.6
Other	0.9	0.9
Adjusted EBITDA	**215.7**	**205.5**

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

(In € million)	**Six months ended 30 June 2020**	**Six months ended 30 June 2019**
Profit for the period	**10.0**	**25.2**
Non-cash foreign exchange impact of non-functional currency loans and realised foreign exchange impact due to refinancing	6.3	(5.3)
Amortisation of transaction costs	1.3	1.4
Net change in fair value of derivatives	(0.5)	1.8
Net effect of early repayment of secured term loans	19.7	-
PPA depreciation and amortisation	64.4	68.8
Adjustments to EBITDA (1)	1.8	3.5
Tax effect on above items	(23.4)	(14.9)
Adjusted net income	**79.6**	**80.5**

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